

# **Chai Lifeline, Inc.**

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## **FINANCIAL STATEMENTS**

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**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Chai Lifeline, Inc.  
New York, New York

### ***Report on the Audit of Chai Lifeline Inc.***

#### ***Opinion***

We have audited the accompanying financial statements of Chai Lifeline, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Chai Lifeline, Inc. as of December 31, 2022 and 2021, and the changes in its net assets, their statement of functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chai Lifeline, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chai Lifeline, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chai Lifeline, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chai Lifeline, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Roth &amp; Company LLP".

Roth & Company LLP  
Brooklyn, New York  
July 20, 2023

**Chai Lifeline, Inc.**  
**Statement of Financial Position**  
**December 31,**

	<b>2022</b>			<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>ASSETS</u></b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,277,563	\$ -	\$ 3,277,563	\$ 6,559,896	\$ -	\$ 6,559,896
Contributions receivable, net	4,119,396	-	4,119,396	4,828,636	-	4,828,636
Other receivables	509,854	-	509,854	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>7,906,813</b>	<b>-</b>	<b>7,906,813</b>	<b>11,388,532</b>	<b>-</b>	<b>11,388,532</b>
<b>FIXED ASSETS, NET</b>	<b>17,160,536</b>	<b>-</b>	<b>17,160,536</b>	<b>13,385,091</b>	<b>-</b>	<b>13,385,091</b>
<b>OTHER ASSETS</b>						
Contributions receivable - long-term, net	273,826	-	273,826	473,972	-	473,972
Investments	27,118	-	27,118	1,568	-	1,568
Investment in real estate	408,983	711,517	1,120,500	408,983	711,517	1,120,500
Other assets	-	-	-	300,000	-	300,000
Security deposit	98,666	-	98,666	87,716	-	87,716
Right of use asset, net	3,616,879	-	3,616,879	-	-	-
<b>TOTAL OTHER ASSETS</b>	<b>4,425,472</b>	<b>711,517</b>	<b>5,136,989</b>	<b>1,272,239</b>	<b>711,517</b>	<b>1,983,756</b>
<b>TOTAL ASSETS</b>	<b>\$ 29,492,821</b>	<b>\$ 711,517</b>	<b>\$ 30,204,338</b>	<b>\$ 26,045,862</b>	<b>\$ 711,517</b>	<b>\$ 26,757,379</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 1,244,751	\$ -	\$ 1,244,751	\$ 1,539,061	\$ -	\$ 1,539,061
Accrued expenses	727,643	-	727,643	742,578	-	742,578
Line of credit	-	-	-	1,918	-	1,918
Loan payable	66,423	-	66,423	-	-	-
Capital lease obligations, current portion	-	-	-	2,733	-	2,733
Leasing obligations, current portion	699,792	-	699,792	-	-	-
Long-term debt, current portion	226,350	-	226,350	218,698	-	218,698
Loss contingency	638,000	-	638,000	638,000	-	638,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,602,959</b>	<b>-</b>	<b>3,602,959</b>	<b>3,142,988</b>	<b>-</b>	<b>3,142,988</b>
<b>LONG-TERM LIABILITIES</b>						
Leasing obligations	3,078,296	-	3,078,296	-	-	-
Long-term debt, net	2,773,243	-	2,773,243	2,954,507	-	2,954,507
Deferred rent	-	-	-	161,613	-	161,613
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5,851,539</b>	<b>-</b>	<b>5,851,539</b>	<b>3,116,120</b>	<b>-</b>	<b>3,116,120</b>
<b>TOTAL LIABILITIES</b>	<b>9,454,498</b>	<b>-</b>	<b>9,454,498</b>	<b>6,259,108</b>	<b>-</b>	<b>6,259,108</b>
<b>NET ASSETS</b>	<b>20,038,323</b>	<b>711,517</b>	<b>20,749,840</b>	<b>19,786,754</b>	<b>711,517</b>	<b>20,498,271</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 29,492,821</b>	<b>\$ 711,517</b>	<b>\$ 30,204,338</b>	<b>\$ 26,045,862</b>	<b>\$ 711,517</b>	<b>\$ 26,757,379</b>

