

# **Chai Lifeline, Inc. and Affiliate**

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## **COMBINED FINANCIAL STATEMENTS**

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**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Chai Lifeline, Inc, and Affiliate  
New York, New York

### ***Opinion***

We have audited the accompanying combined financial statements of Chai Lifeline, Inc, (a nonprofit organization) and Affiliate (the Organization), which comprise the combined statement of financial position as of December 31, 2023 and 2022, and the related combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Chai Lifeline, Inc, and Affiliate as of December 31, 2023 and 2022, and the changes in their net assets and their 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 Chai Lifeline, Inc, and Affiliate 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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, and Affiliate's ability to continue as a going concern within one year after the date that the combined 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 combined 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 combined 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 combined 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 combined 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, and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chai Lifeline, Inc, and Affiliate'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  
August 29, 2024

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

	<b>2023</b>			<b>2022</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 2,084,340	\$ -	\$ 2,084,340	\$ 3,277,563	\$ -	\$ 3,277,563
Contributions receivable, net	2,599,506	-	2,599,506	4,119,396	-	4,119,396
Bequests receivable, net	3,773,125	-	3,773,125	-	-	-
Other receivables	105,200	-	105,200	509,854	-	509,854
<b>TOTAL CURRENT ASSETS</b>	<b>8,562,171</b>	<b>-</b>	<b>8,562,171</b>	<b>7,906,813</b>	<b>-</b>	<b>7,906,813</b>
<b>FIXED ASSETS, NET</b>	<b>17,615,674</b>	<b>-</b>	<b>17,615,674</b>	<b>17,160,536</b>	<b>-</b>	<b>17,160,536</b>
<b>OTHER ASSETS</b>						
Contributions receivable - long-term, net	156,720	-	156,720	273,826	-	273,826
Investments	6,352	-	6,352	27,118	-	27,118
Investment in real estate	408,983	711,517	1,120,500	408,983	711,517	1,120,500
Interest rate swap at fair value	176,192	-	176,192	-	-	-
Security deposit	95,066	-	95,066	98,666	-	98,666
Right of use assets under operating leases	3,043,840	-	3,043,840	3,616,879	-	3,616,879
Right of use assets under finance leases	84,458	-	84,458	-	-	-
<b>TOTAL OTHER ASSETS</b>	<b>3,971,611</b>	<b>711,517</b>	<b>4,683,128</b>	<b>4,425,472</b>	<b>711,517</b>	<b>5,136,989</b>
<b>TOTAL ASSETS</b>	<b>\$ 30,149,456</b>	<b>\$ 711,517</b>	<b>\$ 30,860,973</b>	<b>\$ 29,492,821</b>	<b>\$ 711,517</b>	<b>\$ 30,204,338</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 1,299,860	\$ -	\$ 1,299,860	\$ 1,244,751	\$ -	\$ 1,244,751
Accrued expenses	536,430	-	536,430	727,643	-	727,643
Line of credit	991,186	-	991,186	-	-	-
Loan payable	40,249	-	40,249	66,423	-	66,423
Operating lease obligations, current portion	766,383	-	766,383	699,792	-	699,792
Finance lease obligations, current portion	23,208	-	23,208	-	-	-
Long-term debt, current portion	176,544	-	176,544	226,350	-	226,350
Loss contingency	638,000	-	638,000	638,000	-	638,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,471,860</b>	<b>-</b>	<b>4,471,860</b>	<b>3,602,959</b>	<b>-</b>	<b>3,602,959</b>
<b>LONG-TERM LIABILITIES</b>						
Operating lease obligations	2,422,174	-	2,422,174	3,078,296	-	3,078,296
Finance lease obligations	61,815	-	61,815	-	-	-
Long-term debt, net	2,641,718	-	2,641,718	2,773,243	-	2,773,243
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5,125,707</b>	<b>-</b>	<b>5,125,707</b>	<b>5,851,539</b>	<b>-</b>	<b>5,851,539</b>
<b>TOTAL LIABILITIES</b>	<b>9,597,567</b>	<b>-</b>	<b>9,597,567</b>	<b>9,454,498</b>	<b>-</b>	<b>9,454,498</b>
<b>NET ASSETS</b>	<b>20,551,889</b>	<b>711,517</b>	<b>21,263,406</b>	<b>20,038,323</b>	<b>711,517</b>	<b>20,749,840</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 30,149,456</b>	<b>\$ 711,517</b>	<b>\$ 30,860,973</b>	<b>\$ 29,492,821</b>	<b>\$ 711,517</b>	<b>\$ 30,204,338</b>

