DAUGHTERS OF ISRAEL, INC.
Financial Statements
December 31, 2023
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

Daughters of Israel, Inc.
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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of
Daughters of Israel, Inc.:

Opinion

We have audited the accompanying financial statements of Daughters of Israel, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, cash flows, and functional expenses for the year 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 Daughters of Israel, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Daughters of Israel, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

In performing an audit in accordance with GAAS, we:

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

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

Withum Smith+Brown, PC

December 6, 2024

Daughters of Israel, Inc.
Statement of Financial Position
December 31, 2023

Assets	
Current assets	
Cash and cash equivalents	$ 374,071
Residents' funds	105,948
Accounts receivable, residents, net	1,412,152
Due from Jewish Federation of Greater Metrowest NJ	1,570,902
Other receivables	39,279
Prepaid expenses and other current assets	357,384
Total current assets	3,859,736
Property and equipment, net	9,949,852
Construction in progress	4,020,949
Right-of-use asset - operating	3,796,759
Other assets	
Investments, at fair value	18,468,398
Residents' security deposits	360,679
Interest rate swap	333,318
Total other assets	19,162,395
Total assets	$ 40,789,691

The Notes to Financial Statements are an integral part of this statement.

Daughters of Israel, Inc.
Statement of Financial Position
December 31, 2023

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	$ 2,791,811
Current portion of lease liability - operating	2,520,028
Deferred revenue	157,681
Current maturities of loan payable	186,017
Post retirement medical benefits payable	18,400
Residents' funds	95,774
Total current liabilities	5,769,711
Loan payable, net of current portion, less unamortized debt issuance costs	4,123,560
Long-term lease liability - operating	1,276,731
Post retirement medical benefits payable	151,475
Residents' security deposits	360,679
Total liabilities	11,682,156
Net assets	
Without donor restrictions	24,766,019
With donor restrictions	4,341,516
Total net assets	29,107,535
	$ 40,789,691

The Notes to Financial Statements are an integral part of this statement.

Daughters of Israel, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue - operating			
Net resident service revenue	$ 13,164,024	$ -	$ 13,164,024
Other operating revenue	929,216	-	929,216
Net assets released from donor restrictions	3,032,814	(3,032,814)	-
	17,126,054	(3,032,814)	14,093,240
Expenses			
Nursing services	6,427,568	-	6,427,568
Other professional services	936,668	-	936,668
Dietary	2,413,190	-	2,413,190
Housekeeping and laundry	781,462	-	781,462
Social services, activities and transportation	605,872	-	605,872
Plant, operations and occupancy	4,035,345	-	4,035,345
General and administrative	3,003,866	-	3,003,866
Nursing home assessment	479,298	-	479,298
Depreciation expense	1,171,115	-	1,171,115
Interest	556,226	-	556,226
	20,410,610	-	20,410,610
Operating loss	(3,284,556)	(3,032,814)	(6,317,370)
Nonoperating support and revenues			
Contributions	344,432	3,060,312	3,404,744
Special events, net	203,186	-	203,186
Investment income, net	1,101,094	118,903	1,219,997
Net unrealized gain on investments	1,627,320	152,624	1,779,944
	3,276,032	3,331,839	6,607,871
Revenues in excess of expenses (expenses in excess of revenues)	(8,524)	299,025	290,501
Change in value of interest rate swaps	97,202	-	97,202
Increase in net assets, before adjustment for post retirement medical plan	88,678	299,025	387,703
Adjustment for post retirement medical plan	(59,820)	-	(59,820)
Changes in net assets	28,858	299,025	327,883
Net assets			
Beginning of year	24,737,161	4,042,491	28,779,652
End of year	$ 24,766,019	$ 4,341,516	$ 29,107,535

The Notes to Financial Statements are an integral part of this statement.

