

JBI INTERNATIONAL, INC.



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2023 and 2022

JBI INTERNATIONAL, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
JBI International, Inc.
New York, NY

Opinion

We have audited the financial statements of JBI International, Inc. ("JBI"), which comprise the statements of financial position as of December 31, 2023 and 2022 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 accompanying financial statements present fairly, in all material respects, the financial position of JBI as of December 31, 2023 and 2022, and the changes in its net assets 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JBI 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 JBI's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 JBI'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 JBI'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.

Mayer Hoffman McCann CPAs

New York, NY
June 10, 2024

JBI INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2C and 13)	\$ 1,609,815	\$ 1,943,596
Investments (Notes 2D, 2E and 4)	15,849,564	14,728,166
Beneficial interest in trusts (Notes 4 and 5)	1,390,341	1,263,010
Contributions receivable (Notes 2F and 2G)	305,600	30,000
Interest receivable	35,822	31,312
Inventory (Note 2J)	158,856	155,228
Prepaid expenses and other assets	142,536	151,151
Finance lease right-of-use assets (Notes 2S and 9)	82,490	-
Property and equipment, net (Notes 2K and 6)	4,834,420	5,108,351
TOTAL ASSETS	\$ 24,409,444	\$ 23,410,814
LIABILITIES		
Accounts payable and accrued expenses	\$ 160,188	\$ 147,862
Rental deposits payable (Note 2L)	43,696	43,298
Finance lease liabilities (Notes 2S and 9)	83,579	-
TOTAL LIABILITIES	287,463	191,160
CONTINGENCY (Note 14)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
General operating	748,427	1,933,439
Board-designated reserve	508,937	500,240
Board-designated endowment	8,621,729	7,260,434
Investment in property and equipment, net	500,577	461,908
Total net assets without donor restrictions	10,379,670	10,156,021
With donor restrictions (Notes 5, 6, 8 and 9):		
Purpose restricted	1,944,400	1,797,776
Beneficial interest in trusts	424,110	388,103
Perpetual trust	966,230	874,907
Endowment	6,073,728	5,356,404
Investment in property and equipment, net	4,333,843	4,646,443
Total net assets with donor restrictions	13,742,311	13,063,633
TOTAL NET ASSETS	24,121,981	23,219,654
TOTAL LIABILITIES AND NET ASSETS	\$ 24,409,444	\$ 23,410,814

The accompanying notes are an integral part of these financial statements.

JBI INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
SUPPORT AND REVENUE:						
Contributions and grants (Notes 2H, 2I and 15)	\$ 1,422,640	\$ 276,853	\$ 1,699,493	\$ 2,406,391	\$ 34,070	\$ 2,440,461
Donated services (Note 2H)	76,300	-	76,300	218,704	-	218,704
Legacies and bequests (Note 2M)	513,734	-	513,734	1,400,811	-	1,400,811
Rental income, net (Notes 2O and 10)	47,602	-	47,602	36,977	-	36,977
Special events revenue, net of direct benefits to donors of \$13,257 and \$0, in 2023 and 2022, respectively	6,518	-	6,518	-	-	-
Sales revenue	16,463	-	16,463	460	-	460
Investment activity, net (Notes 2D and 4)	1,429,945	773,944	2,203,889	(1,026,295)	(1,523,058)	(2,549,353)
Distributions from beneficial interest in trusts (Note 5)	61,805	-	61,805	90,214	-	90,214
Change in beneficial interest in trusts (Note 5)	-	127,331	127,331	-	(385,058)	(385,058)
Net assets released from restrictions (Note 8)	499,450	(499,450)	-	856,717	(856,717)	-
TOTAL SUPPORT AND REVENUE	4,074,457	678,678	4,753,135	3,983,979	(2,730,763)	1,253,216
EXPENSES: (Note 2R)						
Program Services:						
Libraries and library development services	1,879,979	-	1,879,979	1,336,761	-	1,336,761
Educational and cultural programs	136,519	-	136,519	141,136	-	141,136
JBI periodicals	118,758	-	118,758	297,403	-	297,403
Outreach to Europe and the Former Soviet Union	44,096	-	44,096	82,885	-	82,885
Israeli assistance program	69,702	-	69,702	350,248	-	350,248
Outreach and library recruitment	801,831	-	801,831	752,875	-	752,875
Total Program Services	3,050,885	-	3,050,885	2,961,308	-	2,961,308
Supporting Services:						
Management and general	476,631	-	476,631	499,394	-	499,394
Fundraising	323,292	-	323,292	306,190	-	306,190
Total Supporting Services	799,923	-	799,923	805,584	-	805,584
TOTAL EXPENSES	3,850,808	-	3,850,808	3,766,892	-	3,766,892
CHANGE IN NET ASSETS	223,649	678,678	902,327	217,087	(2,730,763)	(2,513,676)
Net assets - beginning of year	10,156,021	13,063,633	23,219,654	9,938,934	15,794,396	25,733,330
NET ASSETS - END OF YEAR	\$ 10,379,670	\$ 13,742,311	\$ 24,121,981	\$ 10,156,021	\$ 13,063,633	\$ 23,219,654