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

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>						
Contributions	\$ 17,828,966	\$ -	\$ 17,828,966	\$ 19,259,593	\$ -	\$ 19,259,593
Legacies and bequests	4,037,369	-	4,037,369	171,276	-	171,276
Grants	1,394,569	-	1,394,569	1,052,079	-	1,052,079
Special events income	\$ 15,733,375			\$ 17,499,679		
Less direct costs	<u>(8,689,349)</u>			<u>(9,354,792)</u>		
	7,044,026	-	7,044,026	8,144,887	-	8,144,887
In-kind contributions	<u>1,201,498</u>	<u>-</u>	<u>1,201,498</u>	<u>1,106,603</u>	<u>-</u>	<u>1,106,603</u>
<b>TOTAL REVENUES</b>	<u>31,506,428</u>	<u>-</u>	<u>31,506,428</u>	<u>29,734,438</u>	<u>-</u>	<u>29,734,438</u>
<b>OPERATING EXPENSES</b>						
Program services						
Camp Simcha	7,123,692	-	7,123,692	6,599,818	-	6,599,818
Hospital and home based services	6,711,627	-	6,711,627	6,139,754	-	6,139,754
Family and community programs	13,028,459	-	13,028,459	11,918,348	-	11,918,348
Grants to others	<u>380,694</u>	<u>-</u>	<u>380,694</u>	<u>263,322</u>	<u>-</u>	<u>263,322</u>
Total program services	<u>27,244,472</u>	<u>-</u>	<u>27,244,472</u>	<u>24,921,242</u>	<u>-</u>	<u>24,921,242</u>
Supporting services						
Management and general	2,573,404	-	2,573,404	2,377,011	-	2,377,011
Fundraising	<u>2,890,312</u>	<u>-</u>	<u>2,890,312</u>	<u>2,551,547</u>	<u>-</u>	<u>2,551,547</u>
Total Supporting services	<u>5,463,716</u>	<u>-</u>	<u>5,463,716</u>	<u>4,928,558</u>	<u>-</u>	<u>4,928,558</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>32,708,188</u>	<u>-</u>	<u>32,708,188</u>	<u>29,849,800</u>	<u>-</u>	<u>29,849,800</u>
<b>CHANGE IN NET ASSETS</b>						
<b>FROM OPERATIONS</b>	<u>(1,201,760)</u>	<u>-</u>	<u>(1,201,760)</u>	<u>(115,362)</u>	<u>-</u>	<u>(115,362)</u>
<b>OTHER INCOME (LOSS)</b>						
Employee Retention Credit	1,365,046	-	1,365,046	113,811	-	113,811
Net realized (loss) gain on investments	(104)	-	(104)	3,034	-	3,034
Change in value of interest rate swap	176,192	-	176,192	-	-	-
Interest income	34,854	-	34,854	-	-	-
Miscellaneous income	<u>139,338</u>	<u>-</u>	<u>139,338</u>	<u>250,086</u>	<u>-</u>	<u>250,086</u>
<b>TOTAL OTHER INCOME (LOSS)</b>	<u>1,715,326</u>	<u>-</u>	<u>1,715,326</u>	<u>366,931</u>	<u>-</u>	<u>366,931</u>
<b>CHANGE IN NET ASSETS</b>	513,566	-	513,566	251,569	-	251,569
<b>NET ASSETS - BEGINNING</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>
<b>NET ASSETS - ENDING</b>	<u>\$ 20,551,889</u>	<u>\$ 711,517</u>	<u>\$ 21,263,406</u>	<u>\$ 20,038,323</u>	<u>\$ 711,517</u>	<u>\$ 20,749,840</u>