**Chai Lifeline, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For The Year Ended December 31,**

	<b>2022</b>			<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>						
Contributions	\$ 19,259,593	\$ -	\$ 19,259,593	\$ 20,303,458	\$ -	\$ 20,303,458
Legacies and bequests	171,276	-	171,276	77,573	-	77,573
Grants	1,052,079	-	1,052,079	226,287	-	226,287
Special events income	\$ 17,499,679			\$ 14,852,848		
Less direct costs	(9,354,792)	-	8,144,887	(5,289,363)	-	9,563,485
In-kind contributions	1,106,603	-	1,106,603	834,066	-	834,066
<b>TOTAL REVENUES</b>	<u>29,734,438</u>	<u>-</u>	<u>29,734,438</u>	<u>31,004,869</u>	<u>-</u>	<u>31,004,869</u>
<b>OPERATING EXPENSES</b>						
Program services						
Camp Simcha	6,599,818	-	6,599,818	5,292,150	-	5,292,150
Hospital and home based services	6,139,754	-	6,139,754	5,278,939	-	5,278,939
Family and community programs	11,918,348	-	11,918,348	9,835,020	-	9,835,020
Grants to others	263,322	-	263,322	390,750	-	390,750
Total program services	<u>24,921,242</u>	<u>-</u>	<u>24,921,242</u>	<u>20,796,859</u>	<u>-</u>	<u>20,796,859</u>
Supporting services						
Management and general	2,377,011	-	2,377,011	2,086,329	-	2,086,329
Fundraising	2,551,547	-	2,551,547	2,577,580	-	2,577,580
Total Supporting services	<u>4,928,558</u>	<u>-</u>	<u>4,928,558</u>	<u>4,663,909</u>	<u>-</u>	<u>4,663,909</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>29,849,800</u>	<u>-</u>	<u>29,849,800</u>	<u>25,460,768</u>	<u>-</u>	<u>25,460,768</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>(115,362)</u>	<u>-</u>	<u>(115,362)</u>	<u>5,544,101</u>	<u>-</u>	<u>5,544,101</u>
<b>OTHER INCOME (LOSS)</b>						
Paycheck Protection Program grant	-	-	-	1,911,925	-	1,911,925
Employee retention credit	113,811	-	113,811	-	-	-
Net realized gain (loss) on investments	3,034	-	3,034	(3,823)	-	(3,823)
Loss contingency	-	-	-	(638,000)	-	(638,000)
Miscellaneous income	250,086	-	250,086	252,165	-	252,165
<b>TOTAL OTHER INCOME (LOSS)</b>	<u>366,931</u>	<u>-</u>	<u>366,931</u>	<u>1,522,267</u>	<u>-</u>	<u>1,522,267</u>
<b>CHANGE IN NET ASSETS</b>	251,569	-	251,569	7,066,368	-	7,066,368
<b>NET ASSETS - BEGINNING</b>	<u>19,786,754</u>	<u>711,517</u>	<u>20,498,271</u>	<u>12,720,386</u>	<u>711,517</u>	<u>13,431,903</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 20,038,323</u>	<u>\$ 711,517</u>	<u>\$ 20,749,840</u>	<u>\$ 19,786,754</u>	<u>\$ 711,517</u>	<u>\$ 20,498,271</u>

**Chai Lifeline, Inc.**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2022**

	Program Services				Supporting Services				Total	
	Camp Simcha	Hospital and Home Based Services	Family and Community Programs	Grants to Others	Total	Admin	Fundraising	Direct Costs of Special Events	Total	
Salaries	\$ 1,727,815	\$ 2,463,849	\$ 4,782,766	\$ -	\$ 8,974,430	\$ 1,205,016	\$ 1,188,947	\$ 1,563,970	\$ 3,957,933	\$ 12,932,363
Payroll taxes & employee benefits	307,141	437,980	850,196	-	1,595,317	214,207	211,350	278,015	703,572	2,298,889
Advertising and promotions	19,161	55,906	108,523	-	183,590	3,011	462,416	719,372	1,184,799	1,368,389
Communications	47,014	55,288	107,324	-	209,626	7,298	30,663	85,804	123,765	333,391
Credit Card Processing Fees	1,224	34,996	67,934	-	104,154	-	146,793	246,293	393,086	497,240
Depreciation	884,487	11,445	22,218	-	918,150	35,880	-	-	35,880	954,030
Events & Entertainment	93,694	186,550	362,127	-	642,371	1,047	49	1,219,194	1,220,290	1,862,661
Family Subsidies	-	251,809	488,806	-	740,615	-	-	-	-	740,615
Fees, Dues & Licenses	35,333	29,147	56,580	-	121,060	6,018	6,775	13,518	26,311	147,371
Food Services	620,211	774,114	1,502,692	-	2,897,017	12,289	7,271	1,109,120	1,128,680	4,025,697
Grants to Other Organizations	-	6,814	13,227	263,322	283,363	-	-	-	-	283,363
Information Technology	81,300	62,645	121,605	-	265,550	28,096	81,560	137,804	247,460	513,010
Insurance	153,731	44,587	86,551	-	284,869	19,989	11,485	36,032	67,506	352,375
Interest Expense	137,406	10,067	19,541	-	167,014	8,012	2,558	6,827	17,397	184,411
Miscellaneous	1,692	10,279	19,952	-	31,923	7,369	26,970	44,941	79,280	111,203
Occupancy	368,567	324,405	629,728	-	1,322,700	128,082	25,124	502,141	655,347	1,978,047
Printing and postage	764	88,252	171,312	-	260,328	88,830	172,195	224,680	485,705	746,033
Professional Fees	827,052	444,186	862,244	-	2,133,482	394,095	121,144	1,176,481	1,691,720	3,825,202
Repair & Maintenance	522,887	58,833	114,206	-	695,926	67,844	1,612	131,995	201,451	897,377
Supplies & Materials	347,515	432,323	839,216	-	1,619,054	6,094	32,259	198,529	236,882	1,855,936
Transportation and Lodging	422,824	356,279	691,600	-	1,470,703	143,834	22,376	1,660,076	1,826,286	3,296,989
Sub-total	6,599,818	6,139,754	11,918,348	263,322	24,921,242	2,377,011	2,551,547	9,354,792	14,283,350	39,204,592
Direct cost of special events	-	-	-	-	-	-	-	(9,354,792)	(9,354,792)	(9,354,792)
Total	\$ 6,599,818	\$ 6,139,754	\$ 11,918,348	\$ 263,322	\$ 24,921,242	\$ 2,377,011	\$ 2,551,547	\$ -	\$ 4,928,558	\$ 29,849,800