The accompanying notes are an integral part of these financial statements.

JBI INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services						Supporting Services			TOTAL 2023	TOTAL 2022
	Libraries and Library Development Services	Educational and Cultural Programs	JBI Periodicals	Outreach to Europe and the Former Soviet Union	Israeli Assistance Program	Outreach and Library Recruitment	Total Program Services	Management and General	Fundraising		
Salaries	\$ 864,685	\$ 16,678	\$ 47,326	\$ 25,856	\$ 25,282	\$ 395,486	\$ 1,375,313	\$ 78,816	\$ 102,654	\$ 1,556,783	\$ 1,451,042
Payroll taxes and employee benefits (Note 12)	293,674	5,664	16,073	8,781	8,586	134,323	467,101	26,769	34,864	528,734	541,770
Total salaries and related costs	1,158,359	22,342	63,399	34,637	33,868	529,809	1,842,414	105,585	137,518	2,085,517	1,992,812
Printing and publications	96,318	6,338	-	-	-	61,794	164,450	12,676	17,427	194,553	145,958
Occupancy	218,927	2,919	2,918	2,919	2,918	29,193	259,794	17,514	14,595	291,903	277,023
Library and other supplies	33,645	377	754	377	3,178	10,175	48,506	5,654	2,639	56,799	68,057
Postage	6,919	-	865	-	575	11,536	19,895	1,730	7,208	28,833	33,587
Communications	8,193	-	-	410	205	8,098	16,906	2,049	2,048	21,003	33,666
Conferences, conventions, meetings and travel	11,167	1,214	3,641	243	244	3,398	19,907	2,185	2,184	24,276	15,810
Insurance	-	-	-	-	-	-	-	21,942	-	21,942	14,733
Audio book digitization	-	-	-	-	-	-	-	-	-	-	7,467
Circulation expenses	17,616	-	-	-	-	-	17,616	-	-	17,616	15,913
Recording expenses	-	-	2,000	-	-	-	2,000	-	-	2,000	4,604
Grants and awards (Note 2N)	-	-	-	-	22,750	-	22,750	-	-	22,750	257,488
Professional services	130,047	99,740	38,249	2,550	2,550	43,356	316,492	274,312	39,744	630,548	423,493
Advertising (Note 2Q)	-	-	-	-	-	22,542	22,542	-	-	22,542	21,626
Information dissemination	14,367	7,184	7,184	-	-	43,102	71,837	-	71,836	143,673	99,414
Subscriptions, books and resource materials	68	-	65	-	-	-	133	-	-	133	308
Maintenance and repairs	1,923	-	-	-	-	-	1,923	-	-	1,923	-
Investment advisory fees (Note 4)	-	-	-	-	-	-	-	95,387	-	95,387	93,217
Interest	-	-	-	-	-	-	-	2,644	-	2,644	-
Depreciation (Note 6)	272,490	3,633	3,633	3,633	3,633	36,337	323,359	21,799	18,161	363,319	368,134
Amortization	15,334	204	204	204	204	2,050	18,200	1,227	1,017	20,444	-
Miscellaneous	6,091	-	305	609	609	4,570	12,184	14,540	13,044	39,768	90,024
Total Expenses Before Expenses Deducted Directly from Revenues	1,991,464	143,951	123,217	45,582	70,734	805,960	3,180,908	579,244	327,421	4,087,573	3,963,334
Less: expenses deducted directly from revenues on the statement of activities:											
Cost of rental included in occupancy and depreciation	(111,485)	(7,432)	(4,459)	(1,486)	(1,032)	(4,129)	(130,023)	(7,226)	(4,129)	(141,378)	(103,225)
Investment advisory fees (Note 4)	-	-	-	-	-	-	-	(95,387)	-	(95,387)	(93,217)
TOTAL EXPENSES	\$ 1,879,979	\$ 136,519	\$ 118,758	\$ 44,096	\$ 69,702	\$ 801,831	\$ 3,050,885	\$ 476,631	\$ 323,292	\$ 3,850,808	\$ 3,766,892