**Chai Lifeline, Inc.**  
**Combined Statement of Functional Expenses**  
**For The Year Ended December 31, 2023**

	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	\$ 1,993,984	\$ 2,781,332	\$ 5,399,057	\$ -	\$ 10,174,373	\$ 1,289,896	\$ 1,312,457	\$ 1,822,644	\$ 4,424,997	\$ 14,599,370
Payroll taxes & employee benefits	347,691	484,981	941,433	-	1,774,105	224,919	228,853	317,814	771,586	2,545,691
Advertising and promotions	17,803	82,810	160,750	-	261,363	1,873	72,724	70,385	144,982	406,345
Amortization of finance lease	-	-	-	-	-	18,347	-	-	18,347	18,347
Communications	37,881	52,361	101,642	-	191,884	4,863	12,774	10,139	27,776	219,660
Credit card processing fees	-	28,018	54,391	-	82,409	-	105,156	286,276	391,432	473,841
Depreciation & amortization	988,942	25,820	50,122	-	1,064,884	46,656	-	-	46,656	1,111,540
Events & entertainment	124,045	221,113	429,220	-	774,378	8,302	314,991	723,998	1,047,291	1,821,669
Family subsidies	-	252,506	490,159	-	742,665	-	-	-	-	742,665
Fees, dues & licenses	22,598	30,687	59,569	-	112,854	5,454	18,478	19,427	43,359	156,213
Food services	619,800	801,369	1,555,598	-	2,976,767	12,468	10,211	1,207,500	1,230,179	4,206,946
Grants to other organizations	-	4,910	9,531	380,694	395,135	-	-	-	-	395,135
Information technology	40,626	79,035	153,420	-	273,081	21,002	104,983	69,487	195,472	468,553
Insurance	110,594	77,065	149,598	-	337,257	25,373	15,838	42,419	83,630	420,887
Interest	91,395	43,877	85,173	-	220,445	21,033	8,862	16,632	46,527	266,972
Miscellaneous	3,264	575	1,116	-	4,955	48,188	-	3,005	51,193	56,148
Occupancy	402,040	342,080	664,038	-	1,408,158	142,441	9,671	1,301,896	1,454,008	2,862,166
Printing & postage	2,136	27,135	52,673	-	81,944	56,240	455,465	237,569	749,274	831,218
Professional fees	950,764	440,454	855,000	-	2,246,218	455,152	123,338	1,582,162	2,160,652	4,406,870
Repair & maintenance	357,708	66,476	129,042	-	553,226	22,978	2,975	17,023	42,976	596,202
Supplies & materials	548,774	499,622	969,855	-	2,018,251	3,744	50,338	413,437	467,519	2,485,770
Transportation & lodging	463,647	369,401	717,072	-	1,550,120	164,475	43,198	547,536	755,209	2,305,329
Sub-total	7,123,692	6,711,627	13,028,459	380,694	27,244,472	2,573,404	2,890,312	8,689,349	14,153,065	41,397,537
Direct cost of special events	-	-	-	-	-	-	-	(8,689,349)	(8,689,349)	(8,689,349)
Total	\$ 7,123,692	\$ 6,711,627	\$ 13,028,459	\$ 380,694	\$ 27,244,472	\$ 2,573,404	\$ 2,890,312	\$ -	\$ 5,463,716	\$ 32,708,188

**Chai Lifeline, Inc.**  
**Combined 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 & 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 and amortization	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 & 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 & 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