**Chai Lifeline, Inc.**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2021**

	Program Services				Supporting Services				Total	
	Camp Simcha	Hospital and Home Based Services	Family and Community Programs	Grants to Others	Total	Admin	Fundraising	Direct Costs of Special Events	Total	
Salaries	\$ 1,637,947	\$ 2,234,648	\$ 3,989,998	\$ -	\$ 7,862,593	\$ 1,172,131	\$ 1,094,559	\$ 914,277	\$ 3,180,967	\$ 11,043,560
Payroll taxes & employee benefits	303,629	414,240	739,632	-	1,457,501	217,054	202,900	169,481	589,435	2,046,936
Advertising and promotions	1,174	70,121	136,118	-	207,413	5,781	419,740	468,789	894,310	1,101,723
Communications	35,694	65,454	127,058	-	228,206	16,572	30,992	10,995	58,559	286,765
Credit Card Processing Fees	-	29,642	57,540	-	87,182	32,439	163,714	163,154	359,307	446,489
Depreciation	704,018	39,366	76,415	-	819,799	10,644	-	-	10,644	830,443
Events & Entertainment	71,766	183,702	356,598	-	612,066	-	3,489	300,175	303,664	915,730
Family Subsidies	-	197,306	383,006	-	580,312	-	-	-	-	580,312
Fees, Dues & Licenses	12,427	16,529	32,086	-	61,042	36,064	36,255	11,712	84,031	145,073
Food Services	444,665	522,005	1,013,303	-	1,979,973	22,484	9,815	571,909	604,208	2,584,181
Grants to Other Organizations	-	-	-	390,750	390,750	-	-	-	-	390,750
Information Technology	14,758	66,865	129,796	-	211,419	72,642	117,452	64,187	254,281	465,700
Insurance	278,102	14,457	28,063	-	320,622	7,603	4,515	9,082	21,200	341,822
Interest Expense	90,775	11,275	21,886	-	123,936	2,525	4,343	4,293	11,161	135,097
Miscellaneous	11,248	10,610	20,596	-	42,454	625	18,846	5,965	25,436	67,890
Occupancy	302,536	298,813	580,049	-	1,181,398	128,601	25,358	739,471	893,430	2,074,828
Printing and postage	7,089	63,646	123,548	-	194,283	14,437	241,600	145,056	401,093	595,376
Professional Fees	618,097	335,829	651,903	-	1,605,829	189,304	124,598	581,870	895,772	2,501,601
Repair & Maintenance	263,405	78,260	151,916	-	493,581	27,585	14,890	40,755	83,230	576,811
Supplies & Materials	224,507	346,086	671,814	-	1,242,407	12,026	30,400	98,352	140,778	1,383,185
Transportation and Lodging	270,313	280,085	543,695	-	1,094,093	117,812	34,114	989,840	1,141,766	2,235,859
Sub-total	5,292,150	5,278,939	9,835,020	390,750	20,796,859	2,086,329	2,577,580	5,289,363	9,953,272	30,750,131
Direct cost of special events	-	-	-	-	-	-	-	(5,289,363)	(5,289,363)	(5,289,363)
Total	\$ 5,292,150	\$ 5,278,939	\$ 9,835,020	\$ 390,750	\$ 20,796,859	\$ 2,086,329	\$ 2,577,580	\$ -	\$ 4,663,909	\$ 25,460,768

**Chai Lifeline, Inc.**  
**Statement of Cash Flows**  
**For The Year Ended December 31,**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 251,569	\$ 7,066,368
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	\$ 954,030	\$ 830,443
Rental payments in excess of ROU amortization	(402)	-
Contingency Loss	-	638,000
Amortization of debt issuance costs included in interest	6,154	6,154
Noncash contributions	(1,106,603)	(834,066)
Noncash expenses	1,106,603	834,066
Realized (gain) loss on investments, net	(3,034)	3,823
Deferred rent	-	42,083
Changes in operating assets and liabilities		
Contribution receivable, net	909,386	(2,093,933)
Other receivables	(509,854)	-
Prepaid expenses	-	18,472
Security deposits	10,950	(42,967)
Accounts payable	(294,310)	978,443
Accrued expenses	(14,935)	(307,574)
Total adjustments	1,057,985	72,944
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	1,309,554	7,139,312
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures for operations	(4,754,110)	(762,118)
Other assets	300,000	(300,000)
Purchase of securities, net	(22,516)	536
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(4,476,626)	(1,061,582)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on line of credit, net	(1,918)	(346,072)
Payments on capital lease obligations	-	(6,795)
Payments on long-term debt	(179,766)	(219,502)
Net proceeds on related party loans	66,423	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(115,261)	(572,369)
<b>NET (DECREASE) INCREASE IN CASH</b>	(3,282,333)	5,505,361
<b>CASH AT BEGINNING OF YEAR</b>	6,559,896	1,054,535
<b>CASH AT END OF YEAR</b>	\$ 3,277,563	\$ 6,559,896
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Interest paid	\$ 177,184	\$ 335,668
<b>SIGNIFICANT NONCASH ACTIVITIES</b>		
Non cash changes in assets and liabilities upon adoption of ASC 842		
Deferred rent	\$ 161,611	
Right of use asset	3,616,879	
Lease liability	3,778,088	
Fully depreciated fixed asset removed from service	\$ 10,818	



**NOTE 1      NATURE OF THE ORGANIZATION**

Since incorporation in 1988, the mission of Chai Lifeline, Inc. (“Chai Lifeline”) is to meet the social, emotional, and practical needs of children, families, and communities impacted by illness, trauma, or loss. Through programs that address the emotional, social, and financial needs of seriously ill children, their families, and communities, Chai Lifeline restores normalcy to family life, and better enables families to withstand the crises and challenges of serious pediatric illness and medical trauma. Chai Lifeline has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been held to be a publicly supported Organization.