Daughters of Israel, Inc.
Statement of Cash Flows
Year Ended December 31, 2023

Operating activities	
Changes in net assets	$ 327,883
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation expense	1,171,115
Net realized gain on sales of investments	(691,540)
Net unrealized gain on investments	(1,779,944)
Unrealized gain on interest rate swaps	(97,202)
Adjustment for change in post retirement medical plan	59,820
Changes in assets and liabilities	
Accounts receivable, residents, net	(366,297)
Due from Jewish Federation of Greater Metrowest NJ	22,724
Other receivables	81,917
Prepaid expenses and other current assets	184,855
Right-of-use asset - operating	2,476,095
Accounts payable and accrued expenses	58,979
Deferred revenue	(40,257)
Resident's funds	12,121
Resident's security deposits	(190,193)
Lease liability - operating	(2,476,095)
Post retirement medical benefit payable	(62,020)
Net cash used in operating activities	(1,308,039)
Investing activities	
Purchase of property and equipment and construction in progress	(1,284,761)
Purchases of investments	(429,813)
Sale of investments	9,606,563
Net cash provided by investing activities	7,891,989
Financing activities	
Payment on bond payable	(6,615,000)
Debt issuance costs	115,345
Payment to settle interest rate swap	(166,999)
Payment on loan payable	(178,180)
Net cash used in financing activities	(6,844,834)
Net change in cash, cash equivalents and restricted cash	(260,884)
Cash, cash equivalents and restricted cash	
Beginning of year	1,101,582
End of year	$ 840,698
Supplemental disclosure of cash flow information	
Interest paid	$ 556,226
Cash paid for amounts included in the measurement of lease liability	$ 2,562,828

The Notes to Financial Statements are an integral part of this statement.

Daughters of Israel, Inc.
Statement of Cash Flows
Year Ended December 31, 2023

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to the total cash, cash equivalents, and restricted cash shown in the statement of cash flows:

Beginning of year	
Cash and cash equivalents	$ 467,248
Restricted cash	
Residents' funds	83,462
Residents' security deposits	550,872
	$ 1,101,582
End of year	
Cash and cash equivalents	$ 374,071
Restricted cash	
Residents' funds	105,948
Residents' security deposits	360,679
	$ 840,698

The Notes to Financial Statements are an integral part of this statement.

Daughters of Israel, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 8,479,868	$ 1,285,637	$ 158,004	$ 9,923,509
Professional fees and purchased services	2,001,787	418,327	-	2,420,114
Advertising and promotion	-	8,246	4,685	12,931
Office expenses	13,876	143,390	-	157,266
Information technology	313,713	47,562	5,846	367,121
Occupancy	3,534,441	-	-	3,534,441
Travel	-	16,250	-	16,250
Interest expense	475,308	72,062	8,856	556,226
Insurance	1,055,770	27,873	-	1,083,643
Medical supplies	527,320	-	-	527,320
NH provider assessment	479,298	-	-	479,298
Maintenance and housekeeping supplies	92,691	-	-	92,691
Miscellaneous expenses	52,141	8,435	-	60,576
Depreciation	1,000,745	151,723	18,647	1,171,115
	$ 18,026,958	$ 2,179,505	$ 196,038	$ 20,402,501

The Notes to Financial Statements are an integral part of this statement.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Daughters of Israel, Inc. (“DOI”) provides the following:

- Housing, healthcare, and other related services for aged and chronically ill residents through the operation of a 303-bed nursing facility.
- A sub-acute unit which provides rehab services for short-term stays.
- Other community-based services.

The nursing facility’s operation is located in West Orange, New Jersey. The primary service area includes Essex and Morris Counties and surrounding communities in New Jersey.

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation
Standards for external financial reporting require that resources be classified for accounting and reporting purposes in net assets categories based on externally (“donor”) imposed restrictions. For the year ended December 31, 2023, Daughters of Israel, Inc. had accounting transactions in the following net asset categories:

Net assets without donor restrictions: Net assets included expendable resources that are used to carry out Daughter of Israel, Inc.’s operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by Daughters of Israel, Inc. or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of Daughters of Israel, Inc. or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from donor restrictions.