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 513,566	\$ 251,569
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	\$ 1,111,540	\$ 954,030
Amortization of right of use asset - finance lease	18,347	-
Cash payments in excess of amortization of right of use - operating lease	(16,492)	(402)
Change in value of interest rate swap	(176,192)	-
Amortization of debt issuance costs included in interest	6,154	6,154
Noncash contributions	(1,201,498)	(1,106,603)
Noncash expenses	1,201,498	1,106,603
Realized loss (gain) on investments, net	104	(3,034)
Changes in operating assets and liabilities		
Contribution receivable, net	1,636,996	909,386
Bequest receivable, net	(3,773,125)	-
Other receivables	404,654	(509,854)
Security deposits	3,600	10,950
Accounts payable	(62,957)	(294,310)
Accrued expenses	(191,213)	(14,935)
Total adjustments	(1,038,584)	1,057,985
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	(525,018)	1,309,554
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures for operations	(1,448,612)	(4,754,110)
Other assets	-	300,000
Net sale (purchase) of securities	20,662	(22,516)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(1,427,950)	(4,476,626)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown (repayment) on line of credit	991,186	(1,918)
Principle payments on finances leases	(17,782)	-
Net payments on long-term debt	(187,485)	(179,766)
Net repayment (proceeds) of loans payable	(26,174)	66,423
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	759,745	(115,261)
<b>NET DECREASE IN CASH</b>	(1,193,223)	(3,282,333)
<b>CASH AT BEGINNING OF YEAR</b>	3,277,563	6,559,896
<b>CASH AT END OF YEAR</b>	\$ 2,084,340	\$ 3,277,563
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Interest paid	\$ 255,096	\$ 177,184
<b>SIGNIFICANT NONCASH ACTIVITIES</b>		
Fully depreciated fixed asset removed from service	\$ -	\$ 10,818
Change in fixed assets included in accounts payable	118,066	-
Non cash changes in assets and liabilities upon commencement of lease (or adoption of ASC 842)		
Deferred rent	\$ -	\$ 161,611
Right of use asset	102,805	3,616,879
Lease liability	102,805	3,778,088



**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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**NOTE 1      NATURE OF THE ORGANIZATION**

Since incorporation in 1988, the mission of Chai Lifeline, Inc. and Affiliate (“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.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
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**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.

**Chai Lifeline, Inc. and Affiliate**  
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**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.

*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.

**Chai Lifeline, Inc. and Affiliate**  
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**NOTE 1      NATURE OF THE ORGANIZATION (continued)**

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

***Retreats***

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).
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 online video 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.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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

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

1. *Schools.* Working together with principals, mental health staff and teachers, Crisis Intervention 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.* Crisis Intervention 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.* Crisis Intervention 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.* Crisis Intervention 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.

- **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 ended December 31, 2023 and 2022, Chai Lifeline provided to AFOC grants as well as supportive and administrative services which amounted to \$112,278 and \$91,406, respectively and are included in grants to other organizations. For the years ended December 31, December 31, 2023 and 2022, Chai Lifeline received grants from AFOC which amounted to \$125,000 and \$80,000, respectively, which are included in grant income. At December 31, 2023 and 2022, outstanding amounts due from Chai Lifeline to AFOC were, \$70,000 and \$150,000, respectively, and are included in accrued expenses.

For the years ended December 31, 2023 and 2022, Chai Lifeline provided supportive and administrative services to Congregation Chai Lifeline ("Congregation"), an affiliated organization, which amounted to \$145,603 and \$134,859, respectively and are included in grants to other organizations. For the years ended December 31, 2023 and 2022, Chai Lifeline received grants from Congregation Chai Lifeline which amounted to \$510,000 and \$735,000, respectively, which are included in grant income.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

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

***Basis of Presentation***

The accompanying combined financial statements include the accounts of Chai Lifeline, Inc. and its affiliate, Chai Lifeline New Jersey, Inc. All material interorganizational balances and transactions have been eliminated in the combination.

***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 combined 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 to conform to 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.

***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 combined 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.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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

***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 and the Organization's estimate of future collections. 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 \$5,000 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.

***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 (contributed nonfinancial assets) are presented in a separate line item in the income statement and the amount of the contributions are disaggregated by type in the footnotes. In-kind contributions includes donated services, merchandise and real estate, and 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.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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

***Leases***

Right of use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization elected to use the risk-free rate at the lease commencement date of the lease, in measuring the present value of lease payments. Lease terms, which include options to extend the lease that cannot be canceled, may also include options to extend the lease when it is reasonably certain that the Organization will exercise that option. Leases with an initial term of twelve months or less are not recorded on the balance sheet, rather the Organization recognizes short-term lease expense, on a straight-line basis over the life of these leases.

***Functional Allocation of Expenses***

The combined 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.

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.



**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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

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

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, 2023, 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.

***Interest rate swap*** – Valued at year end using an option-adjusted discounted cash flow model.

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 combined statement of financial position as a direct deduction from the related loan balance.