Chai Lifeline is supported primarily by contributions and special event revenues.

The major programs and services Chai Lifeline consist of the following:

- **CAMP SIMCHA**

Camp Simcha, established in 1987, provides a medically supervised summer overnight camp vacation to children and teens with cancer and other blood-related illnesses. Its sister camp, Camp Simcha Special, was the first overnight camp designed to meet the medical and social needs of children and teens with multiple chronic medical conditions and disabilities.

Each camp runs two sessions of approximately two weeks each at our 125-acre, fully handicapped-accessible campground in Glen Spey, New York. Activities include adapted sports, swimming, boating, crafts, workshops and special events like concerts, shows, motorcycle and helicopter rides.

The camp environment facilitates friendships with peers and counselors and encourages campers to stretch their emotional, social and physical boundaries. Children return home with new skills, higher self-esteem and confidence, and the tools and courage to continue to fight adversity.

- **HOSPITAL AND HOME-BASED SERVICES**

1. *Case management/patient navigation.* Case managers provide ongoing emotional support and are the portal to all Chai Lifeline services. They identify needs and look for internal and external resources to assure the family’s well-being.
2. *Volunteer support.* Trained Chai Lifeline volunteers visit hospitals to cheer the spirits of children and provide support to parents. Some volunteers sleep in the hospital so parents can tend to their families and their own needs. Volunteers also visit children’s homes, bringing joy to ill children and their siblings and enabling parents to focus on other needs.

**NOTE 1      NATURE OF THE ORGANIZATION (continued)**

- **HOSPITAL AND HOME-BASED SERVICES (continued)**

3. *Transportation assistance.* Lack of transportation has been directly related to inadequate treatment compliance. Chai Lifeline offers families a comfortable, reliable source of door- to-door transportation to medical appointments.
4. *Meal support.* Illness can diminish a patient's appetite, particularly if the food is unfamiliar or unappealing. Many parents refuse to leave their child's bedside, even for meals. Chai Lifeline delivers nutritious, tasty meals for patients and caregivers to hospital rooms, works with hospitals to create dedicated kosher pantries where parents can access snacks for themselves and their children without leaving the hospital, and delivers meals to homes when a child is homebound.
5. *Insurance advocacy.* Insurance advocates help families understand their coverage, fight denials and turndowns, and complete paperwork accurately.
6. *Advocacy, information, and referrals.* Chai Lifeline professionals offer information, consultations, links to online resources, referrals to agencies providing additional services, and help securing timely appointments with appropriate physicians.
7. *Chai House.* Chai Lifeline maintains a three-bedroom apartment only a few blocks away from The Children's Hospital of Philadelphia. Up to three families can use the fully stocked apartment simultaneously.

- **FAMILY AND COMMUNITY PROGRAMS**

*Family Programs and Services*

1. *Big Brothers/Big Sisters.* Big Brothers and Big Sisters are mentors and friends to seriously ill children and their siblings.
2. *Recreational activities.* Recreational activities for children, siblings, parents, and families give participants a chance to escape the routines of illness, make friends, and offer and receive peer support.
3. *Holiday parties and family days.* Holiday parties enable families to celebrate together with peers and Chai Lifeline friends. Family days, held in amusement parks and other venues, are days of fun for new and veteran families.

**NOTE 1      NATURE OF THE ORGANIZATION (continued)**

• **FAMILY AND COMMUNITY PROGRAMS (continued)**

*Family Programs and Services (continued)*

4. *Sibling activities.* Special programs for siblings help brothers and sisters find friendship among others living with illness and express the often-conflicting but normal emotions of being a sibling of an ill child.
  
5. *Counseling.* Professional counseling helps families return to the level of previous levels of functioning. Options include individual and family counseling and telephone support groups for mothers or fathers of sick or deceased children.

*Trips*

1. *Wish at the Wall.* This annual trip for teens who have completed cancer treatment or who can successfully manage their chronic illnesses during an intensive, ten-day trip to Israel is a symbol of autonomy and success over sickness for young adults who have navigated the shoals of life-threatening or chronic disease.
  
2. *Trip to Disney World.* Every year Chai Lifeline brings a group of children on active treatment for cancer to Orlando for four days of delight. Accompanied by volunteer counselors and medical staff, the children are treated as VIPs at Orlando theme parks. They return home happy and armed with new friends who will help them fight despair and loneliness during the months of painful treatments.
  
3. *Teen trips.* Peer travel is usually impossible for chronically ill teens. Teen trips organized by groups of volunteers with professionals enable teens with physical limitations to visit Niagara Falls, Canada, upstate New York, and Washington, DC.