JBI INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						Supporting Services			TOTAL 2022
	Libraries and Library Development Services	Educational and Cultural Programs	JBI Periodicals	Outreach to Europe and the Former Soviet Union	Israeli Assistance Program	Outreach and Library Recruitment	Total Program Services	Management and General	Fundraising	
Salaries	\$ 640,407	\$ 24,548	\$ 167,354	\$ 47,470	\$ 49,172	\$ 355,510	\$ 1,284,461	\$ 64,992	\$ 101,589	\$ 1,451,042
Payroll taxes and employee benefits (Note 12)	239,107	9,166	62,484	17,724	18,359	132,738	479,578	24,263	37,929	541,770
Total salaries and related costs	879,514	33,714	229,838	65,194	67,531	488,248	1,764,039	89,255	139,518	1,992,812
Printing and publications	47,057	8,242	5,495	4,121	1,374	32,967	99,256	12,363	34,339	145,958
Occupancy	110,809	16,621	16,620	8,311	8,310	110,812	271,483	2,770	2,770	277,023
Library and other supplies	18,117	2,993	3,492	998	10,999	20,483	57,082	998	9,977	68,057
Postage	2,686	2,687	2,015	336	334	12,094	20,152	3,359	10,076	33,587
Communications	7,979	-	997	665	332	10,393	20,366	3,326	9,974	33,666
Conferences, conventions, meetings and travel	7,273	791	2,372	158	159	2,212	12,965	1,423	1,422	15,810
Insurance	-	-	-	-	-	-	-	14,733	-	14,733
Audio book digitization	7,467	-	-	-	-	-	7,467	-	-	7,467
Circulation expenses	15,913	-	-	-	-	-	15,913	-	-	15,913
Recording expenses	-	-	4,604	-	-	-	4,604	-	-	4,604
Grants and awards (Note 2N)	-	-	-	-	257,488	-	257,488	-	-	257,488
Professional services	7,269	47,270	2,138	143	143	9,883	66,846	311,051	45,596	423,493
Advertising (Note 2Q)	-	-	-	-	-	21,626	21,626	-	-	21,626
Information dissemination	19,937	14,953	9,698	-	-	24,921	69,509	-	29,905	99,414
Subscriptions, books and resource materials	128	-	180	-	-	-	308	-	-	308
Investment advisory fees (Note 4)	-	-	-	-	-	-	-	93,217	-	93,217
Depreciation (Note 6)	276,101	18,407	18,407	3,681	3,681	18,412	338,689	14,725	14,720	368,134
Miscellaneous	13,930	619	4,644	310	929	4,953	25,385	52,617	12,022	90,024
Total Expenses Before Expenses Deducted Directly from Revenues	1,414,180	146,297	300,500	83,917	351,280	757,004	3,053,178	599,837	310,319	3,963,334
Less: expenses deducted directly from revenues on the statement of activities:										
Cost of rental included in occupancy and depreciation	(77,419)	(5,161)	(3,097)	(1,032)	(1,032)	(4,129)	(91,870)	(7,226)	(4,129)	(103,225)
Investment advisory fees (Note 4)	-	-	-	-	-	-	-	(93,217)	-	(93,217)
TOTAL EXPENSES	\$ 1,336,761	\$ 141,136	\$ 297,403	\$ 82,885	\$ 350,248	\$ 752,875	\$ 2,961,308	\$ 499,394	\$ 306,190	\$ 3,766,892

The accompanying notes are an integral part of these financial statements.