***Interest Rate Swap Agreement***

The Organization uses derivative instruments (including interest rate and basis swaps and caps) to enhance interest rate sensitive asset-liability management and not for speculative or any purposes other than risk management. Accounting Standards Codification (ASC) 815, Derivatives and Hedging, requires that all derivatives be recorded at their current fair value on the combined statement of financial position. Gains and losses resulting from changes in market interest rates are reported as other income (loss) on the statement of activities. Payments exchanged as a result of interest rate protection agreements are recorded as adjustments to interest expense.

***Advertising***

Advertising costs are expensed as incurred.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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.

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**

***Cash***

The balance in cash, as of December 31, 2023, and December 31, 2022, consists of operating cash in the amounts of \$2,084,340 and \$3,277,563, respectively.

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 2023 and 2022. Contributions receivable are due as follows at December 31,

	2023	2022
Current and due within one year	\$ 6,221,856	\$ 5,466,716
Due in one to five years	170,000	301,333
Total contributions receivable	6,391,856	5,768,049
Less allowance for doubtful accounts	(3,622,350)	(1,347,320)
Less discount to present value	(13,280)	(27,507)
Total contributions receivable, net	\$ 2,756,226	\$ 4,393,222

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
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**NOTE 5 BEQUEST RECEIVABLE**

During the year ended December 31, 2023, the Organization received a bequest from an estate. The estimated value was \$4,650,000. Due to uncertainties surrounding collectability, the Organization recorded a reserve of \$876,875. The bequest receivable is presented net of this reserve.

**NOTE 6 FIXED ASSETS**

Fixed assets are summarized as follows:

	December 31,	
	2023	2022
Land	\$ 1,874,107	\$ 1,874,107
Building and improvements	22,592,658	22,254,647
Construction in process	3,220,273	2,411,106
Furniture, fixtures and equipment	3,561,153	3,289,934
Automobiles	391,731	243,450
	31,639,922	30,073,244
Accumulated depreciation and amortization	(14,024,248)	(12,912,708)
	\$ 17,615,674	\$ 17,160,536

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 were \$1,111,540, and \$954,030, respectively.

**NOTE 7 FAIR VALUE MEASUREMENT**

Financial assets measured at fair value on a recurring basis are summarized below:

	December 31, 2023			
	Fair Value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Assets				
Equity mutual funds	\$ 6,352	\$ 6,352	\$ -	\$ -
Interest rate swap	176,192	-	176,192	-
Total assets at fair value	\$ 182,544	\$ 6,352	\$ 176,192	\$ -

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 7 FAIR VALUE MEASUREMENT (continued)**

	December 31, 2022			
	Fair Value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Assets				
Equity mutual funds	\$ 27,118	\$ 27,118	\$ -	\$ -
Total assets at fair value	\$ 27,118	\$ 27,118	\$ -	\$ -

**NOTE 8 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 9 IN-KIND CONTRIBUTIONS**

Chai Lifeline received donated items for the holiday toy drive and other programmatic activities. For the years ended December 3, 2023 and 2022, donated goods in the amounts of \$201,809 and \$143,518, 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 combined 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 ended December 3, 2023 and 2022 amounted to \$999,689 and \$963,085, 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 combined 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 the value of the contributed miles.

**Chai Lifeline, Inc. and Affiliate**  
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**NOTE 10 LONG-TERM DEBT AND INTEREST RATE SWAP**

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 SOFR 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, 2023 and 2022, the mortgage had an outstanding balance of \$2,759,345 and \$2,922,845, respectively. The mortgage contains certain financial covenants that require maintenance of certain debt service ratios and minimum net assets requirements. The conditions of the covenants have been met as of December 31, 2023.

The Organization purchased an interest rate swap contract to manage interest rate risk on the variable rate loan, with the notional rate equal to the outstanding principal on the loan. Under the swap agreement, the Organization pays interest at a fixed rate of 3.84% and receives interest at variable rates equal to SOFR plus 2.70% adjusted on the fifteenth day of each calendar month. The swap expires in August 2026.