**NOTE 1      NATURE OF THE ORGANIZATION (continued)**

• **FAMILY AND COMMUNITY PROGRAMS (continued)**

*Retreats*

Chai Lifeline's active retreat program provides sustained peer and professional support for selected groups of clients and/or families.

1. *National Winter Retreat.* Chai Lifeline's major annual retreat, the Winter Retreat, helps parents and young patients cope with the challenges of their lives.
2. *Bereavement retreats.* Bereavement retreats offer grieving parents a chance to share their emotions in an intensely personal and supportive environment. Parents learn from one another as they share strategies for coping with loss and continuing to live full lives.
3. *Mothers' retreats.* Mothers come together for one to three days of rest, relaxation, and renewal. These programs allow them to focus on themselves instead of others, engage them in fun and activity, encourage friendships, and offer ideas for maintaining their focus during difficult times.
4. *Family Center.* Located on the Camp Simcha campus, the Family Center hosts smaller groups of families throughout the fall, winter, and spring months.
5. *Friends 'n Fun (Community) weekends.* Friends 'n Fun weekends give sick children a taste of the fun and camaraderie of Camp Simcha/Camp Simcha Special, and bring the totality of pediatric illness to communities and their leadership.
6. *Sibling retreats.* Designed to meet the social and emotional needs of children living with illness in their homes, sibling weekends take brothers and sisters out of their environment and into an atmosphere of friendship and camaraderie.

*Educational Support*

1. *After-school activities.* After-school programs give children living with illness or loss in their homes a safe, fun environment that helps them overcome loneliness and sorrow. i-Shine after-school centers are currently operating in Nassau, Rockland and Orange Counties in NY; Teaneck, NJ; Brooklyn, NY; Los Angeles, CA; and Chicago, IL. In addition, Chicago, IL has a second program specifically for siblings (MY Kids).

**NOTE 1      NATURE OF THE ORGANIZATION (continued)**

• **FAMILY AND COMMUNITY PROGRAMS (continued)**

2. *Tablet loans.* Chai Lifeline makes tablets available so that homebound or hospitalized students can receive schoolwork and send completed assignments back to teachers, interact via Skype with friends, and read textbooks online.
3. *Tutoring.* Personalized tutoring in specific subjects helps children remain on grade level and prepares them for their return to the classroom.

***Crisis Intervention Services***

Chai Lifeline's crisis intervention program has become the "go-to" group when a child or young parent passes suddenly. The group's multi-layered approach includes working with schools, community organizations, and community leadership to help children and adults cope with the shock, sadness, and horror of unforeseen and tragic events.

1. *Schools.* Working together with principals, mental health staff and teachers, Project CHAI teams help children impacted by a diagnosis of life-threatening illness or death share their feelings, plan for a classmate's return to the classroom, and/or create appropriate memorials.
2. *Community.* Project CHAI programs inside communities offer unprecedented support for close-knit communities reeling from untimely death. Team members meet with affected family members and work with community leadership to arrange symposia that provide tools for parents to explain and comfort children of all ages.
3. *Professional consultations.* Project CHAI leadership consult with community leaders in times of tragedy and untimely death, educating them and supporting their efforts to offer comfort and direction to schools, synagogues, and community groups.
4. *First responder training.* Project CHAI first responder training enables community leadership to respond immediately in times of crisis or untimely death. To date, eight first responder teams have been trained in communities across North America.

**NOTE 1      NATURE OF THE ORGANIZATION (continued)**

• **GRANTS WITH AFFILIATED ENTITIES**

Chai Lifeline is affiliated with American Friends of Chaiyanu, Inc. (“AFOC”). The majority of the Board of Directors of AFOC comprises members of Chai Lifeline’s executive staff. For the years 2022 and 2021, Chai Lifeline provided to AFOC grants as well as supportive and administrative services which amounted to \$91,406 and \$214,923, respectively. For the year ended December 31, 2022, Chai Lifeline received grants from AFOC which amounted to \$80,000, which is included in grant income. At December 31, 2022 and 2021, outstanding amounts due from Chai Lifeline to AFOC were, \$150,000 and \$172,345, respectively and are included in accrued expenses.

For the years ended 2022 and 2021, Chai Lifeline provided supportive and administrative services to Congregation Chai Lifeline (“Congregation”), an affiliated organization, which amounted to \$134,859 and \$143,389, respectively. For the year ended December 31, 2022, Chai Lifeline received grants from Congregation Chai Lifeline which amounted to \$735,000, which is included in grant income.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The financial statements are prepared on the accrual basis of accounting.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Prior Year Reclassification***

Certain prior year amounts have been reclassified for consistency with the current year presentation.

***Cash and Cash Equivalents***

Cash equivalents include certain investments in highly liquid instruments with original maturities, when acquired, of three months or less.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Investments***

Investments are recorded at fair value. Chai Lifeline invests in various types of investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could affect the amounts reported in Chai Lifeline's financial statements.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

***Government Grants***

Chai Lifeline records revenue from government agencies based on claims for expense reimbursements.