JB I INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 902,327	\$ (2,513,676)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	363,319	368,134
Net realized (gain) loss on investments	(192,110)	83,609
Net unrealized (gain) loss on investments	(1,646,562)	2,734,650
Change in beneficial interest in trusts	(127,331)	385,058
Finance lease right-of-use amortization	21,125	-
Subtotal	(679,232)	1,057,775
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Contributions receivable	(275,600)	13,597
Interest receivable	(4,510)	(7,335)
Inventory	(3,628)	(11,182)
Prepaid expenses and other assets	8,615	(49,379)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	95,905	22,532
Rental deposits payable	398	9,396
Deferred compensation payable	-	(431,659)
Finance lease liabilities	(83,428)	-
Net Cash (Used in) Provided by Operating Activities	(941,480)	603,745
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	4,792,627	4,728,185
Purchases of investments	(4,075,353)	(4,872,073)
Purchases of property and equipment	(89,388)	(33,027)
Net Cash Provided by (Used in) Investing Activities	627,886	(176,915)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on finance leases	(20,187)	-
Net Cash Used in Financing Activities	(20,187)	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(333,781)	426,830
Cash and cash equivalents - beginning of year	1,943,596	1,516,766
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,609,815	\$ 1,943,596
Supplemental Disclosure of Cash Flow Information:		
Non-cash right-of-use assets obtained in exchange for new liabilities	\$ 64,470	\$ -

The accompanying notes are an integral part of these financial statements.

JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Established in 1931 as The Jewish Braille Institute, JBI International, Inc. (“JBI”) provides the visually impaired, blind, physically handicapped and reading disabled of all backgrounds and ages with free books, magazines, and special publications of Jewish and general interest in audio, large print and Braille. JBI, an affiliated library of the United States Library of Congress, enables individuals with diminished vision to understand and participate in the rich educational and cultural life of the Jewish and larger community. JBI has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. JBI is supported primarily by contributions and grants, as well as legacies and bequests.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – JBI’s financial statements have been prepared on the accrual basis of accounting. JBI adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Basis of Presentation*** – JBI’s net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of JBI and changes therein are classified and reported as follows:
- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Board-designated reserve fund represents specific amounts determined by JBI’s Board of Directors, including accumulated earnings that will be appropriated in the future as needed upon approval by the Board of Directors. Interest income earned on this fund is applied to general operating net assets. The use of the reserve fund is for the purpose of operating cash flow and strategic investment.
 - With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of JBI or the passage of time, stipulations that they be maintained in perpetuity by JBI, and unappropriated endowment earnings.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed, or endowment earnings are appropriated) are reported as net assets released from restrictions.

- C. ***Cash and Cash Equivalents*** – JBI considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
- D. ***Investments*** – Investments are stated at fair value. Investment activity, including realized and unrealized gains and losses, is recorded in net assets without donor restrictions, except for the endowment fund, where the donor permits the use of investment income for a restricted purpose.
- E. ***Fair Value Measurements*** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.
- F. ***Contributions Receivable*** – Unconditional promises to give that are expected to be collected within one year are recorded at their fair value at the date the contribution is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on these 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 recognized when the barriers within the contribution are met, (i.e., when barriers within the contract are overcome and there is no longer a right of return). Interest is not charged on outstanding balances. As of December 31, 2023 and 2022, \$100,000 and \$0 of contributions receivable are due in more than one year, respectively.

JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ***Allowance for Doubtful Contributions Receivable*** – JBI determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivable, subsequent collections, current economic conditions and historical information. Contributions receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of December 31, 2023 and 2022, no allowance was deemed necessary or recorded by management.

H. ***Contributions and Grants*** – Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the contributions and grants are received. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. JBI received \$61,894 and \$45,225 of donated securities during the years ended December 31, 2023 and 2022, respectively.

Donated services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. JBI records donated services at their fair value on the date received. For the years ended December 31, 2023 and 2022, JBI received \$76,300 and \$218,704, respectively, of donated legal services. These donated services are administrative in nature. They have been valued based on the hourly billable rate provided by the donors and have no associated restrictions.

There were no conditional contributions and grants that are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08 *Clarifying the Scope and Accounting Guide for Contributions Received and Contributions Made (Topic 958)* for the years ended December 31, 2023 and 2022.