Revenue and Support Recognition
Revenue from Contracts with Customers
Daughters of Israel, Inc. accounts for net resident service revenues and other operating revenue as exchange transactions in the statements of activities and changes in net assets. Revenue from contracts with customers are treated as revenues without donor restrictions. See Note 2 for the breakout of when significant revenue lines are recognized. Funds received in advance from customers for services that have not been provided are recorded as contract liabilities and included within deferred revenue and accrued expenses. Net resident service revenues and other operating revenues are reported at the estimated net realizable amounts from residents, third-party payors, and others at the same time services are rendered. Estimated retroactive adjustments under reimbursement agreements with third-party payors are recognized when amounts are known and binding.

Contributions
Daughters of Israel, Inc. recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with or without donor support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Donor stipulations met in the same year of receipt are recorded as without donor restricted support. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met. 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.

Other revenues are obtained from special events, rental income, investment income, net, and net unrealized gain on investments. Revenue from these sources are recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid debt instruments purchased with a maturity of three months or less at acquisition.

Resident Funds
Resident funds are accounted for as trust funds and are maintained separately from other funds.

Investments and Investment Risk
Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value using quoted market prices, where available, in the statements of financial position. Where not available, the present value of estimated future cash flows or another reasonable method is used. Investment income or loss (including realized gains and losses on investments, write-downs of the cost basis of investments due to another than temporary decline in fair value, interest, and dividends) are included in changes in net assets without donor restrictions unless the income or loss is restricted by donor or law. Donated investments are recorded at the fair value at the date of receipt.

DOI's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying statement of financial position could change materially in the near term.

Accounts Receivable, Residents
Substantially all of DOI's receivables are related to providing services to patients. Accounts receivable, residents balance for the year ended December 31, 2023 was $1,412,152. The balance of accounts receivable at January 1, 2023 was $1,045,855.

Accounts receivable, residents are recorded at the amount DOI expects to collect. Deducted from accounts receivables are estimates of contractual price concessions for the excess of charges over the payments on accounts to be received from third party payors and uncollectible amounts. DOI performs individual credit risk assessments which evaluate the individual circumstances, abilities and intentions of each patient prior to providing the patient services. If subsequent to providing the services DOI becomes aware of patient-specific events, facts or circumstances indicating patients no longer have the ability or intention to pay the amount of consideration to which DOI expected to be entitled for providing the patient services, then the related patient receivable balances are directly allowed against. At December 31, 2023, there was $416,515 recorded as an allowance for price concessions and contractual discounts.

Due from Jewish Federation of Greater Metrowest NJ

Amounts receivable from Jewish Federation of Greater Metrowest are recorded at their estimated value. Based on historical experience and relationship, no allowance for uncollectible amounts was deemed necessary.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Description	Estimated Life (Years)
Leasehold improvements	5
Equipment and fixtures	3

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting standard related to accounting for the impairment or disposal of long-lived assets, DOI reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Income Taxes

DOI is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code. Management has determined that there are no uncertain tax positions at December 31, 2023. DOI did not have any income tax related penalties or interest for the period reported in these financial statements. In addition, DOI has not generated any revenue unrelated to its mission which would be subject to unrelated business income taxes for the year ended December 31, 2023.

Expenses in Excess of Revenue / Revenue in Excess of Expenses

The statement of activities and changes in net assets includes the determination of expenses in excess of revenues. Changes in without donor and with donor restricted net assets which are excluded from expenses in excess of revenues, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, contributions of long-lived assets, the gain or loss on the interest rate swap agreement and the adjustment for the post-retirement medical plan.

Advertising

Advertising costs are expensed as incurred. The expense was $4,685 for the year ended December 31, 2023 and is included within fundraising expenses.

Expense Allocation

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of functional expenses. For salaries and related expenses, allocations are decided on an individual basis, based on the functions of each position and benefit received by DOI. These allocations may be updated periodically based on the evolving responsibilities of a position. Certain charges by nature are directly charged to the program services of the nursing home. The following functional categories were charged directly to programmatic services: occupancy, medical supplies, NIH provider assessment and maintenance and housekeeping supplies. For the remaining functional expense lines, the allocation of time and effort based on salaries served as a general guideline for how the expenditures should be parceled out unless management was able to directly determine one specific functional category derived the benefit.

Use of Estimates

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

Accounting Pronouncements Adopted in the Current Period

In June 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Topic 326 amends the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off balance-sheet credit exposure and other financial instruments recorded at amortized cost. DOI adopted the new standard effective January 1, 2023, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption. DOI has adopted this standard in 2023 and notes the adoption did not have a material impact on the financial statements.