***Allowance for Doubtful Accounts***

Chai Lifeline determines whether an allowance should be provided for uncollectible receivables. Factors used to determine whether an allowance should be recorded include the age of the receivable, a review of payments subsequent to year end and current economic conditions. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

***Fixed Assets***

Fixed assets are stated at cost and depreciated or amortized on the straight-line method over their estimated useful lives. Items with costs in excess of \$2,500 with estimated useful lives of more than one year are capitalized. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the term of the lease or the estimated useful life of the improvement.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Contributions***

Contributions are recognized as support at the net amount expected to be collected, when received or when evidenced by a written promise to give.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions are recorded as unrestricted support if such restrictions are met in the same reporting period in which the contribution is recognized.

***In-kind Contributions***

In-kind contributions, including services, merchandise and real estate, are recorded at fair value at the date of donation. Donated services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation.

***Paycheck Protection Program***

In February 2021, the Organization received a loan (the “PPP Loan”) under the Paycheck Protection Program, within the Coronavirus Aid Relief and Economic Security Act (the “CARES Act”). The Organization has determined that the PPP loan should be accounted for as a conditional government grant, in accordance with ASC 958-605, Not-for-Profit Entities—Revenue Recognition. Under this model, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If conditional, the contribution is not recognized until the conditions are substantially met or explicitly waived.

***Newly Adopted Accounting Pronouncements***

The Organization adopted ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires contributed nonfinancial assets to be presented in a separate line item in the income statement and the amount of the contribution must be disaggregated by type in the footnotes. The Organization has adopted ASU 2020-07 retrospectively for the year ending December 31, 2022, and resulted in no material Impact on the statement of activities.

The Organization adopted Accounting Standards Codification Topic 842, Leases, effective January 1, 2022. The adoption of ASC 842 resulted in significant changes to the accounting for leases, including the recognition of operating leases on the balance sheet.



**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Newly Adopted Accounting Pronouncements (continued)***

As of the adoption date, the Organization recognized a right-of-use asset and a corresponding lease liability for leases that were previously classified as operating leases under the previous lease accounting guidance. The right-of-use assets are recorded based on the present value of the lease payments, adjusted for initial direct costs and any lease incentives received. The lease liabilities represent the present value of the lease payments over the lease term.

The new standard provides several optional practical expedients in transition. The Organization elected the ‘package of practical expedients’, which permits The Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Organization has elected all of the new standard’s relevant transition practical expedients.

The new standard also provides practical expedients for an entity’s ongoing accounting. The Organization has elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, ROU assets or lease liabilities will not be recognized, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Organization also elected the practical expedient to not separate lease and non-lease components for all of our leases.

***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time spent on each function.

***Fair Value Measurements***

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Chai Lifeline has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fair Value Measurements (continued)***

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022, as compared to those used in prior years.

***Common stock*** - Valued at the closing price recorded on the active market on which the individual securities are traded.

***Mutual funds*** - Valued at the net asset value (NAV) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Chai Lifeline believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

***Deferred Financing Costs***

Financing costs incurred in connection with loan originations are amortized over the terms of the related loans. The amortization is charged to interest expense. The unamortized financing costs are presented on the statement of financial position as a direct deduction from the related loan balance.

***Advertising***

Advertising costs are expensed when incurred.

***Classes of Net Assets***

The Organization reports information regarding its financial position and activities in two classes of net assets:

Net assets without donor restrictions – net assets that are not subject to any donor-imposed stipulations;

Net assets with donor restrictions – that specify a use for a contributed asset that is more specific than the broad limits resulting from the nature of the not-for-profit entity, the environment in which it operates, or the purposes specified in its articles of incorporation or by laws or comparable documents.

**Chai Lifeline, Inc.**  
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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Classes of Net Assets (continued)*

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. Donations of long-lived assets are recorded without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from donor restrictions.

**NOTE 3      CASH**

The balance in cash, as of December 31, 2022, consists of operating cash in the amount of \$3,277,563.

The Organization maintains all of its cash in a financial institution. The financial institution is FDIC insured up to \$250,000 per depositor. At times, the Organization's cash balance may exceed the FDIC's insured limits.

**NOTE 4      CONTRIBUTIONS RECEIVABLE**

Chai Lifeline received promises to give for its various campaigns. These contributions have been discounted over the payment period using a rate of 4.31% for years 2022 and 2021. Contributions receivable are due as follows at December 31,

	2022	2021
Current and due within one year	\$ 5,466,716	\$ 7,120,820
Due in one to five years	301,333	498,415
Total contributions receivable	5,768,049	7,619,235
Less allowance for doubtful accounts	(1,347,320)	(2,292,184)
Less discount to present value	(27,507)	(24,443)
Total contributions receivable, net	<u>\$ 4,393,222</u>	<u>\$ 5,302,608</u>

**Chai Lifeline, Inc.**  
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**NOTE 5      FIXED ASSETS**

Fixed assets are summarized as follows:

	December 31,	
	2022	2021
Land	\$ 1,874,107	\$ 1,874,107
Building and improvements	22,254,647	20,004,509
Construction in process	2,411,106	-
Furniture, fixtures and equipment	3,289,934	3,271,894
Automobiles	243,450	212,370
	<u>30,073,244</u>	<u>25,362,880</u>
Accumulated depreciation	<u>(12,912,708)</u>	<u>(11,977,789)</u>
	<u>\$ 17,160,536</u>	<u>\$ 13,385,091</u>

Depreciation expense for the years ended December 31, 2022 and 2021 were \$954,030 and \$830,443, respectively.