I. ***Revenues from Government Sources*** – Revenue from government agency contracts is recorded as earned pursuant to the terms of the contracts. Revenue earned based on achievement of performance objectives is recognized when the objectives have been achieved. Earned revenue yet to be billed under contract terms in excess of advances is reported as earned, but unbilled receivables. Advances received from government agencies in excess of expenditures incurred for a contract still in progress are reported as government contract advances. Advances in excess of expenditures for completed contracts are reported as due to government agencies.

Government grants are nonexchange transactions accounted for under ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when barriers within the contract are overcome and there is no longer a right of return and amounted to \$5,000 and \$5,141 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, JBI had \$37,500 and \$10,000 conditional grants and contracts from government agencies that have not been recorded in the accompanying financial statements, respectively.

J. ***Inventory*** – Inventory of books is recorded at the lower of cost or net realizable value.

K. ***Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. JBI capitalizes property and equipment with a cost of \$2,000 or more and a useful life of greater than one year.

L. ***Rental Deposits Payable*** – Rental deposits payable include deposits from tenants to be returned at the end of the lease.

M. ***Legacies and Bequests*** – Legacies and bequests are recorded as revenues at the time an unassailable right to the gift has been established and the proceeds are measurable.

N. ***Grants and Awards*** – Grants and awards are recorded pursuant to the authorization of the Board of Directors.

O. ***Rental Income*** – Rental income is recognized based on signed rental agreements. If applicable and material, JBI's policy is to straight-line income for any non-cancellable rental agreement over the term of the leases.

JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- P. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.
- Q. **Advertising** – Advertising expenses are expensed as incurred.
- R. **Functional Allocation of Expenses** – The costs of programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Therefore, certain costs have been allocated among the programs and supporting services benefited. Salaries, benefits and payroll taxes are allocated to different programs after discussion with department heads as to the employee's time being spent on different programs. Occupancy and depreciation are allocated on a square footage basis. Other expenses, such as printing and publications, are allocated after careful consideration of the time and effort being spent on the different programs.
- S. **Leases** – FASB ASU 2016-02, *Leases* (Topic 842) was adopted by JBI as of January 1, 2022. This ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The amounts from the prior year were not material, however the new leases in 2023 caused the amounts to become material and was recorded in 2023. The new leases required the recognition of right-of-use (“ROU”) assets and lease obligations as of December 31, 2023.
- T. **Reclassification** – Certain line items in the December 31, 2022 statement of financial position have been reclassified to conform to the December 31, 2023 presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

JBI regularly monitors liquidity required to meet its operating needs. It has various sources of liquidity at its disposal including cash and cash equivalents, marketable debt and equity securities and a line of credit which is available to meet short-term cash flow needs. Its governing board has designated a portion of its net assets without donor restrictions to a board designated endowment. These funds are invested for long-term appreciation and current income, but remain available and may be spent at the discretion of the Board. In addition to financial assets available to meet general expenditures over the next 12 months, JBI operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted revenues.

Financial assets available to meet general expenditures over the next 12 months were as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,609,815	\$ 1,943,596
Investments	15,849,564	14,728,166
Contributions receivable	305,600	30,000
Interest receivable	<u>35,822</u>	<u>31,312</u>
	17,800,801	16,733,074
Less: Purpose restricted	(1,944,400)	(1,797,776)
Less: Endowment	(6,073,728)	(5,356,404)
Less: Board-designated endowment	(8,621,729)	(7,260,434)
Less: Board-designated reserve	<u>(508,937)</u>	<u>(500,240)</u>
	<u>\$ 652,007</u>	<u>\$ 1,818,220</u>

JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES (Continued)

As part of JBI's liquidity management plan, JBI invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve. Additionally, the Board-designated endowment can be undesignated through a Board resolution if needed to cover general expenditures. As stated in Note 11, JBI has a line of credit available for short-term needs that is available to be used for general expenditures.