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>12/31/2023</u>	Principal outstanding as of <u>12/31/2022</u>	<u>Maturity date</u>	<u>Annual interest rate</u>	<u>Monthly Installment Payment</u>
\$ -	\$ 42,918	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>12/31/2023</u>	Principal outstanding as of <u>12/31/2022</u>	<u>Maturity date</u>	<u>Annual interest rate</u>	<u>Monthly Installment Payment</u>
\$ 11,457	\$ 20,799	11/21/2025	3.99%	\$ 520
28,784	35,339	9/01/2027	6.24%	\$ 718
34,830	-	3/11/2028	4.90%	\$ 760
Total	<u>\$ 75,071</u>			<u>\$ 56,138</u>

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
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**NOTE 10      LONG-TERM DEBT AND INTEREST RATE SWAP (continued)**

Future principal payments due are as follows:

Year	Amount
2024	\$ 176,544
2025	177,022
2026	2,463,974
2027	14,918
2028	1,958
Total	2,834,416
Unamortized debt issuance costs	(16,154)
Total	\$ 2,818,262

***Financing Costs***

At December 31, 2023 and 2022, net deferred financing costs of \$16,154 and \$22,308, 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, 2023 and 2022 is \$45,385 and \$39,231, respectively. For the years 2023 and 2022, 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, 2024. The line bears interest at .5% above the prime rate, which was 8.5% and 7.5% as of December 31, 2023 and December 31, 2022, respectively. 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, 2023 was \$991,186. There was no outstanding balance as of December 31, 2022.

**NOTE 12      LEASES**

The Organization leases two copy machines under finance leases expiring February 16, 2027, and December 14, 2028, respectively. In addition, 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.

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
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**NOTE 12 LEASES (continued)**

Additional details of the leases are summarized in the table below:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term in years		
Finance leases	3.80	-
Operating leases	4.54	5.52
Weighted-average discount rate		
Finance leases	2.62%	-
Operating leases	1.63%	2.00%

	<u>Year Ending December 31, 2023</u>	<u>Year Ending December 31, 2022</u>
Lease expense		
Finance lease expense		
Amortization of ROU assets	\$ 18,347	\$ -
Interest on lease liabilities	1,300	-
Operating lease expense	<u>782,293</u>	<u>732,169</u>
Total	<u>\$ 801,940</u>	<u>\$ 732,169</u>

The following table presents information about the amount, timing and uncertainty of cash flows arising from the Organization's leases as of:

December 31, 2023

<u>Maturity Analysis</u>	<u>Finance</u>	<u>Operating</u>
2024	\$ 25,110	\$ 813,178
2025	25,110	800,061
2026	25,110	683,536
2027	8,120	396,208
2028	6,028	391,371
Thereafter	<u>-</u>	<u>221,026</u>
Total undiscounted cash flows	89,478	3,305,380
Less: present value discount	<u>(4,455)</u>	<u>(116,823)</u>
Total lease liabilities	<u>\$ 85,023</u>	<u>\$ 3,188,557</u>

**Chai Lifeline, Inc. and Affiliate**  
**Notes to the Combined Financial Statements**  
**December 31, 2023 and 2022**

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**NOTE 13 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, 2023 and 2022, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,084,340	\$ 3,277,563
Contributions receivable, net	2,599,506	4,119,396
Bequests receivable, net	3,773,125	-
Other receivable	105,200	509,854
Total	<u>\$ 8,562,171</u>	<u>\$ 7,906,813</u>

**NOTE 14 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 15 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 2023 and 2022 amounted to \$288,344 and \$256,364, respectively.



**Chai Lifeline, Inc. and Affiliate**  
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**NOTE 16      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.

***Funds with Deficiencies***

Chai Lifeline does not have any funds with deficiencies.

***Endowment Net Asset Composition by Type of Fund as of December 31, 2023 and 2022***

The endowment net asset composition was:

	<u>2023</u>	<u>2022</u>
Permanently restricted		
General operations	<u>\$ 711,517</u>	<u>\$ 711,517</u>

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**NOTE 17      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, Chai Lifeline maintains liability in the amount of \$638,000.

***Litigation***

Chai Lifeline is involved in litigation regarding the alleged actions of former employees. 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 18      SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events as of August 29, 2024, the date these combined 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 combined financial statements.