**NOTE 6      INVESTMENTS**

Investments measured at Fair Value (Level 1) as of December 31 are as follows:

	2022	2021
Equity mutual funds	\$ 27,118	\$ 1,509
Alternate investments mutual funds	-	59
Total investment at fair value	<u>\$ 27,118</u>	<u>\$ 1,568</u>

Investment income (loss) for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Interest and dividends		
(included in miscellaneous income)	\$ 12	\$ 290
Net realized gain (loss)	<u>3,034</u>	<u>(3,823)</u>
	<u>\$ 3,046</u>	<u>\$ (3,533)</u>

**NOTE 7      INVESTMENTS IN REAL ESTATE**

Investments in real estate are presented at their carrying value, specifically, cost if purchased and fair value at the date of the contributions, if contributed.

**NOTE 8      OTHER ASSETS**

Other assets consist of funds on deposit for Chai Lifeline's benefit with an escrow agent. These funds are to be applied towards the purchase of a property that will house Chai Lifeline's New Jersey headquarters.

**NOTE 9      IN-KIND CONTRIBUTIONS**

Chai Lifeline received donated items for the holiday toy drive and other programmatic activities. For the years 2022 and 2021, donated goods in the amounts of \$143,518 and \$118,915, respectively, are included in materials and supplies on the statement of functional expenses.

Chai Lifeline received donated services consisting primarily of physicians and medics. These donated services have been valued at the standard market rates that would have been incurred by Chai Lifeline had they not been donated and are reported as both revenue and expense in the accompanying financial statements because they meet the criteria as prescribed by accounting principles generally accepted in the United States of America. The value of such donated services for the years 2022 and 2021 amounted to \$963,085 and \$715,151, respectively, and is included in professional fees on the statement of functional expenses.

Chai Lifeline volunteers provided transportation services to the clients of Chai Lifeline. While these services are not reflected in these financial statements, since the services provided do not meet the criteria for recognition under *Generally Accepted Accounting Principles* (GAAP) (ASC Topic 958-605-25-16). However, Chai Lifeline recognizes contributions for mileage and tolls contributed by the volunteered transportation service and then recognizes related expense with transportation expense on the statement of functional expenses. Chai Lifeline uses the IRS allowable rate to estimate value of the contributed miles.

**NOTE 10      LONG-TERM DEBT**

Long term debt consists of the following:

In 2016, Chai Lifeline refinanced its existing mortgages and entered into a mortgage with Sterling National Bank. The mortgage is payable in monthly installments over five years, bears interest at 3.99% and matured in August 2021. In August 2021 Chai Lifeline executed their one time 5-year extension option to extend the maturity date on the remaining principal balance of \$3,117,845 to August 2026. As of August 2021, the interest rate on the mortgage is LIBOR plus 2.70% adjusted on the fifteenth day of each calendar month. The mortgage is collateralized by the Camp Simcha campgrounds in Glen Spey, NY. As of December 31, 2022 and 2021, the mortgage had an outstanding balance of \$2,922,845 and \$3,078,845, respectively.

**Chai Lifeline, Inc.**  
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**NOTE 10      LONG-TERM DEBT (continued)**

The Organization entered into a loan agreement with Signature Bank, secured by equipment located at Camp Simcha campgrounds in Glen Spey, NY. Details of the loan is as follows:

Principal outstanding as of <u>12/31/2022</u>	Principal outstanding as of <u>12/31/2021</u>	<u>Maturity date</u>	Annual interest rate	Monthly Installment Payment
\$ <u>42,918</u>	\$ <u>100,153</u>	8/25/2023	5.5%	\$5,110

The Organization entered into several auto loans secured by several vehicles. Details of the loans are as follows:

	Principal outstanding as of <u>12/31/2022</u>	Principal outstanding as of <u>12/31/2021</u>	<u>Maturity date</u>	Annual interest rate	Monthly Installment Payment
	\$ 20,799	\$ 22,669	11/21/2025	3.99%	\$520
	<u>35,339</u>	<u>-</u>	9/01/2027	6.24%	\$718
Total	\$ <u>56,138</u>	\$ <u>22,669</u>			

Future principal payments due are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 226,350
2024	163,059
2025	163,512
2026	2,462,839
2027	6,141
Total	3,021,901
Unamortized debt issuance costs	(22,308)
Total	<u>\$ 2,999,593</u>

***Financing Costs***

At December 31, 2022 and 2021, net deferred financing costs of \$22,308 and \$28,462, respectively, are included as a reduction to the mortgage liability. All costs are considered to be long-term. The amounts are being amortized over the term of the mortgage. Accumulated amortization as of December 31, 2022 and 2021 is \$39,231 and \$33,077, respectively. For the years 2022 and 2021, amortization expense of \$6,154 is included as a component of interest expense.

**NOTE 11      LINE OF CREDIT**

Chai Lifeline maintains a revolving \$3,000,000 line of credit with Sterling National Bank expiring on August 30, 2023. The line bears interest at .5% above the prime rate, which is 7.5% as of December 31, 2022. The line is secured by the River Retreat in Mahwah, NJ. The line of credit must satisfy a bank covenant that there be 30 consecutive day clean drawdown period to a maximum \$2,000,000 principal balance. The balance drawn on the line of credit as of December 31, 2021 was \$1,918. There was no outstanding balance as of December 31, 2022.