NOTE 4 – INVESTMENTS, BENEFICIAL INTEREST IN TRUSTS AND FAIR VALUE MEASUREMENTS

Investments and beneficial interest in trusts consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Common stock	\$ 5,926,041	\$ 4,952,107
Preferred stock	122,368	143,210
Mutual funds	2,645,580	2,862,000
Corporate bonds	5,125,411	5,051,998
U.S. Government agencies	2,030,164	1,718,851
Beneficial interest in trusts	<u>1,390,341</u>	<u>1,263,010</u>
	<u>\$ 17,239,905</u>	<u>\$ 15,991,176</u>

All of JBI's investments are subject to market volatility that could substantially change their values in the near term.

Investment activity consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 460,604	\$ 362,123
Realized gain (loss)	192,110	(83,609)
Unrealized gain (loss)	1,646,562	(2,734,650)
Investment advisory fees	<u>(95,387)</u>	<u>(93,217)</u>
	<u>\$ 2,203,889</u>	<u>\$ (2,549,353)</u>

The fair value hierarchy defines three levels as follows:

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. As of December 31, 2023 and 2022, JBI has no investments classified as Level 3.

JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – INVESTMENTS, BENEFICIAL INTEREST IN TRUSTS AND FAIR VALUE MEASUREMENTS
(Continued)

Common stock and preferred stock - Valued at the closing price reported on the active market on which the individual securities and obligations are traded.

Corporate bonds and U.S. Government agencies - Valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual funds - Valued at the daily closing price as reported by the fund.

Beneficial interest in perpetual trusts - Valued based on quoted prices for similar assets or liabilities.

Financial assets carried at fair value at December 31, 2023 are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
INVESTMENTS AND BENEFICIAL INTEREST IN TRUSTS CARRIED AT FAIR VALUE			
Common stock	\$ 5,926,041	\$ -	\$ 5,926,041
Preferred stock	122,368	-	122,368
Mutual funds	2,645,580	-	2,645,580
Corporate bonds	4,764,838	360,573	5,125,411
U.S. Government agencies	1,976,266	53,898	2,030,164
Beneficial interest in trusts	<u>-</u>	<u>1,390,341</u>	<u>1,390,341</u>
Total Investments and Beneficial Interest in Trusts at Fair Value	<u>\$ 15,435,093</u>	<u>\$ 1,804,812</u>	<u>\$ 17,239,905</u>

Financial assets carried at fair value at December 31, 2022 are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
INVESTMENTS AND BENEFICIAL INTEREST IN TRUSTS CARRIED AT FAIR VALUE			
Common stock	\$ 4,952,107	\$ -	\$ 4,952,107
Preferred stock	143,210	-	143,210
Mutual funds	2,862,000	-	2,862,000
Corporate bonds	4,494,628	557,370	5,051,998
U.S. Government agencies	1,654,977	63,874	1,718,851
Beneficial interest in trusts	<u>-</u>	<u>1,263,010</u>	<u>1,263,010</u>
Total Investments and Beneficial Interest in Trusts at Fair Value	<u>\$ 14,106,922</u>	<u>\$ 1,884,254</u>	<u>\$ 15,991,176</u>

JBI INTERNATIONAL, INC.
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NOTE 5 – BENEFICIAL INTEREST IN TRUSTS

JBI is a 10.2% beneficiary of a trust. The assets in the trust are managed by a trustee other than JBI and are predominantly invested in common stock and bonds. JBI is entitled to receive its share of the annual net investment income earned from the trust's assets. In 2042, the trust will terminate and JBI will receive its share of the corpus. The reported value of JBI's portion of the beneficial interest as of December 31, 2023 and 2022, which is measured by its share of the fair value of the trust's assets, is \$424,110 and \$388,103, respectively, and is included in net assets with donor restrictions.

JBI is a 4% beneficiary of two perpetual trusts. The assets in these trusts are managed by a trustee other than JBI and are predominantly invested in common stock and bonds. JBI is entitled to receive its share of the annual net investment income earned from the trusts' assets. The reported value of JBI's portion of the beneficial interest as of December 31, 2023 and 2022, which is measured by its share of the fair value of the trust's assets, is \$966,231 and \$874,907, respectively, and is included in net assets with donor restrictions.