DOI is not aware of any accounting pronouncements, not yet adopted, that would have a material effect on its current or prospective financial statements.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Net patient service revenue is reported at the amount that reflects the consideration to which DOI expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration (reductions to revenue due to settlement of audits, reviews and investigations) in determining a transaction price. The patients are billed several days after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the service provided. Revenues from performance obligations are satisfied over time based on actual charges incurred in relation to total expected charges. Management believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligations based on the inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients in the home receiving inpatient and outpatient services. Performance obligations are measured from admission to the point when there are no further services required for the patient, which is generally the time of discharge. Deferred revenue was $197,938 at January 1, 2023.

At December 31, 2023, patient accounts receivable, net is comprised of the following components:

Medicaid	$ 721,833
Medicare	430,347
Private	208,981
Other	50,991
	$ 1,412,152

The amount of revenue recognized in excess of what has been billed to customers is immaterial; therefore, no contract assets have been recorded for the year ended December 31, 2023.

DOI's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to DOI's standard charges.

DOI determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered (see description of third-party payor programs below). The estimates for contractual allowances and discounts are based on contractual agreements, DOI's discount policies and historical experience. Generally, DOI bills patients and third-party payors several days after the services are performed and/or the patient is discharged.

Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by DOI. Net patient service revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. DOI believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligations based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving long-term care services. DOI measures the performance obligation from admission or the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit.

DOI has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors is as follows:

Medicaid
Nursing services provided to Medicaid program beneficiaries are paid at prospectively determined rates per day. These rates are based on facility cost information from prior years and are subject to various limitations and adjustments. The limitations are based, in part, on resident acuity data. Approximately 49% of DOI's nursing facility resident days were attributable to Medicaid program beneficiaries for the year ended December 31, 2023.

Medicare
Nursing and ancillary services provided to Medicare Part A beneficiaries are paid based on a per day rate schedule which changes every year on October 1. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic, and other factors, and the reimbursement methodology is subject to various limitations and adjustments. Therapy services provided to Medicare Part B beneficiaries are paid at the lesser of a published fee schedule or actual charges.

Other Third-Party Payors
Daughters of Israel, Inc. has entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to Daughters of Israel, Inc. under these agreements includes prospectively determined rates for discharge or days of service and discounts from established charges.

As described above, the Medicaid and Medicare Part A rates are based, in part, on clinical, diagnostic, and other factors. DOI is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicaid and Medicare programs.

Settlements with third-party payors for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and DOI’s historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item.

Adjustments to contract price are traditionally recognized in the same period that revenue is recognized. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors. The estimates of contractual adjustments are based on contractual agreements, DOI's policies and historical experience. The estimate of implicit price concessions is based on DOI's historical collection experience with these classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on historical collection trends and other analyses, DOI believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Revenues under the Medicare and Medicaid programs are based primarily on prospective payment systems. Retrospectively determined cost-based revenues under these programs, which are based on DOI's cost reports, are estimated using historical trends and current factors. Cost report settlements under these programs are subject to audit by Medicare and Medicaid auditors and administrative and judicial review, and it can take several years until final settlement of such matters is determined and completely resolved. Because the laws, regulations, instructions and rule interpretations governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates recorded could change by material amounts.

DOI has a system and estimation process for recording Medicare net patient service revenue and estimated cost report settlements. As a result, accruals are recorded to reflect the expected final settlements on the cost reports. For filed cost reports, the accrual is recorded based on those cost reports and subsequent activity, and a valuation allowance is recorded against those cost reports based on historical settlement trends. The accrual for periods for which a cost report is yet to be filed is recorded based on estimates of what management expects to report on the filed cost reports, and a corresponding valuation allowance is recorded as previously described. Cost reports generally must be filed within five months after the end of the annual cost reporting period. After the cost report is filed, the accrual and corresponding valuation allowance may need to be adjusted.