**NOTE 12      PAYCHECK PROTECTION PROGRAM LOAN AND GRANT**

In February 2021, the Organization received a \$1,911,925 loan (the “PPP Loan”) under the Paycheck Protection Program, within the Coronavirus Aid Relief and Economic Security Act (the “CARES Act”). The terms of the PPP Loan are subject to the CARES Act, which includes, among other terms, interest at a rate of 1% per annum. The CARES Act provides that the PPP Loan may be partially or wholly forgiven if the funds are used for qualifying expenses and certain conditions are met. The Organization used the proceeds of the PPP Loan only for permissible purposes. Amounts of the PPP Loan that are not forgiven, are subject to monthly principal and interest payments. The Paycheck Protection Program Flexibility Act allows for the maturity date of the PPP Loan to be modified, so that the loan matures 5 years from origination.

As of December 31, 2021, the Organization has received full forgiveness for the PPP loan. Therefore, the entire amount of the PPP loan is reported as Other Income.

**NOTE 13      OPERATING LEASES**

The Organization has various lease agreements for office space, with terms up to seven years. Some leases include options to renew or terminate the lease. These options are included in the lease term when it is reasonably certain that the option will be exercised. Operating lease expense for the year ended December 31, 2022 was \$732,169.

The assets and liabilities operating leases are recognized at the commencement date based on the present value of remaining lease payments over the lease term using the Organization’s secured incremental borrowing rates or implicit rates, when readily determinable. Short-term leases, which have an initial term of 12 months or less, are not recorded on the balance sheet.

The Organization’s weighted-average remaining lease term relating to its operating leases is 5.52 years, with a weighted-average discount rate of 2%.

**Chai Lifeline, Inc.**  
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**NOTE 13 OPERATING LEASES (continued)**

The following table presents information about the amount, timing and uncertainty of cash flows arising from the Organization’s operating leases as of December 31, 2022.

Maturity Analysis	Operating Lease
2023	\$ 767,727
2024	768,632
2025	754,929
2026	678,364
2027	396,208
Thereafter	623,616
Total undiscounted cash flows	3,989,476
Less: present value discount	(211,388)
Total lease liabilities	\$ 3,778,088

**NOTE 14 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and contractual commitments. The Organization may use the unused portion of its credit line and revolving lines of credit to fund short term shortfalls. In addition, the Organization uses historical data to forecast revenues from recurring events and campaigns and align expenditures with the projected cash inflows. As many of the Organization’s program expenditures are discretionary, the Organization has the ability to curtail such activities if projected funds are not available.

The Organization’s governing body has not placed restrictions or limitations on the use of the Organization’s resources.

As of December 31, 2022, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 3,277,563
Contributions receivable, net	4,119,396
Other receivable	509,854
Total	\$ 7,906,813

**NOTE 15 CONCENTRATIONS OF CREDIT RISK**

At times, the Organization may maintain cash balances in excess of the Federal Deposit Insurance Corporation’s insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash.



**NOTE 16      PENSION PLAN**

Chai Lifeline has a retirement plan for eligible employees. Chai Lifeline makes the minimum mandatory contributions necessary to meet the safe harbor plan requirements. Contributions to the plan for 2022 and 2021 amounted to \$256,364 and \$239,073, respectively.

**NOTE 17      ENDOWMENT FUNDS AND RESTRICTED NET ASSETS**

***General***

Chai Lifeline's restricted net assets consist of two endowment funds whose assets are to be held in perpetuity. The income from the assets can be used to support Chai Lifeline's general activities.

As required by Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Board of Directors of Chai Lifeline adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. Chai Lifeline is governed by the NYPMIFA spending policy, which establishes a standard maximum spending limit of 7%, except where specifically directed the donor. As a result of this interpretation, Chai Lifeline classifies as restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

***Return Objectives and Strategies Employed***

The objective of Chai Lifeline is to maintain the principal endowment funds while providing a stream of funding to programs supported by its endowment. The investment policy to achieve this objective is to invest in a limited partnership, certificates of deposit or real estate.

**Chai Lifeline, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 17**      **ENDOWMENT FUNDS AND RESTRICTED NET ASSETS (continued)**

*Funds with Deficiencies*

Chai Lifeline does not have any funds with deficiencies.

*Endowment Net Asset Composition by Type of Fund as of December 31, 2022 and 2021*

The endowment net asset composition was:

	<u>2022</u>	<u>2021</u>
Permanently restricted		
General operations	\$ 711,517	\$ 711,517

**NOTE 18**      **RISKS AND UNCERTAINTIES**

*Loss Contingency*

An asset held in one of Chai Lifeline's perpetual endowment, is under dispute. In the event Chai Lifeline does not prevail, Chai Lifeline's general fund will be required to make the endowment whole. Accordingly, in 2021, Chai Lifeline recorded a loss contingency and corresponding liability in the amount of \$638,000.

*Litigation*

Chai Lifeline is involved in litigation regarding the alleged actions of a former employee. Chai Lifeline will defend against these claims. However, to the extent Chai Lifeline is found liable, Chai Lifeline expects the claims to be fully covered by its insurance.

**NOTE 19**      **SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events as of July 20, 2023, the date these financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in these financial statements.