JBI's share of the underlying assets of these trusts consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Money market funds and other	\$ 54,773	\$ 76,186
Mutual funds	101,219	127,874
Fixed income	398,527	315,806
Equities	<u>835,822</u>	<u>743,144</u>
	<u>\$ 1,390,341</u>	<u>\$ 1,263,010</u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Land	\$ 122,000	\$ 122,000	
Building	9,329,384	9,323,724	20-40 years
Equipment	<u>753,086</u>	<u>669,358</u>	5 years
Total	10,204,470	10,115,082	
Less: accumulated depreciation	<u>(5,370,050)</u>	<u>(5,006,731)</u>	
Net book value	<u>\$ 4,834,420</u>	<u>\$ 5,108,351</u>	

Depreciation amounted to \$363,319 and \$368,134, respectively, for the years ended December 31, 2023 and 2022. During the year ended December 31, 2022, fully depreciated equipment in the amount of \$139,131 was written off.

The renovations of JBI's building (completed in 2008) were facilitated in part by funding from the City of New York. The City of New York requires that the building may not be sold or used for any purposes other than those stated in the agreement. These restrictions expire in September 2038. Such balances are included in investment in property and equipment, net, in net assets with donor restrictions on the accompanying statements of financial position.

**JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose and passage of time:		
Libraries and Library Development Services	\$ 1,006,910	\$ 879,710
Outreach and Library Recruitment	550,802	531,385
Educational and Cultural Programs	386,688	386,681
Unappropriated Endowment Earnings	<u>(319,530)</u>	<u>(1,036,339)</u>
Total Purpose Restricted	1,624,770	761,437
Beneficial interest in trusts	424,110	388,103
Investment in property and equipment, net	4,333,843	4,646,443
Subject to JBI's spending policy and appropriation:		
Perpetual trust	966,230	874,907
Endowment corpus	<u>6,393,258</u>	<u>6,392,743</u>
Total	<u>\$ 13,742,311</u>	<u>\$ 13,063,633</u>

Net assets of \$499,450 and \$856,717 were released from restrictions during the years ended December 31, 2023 and 2022, respectively, by satisfying the restricted purposes.

NOTE 8 – ENDOWMENT NET ASSETS

JBI's endowment funds consist of nine individual donor-restricted endowment funds established for assistance to libraries and library development services, educational and cultural programs and the Israeli assistance program. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

JBI's Board of Directors recognizes that the New York Prudent Management of Institutional Funds Act ("NYPMIFA") created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. In addition, in accordance with NYPMIFA, any unappropriated earnings on endowment funds that would otherwise be considered without donor restriction should be reflected as donor restricted until appropriated by the Board of Directors.

In accordance with U.S. GAAP, institutions are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires JBI to retain as a fund of perpetual duration. Deficiencies of this nature are reported in either with or without donor restricted net assets. The deficiencies resulted from unfavorable market fluctuations that occurred in the economy as a whole, whereby the fair value of the donor-restricted endowment fund was below the amount that is required to be retained in perpetuity by \$319,530 and \$1,036,339 as of December 31, 2023 and 2022, respectively. The Board of Directors of JBI has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

JBI's Board of Directors established a board designated endowment fund designated for the purpose of investment and other future programmatic purposes. Interest income earned on the board designated fund can be used for general purposes.

JBI INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets are as follows for the year ended December 31, 2023:

	Without Donor Restrictions Board Designated	Unappropriated Investment Earnings	<u>With Donor Restrictions</u>	
			Endowment Corpus	Total Endowment
Investment activity:				
Investment gain	\$ 1,344,492	\$ 716,809	\$ -	\$ 2,061,301
Contributions	447,889	-	515	448,404
Transfer	<u>(431,086)</u>	<u>-</u>	<u>-</u>	<u>(431,086)</u>
Total change in endowment net assets	1,361,295	-	515	2,078,619
Endowment net assets, beginning of year	<u>7,260,434</u>	<u>(1,036,339)</u>	<u>6,392,743</u>	<u>12,616,838</u>
Endowment net assets, end of year	<u>\$ 8,621,729</u>	<u>\$ (319,530)</u>	<u>\$ 6,393,258</u>	<u>\$ 14,695,457</u>

Changes in endowment net assets are as follows for year ended December 31, 2022:

	Without Donor Restrictions Board Designated	Unappropriated Investment Earnings	<u>With Donor Restrictions</u>	
			Endowment Corpus	Total Endowment
Investment activity:				
Investment loss, net	\$ (1,092,074)	\$ (1,036,339)	\$ -	\$ (2,128,413)
Contributions	699,545	-	500	700,045
Amount appropriated for expenditure	-	(134,477)	-	(134,477)
Transfer	<u>(402,000)</u>	<u>-</u>	<u>-</u>	<u>(402,000)</u>
Total change in endowment net assets	(794,529)	(1,170,816)	500	(1,964,845)
Endowment net assets, beginning of year	<u>8,054,963</u>	<u>134,477</u>	<u>6,392,243</u>	<u>14,581,683</u>
Endowment net assets, end of year	<u>\$ 7,260,434</u>	<u>\$ (1,036,339)</u>	<u>\$ 6,392,743</u>	<u>\$ 12,616,838</u>

NOTE 9 – FINANCE LEASES

JBI leases equipment under four finance leases, with varying end dates between 2026 and 2027. JBI assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

As discussed in Note 2S, JBI adopted Topic 842 as of January 1, 2023. Finance leases had no impact to the prior year statement of financial position or its changes in net assets. No comparative information is provided for the amounts reported on the statement of financial position as of December 31, 2022 since leases were immaterial in 2022.

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted average remaining lease term in years	3.09
Weighted-average discount rate	3.84%

JBI INTERNATIONAL, INC.
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NOTE 9 – FINANCE LEASES (Continued)

The finance lease assets and liabilities as of December 31, 2023, totaled \$82,490 and \$83,579, respectively. The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of June 30, 2023:

2024		\$	29,898
2025			29,898
2026			22,778
2027			<u>5,962</u>
Total minimum lease payments			88,536
Less: amount representing interest			<u>(4,957)</u>
Finance lease liabilities		\$	<u>83,579</u>

NOTE 10 – RENTAL INCOME, NET

JBI receives rental income from leases for use of the facilities. The leases' expiration dates range from 2023 through 2029. The tenants who hold the long-term leases have the option to terminate the leases providing six-months' notice. Consequently, the leases are considered cancellable and, therefore, rental income is not being straight-lined over the life of the lease. For the years ended December 31, 2023 and 2022, rental income, net of cost of rentals, amounted to \$47,602 and \$36,977, respectively.

Minimum rental income is due as follows for years ending after December 31, 2023:

2024		\$	179,995
2025			182,059
2026			187,270
2027			174,716
2028			89,227
Thereafter			<u>14,135</u>
		\$	<u>827,402</u>

NOTE 11 – LINE OF CREDIT

JBI maintains a line of credit agreement with a financial institution whereby JBI can drawdown up to \$400,000. The line of credit is secured by the cash, receivables and inventory of JBI. Interest is at 0.75% above prime rate and was 9.25% and 8.25% as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, there was no outstanding balance on the line of credit. The line of credit automatically renews annually. There was no borrowing as of June 10, 2024.

NOTE 12 – EMPLOYEE PENSION PLAN

Personnel of JBI are eligible for pension benefits covered by an Equitable Life Company of America defined contribution plan through Union of American Hebrew Congregations. JBI does not contribute to this plan.

In 2007, JBI established a defined contribution retirement plan covering substantially all full-time employees that have attained the age of 21 and completed one year of service. Employees may contribute up to 2% of their compensation. During the years ended December 31, 2023 and 2022, JBI matched up to 2% of employees' compensation. Pension expense for the years ended December 31, 2023 and 2022 was \$20,901 and \$19,407, respectively.

JBI INTERNATIONAL, INC.
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NOTE 13 – CONCENTRATION

Cash and cash equivalents that potentially subject JBI to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”), \$250,000 and Securities Investor Protection Corporation (“SIPC”) insurance limits. For FDIC the limit is \$250,000 and for SIPC is \$500,000 including \$250,000 limit for cash. As of December 31, 2023 and 2022, there was approximately \$0 and \$60,000, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits. Such excess includes outstanding checks. As of December 31, 2023 and 2022, there was approximately \$440,000 and \$600,000, respectively, of cash and cash equivalents held by five investment firms that exceeded SIPC limit for cash.

NOTE 14 – CONTINGENCY

JBI believes it has no uncertain tax positions as of December 31, 2023 and 2022, in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through June 10, 2024, the date the financial statements were available to be issued.