Revenues under managed care plans are based primarily on payment terms involving predetermined rates per diagnosis, per-diem rates, discounted fee-for-service rates and/or other similar contractual arrangements. These revenues are also subject to review and possible audit by the payors, which can take several years before they are completely resolved. The payors are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by the payors following their review and adjudication of each particular bill. DOI estimates the discounts for contractual allowances utilizing billing data on an individual patient basis. At the end of each month, DOI estimates the expected reimbursement for patients of managed care plans based on the applicable contract terms.

Some of the factors that can contribute to changes in the contractual allowance estimates include:

(1) Changes in reimbursement levels for procedures, supplies and drugs when threshold levels are triggered; (2) changes in reimbursement levels when stop-loss or outlier limits are reached; (3) changes in the admission status of a patient due to physician orders subsequent to initial diagnosis or testing; (4) final coding of in-house and discharged-not-final-billed patients that change reimbursement levels; (5) secondary benefits determined after primary insurance payments; and (6) reclassification of patients among insurance plans with different coverage and payment levels. Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history.

Management believes its estimation and review process enables it to identify instances on a timely basis where such estimates need to be revised. Management does not believe there were any adjustments to estimates of patient bills that were material to DOI's revenues. Managed care accounts, net of contractual allowances recorded, are further reduced to their net realizable value.

Generally, patients who are covered by third-party payors are responsible for related co-pays, co-insurance and deductibles, which vary in amount. Management estimates the transaction price for patients with copays, co-insurance and deductibles based on historical collection experience and current market conditions. There are various factors that can impact collection trends, such as changes in the economy, the increased burden of co-pays, co-insurance amounts and deductibles to be made by patients with insurance, and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of the change.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, DOI has elected to apply the optional exemption provided in ASC 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Specifically, services are typically provided on a month-to-month basis. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period for patients who remain admitted at the time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged or at the completion of the month.

Patient service revenue for the year ended December 31, 2023, net of contractual adjustments, discounts, and implicit price concessions is as follows:

Medicaid	$ 6,467,576
Medicare	2,499,517
Private	3,896,087
Other	300,844
	$ 13,164,024

3. INVESTMENTS

Investments consist of the following at December 31:

	Cost	Market
U.S. Treasury obligations	$ 114,531	$ 114,531
Real estate investment trust	114,080	76,782
Mutual funds	9,523,290	12,137,364
Equity fund	993,707	980,054
Fixed income fund	654,270	610,211
Managed fund	4,276,028	4,549,456
	$ 15,675,906	$ 18,468,398

Investment income (losses) related to these investments at December 31 was comprised of the following:

Interest and dividends	$ 607,225
Investment expenses	(78,768)
Net realized gain	691,540
Investment income, net	$ 1,219,997

Unrealized gains of $1,779,944 were recognized by Daughters of Israel, Inc. for the year ended December 31, 2023.

4. FAIR VALUE

DOI has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets, which have been accounted for at fair value on a recurring basis as of December 31, 2023, along with the basis for the determination of fair value:

	Total	Quoted Prices in Active Markets (Tier 1)	Observable Measurement Criteria (Tier 2)	Unobservable Measurement Criteria (Tier 3)
Assets (liabilities)				
Short-term investments				
Mutual funds	$ 12,137,364	$ 12,137,364	$ -	$ -
Pooled investments held by JCF				
U.S. Treasury obligations	114,531	-	114,531	-
Equity fund	980,054	-	980,054	-
Fixed income fund	610,211	-	610,211	-
Managed fund	4,549,456	-	4,549,456	-
	18,391,616	12,137,364	6,254,252	-
Investments measured at NAV (1)	76,782	-	-	-
	$ 18,468,398	$ 12,137,364	$ 6,254,252	$ -
Interest rate swaps	$ 333,318	$ -	$ -	$ 333,318

(1) In accordance with FASB ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

For applicable assets and liabilities subject to this pronouncement, DOI values such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible (Tier 1). To the extent that such market prices are not available, DOI next attempts to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors (Tier 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, DOI develops measurement criteria based on the best information available (Tier 3).

Interest rate swap contract liability has been valued at the financial institution's mark to market estimate of the net present value of expected cash flows from each transaction subject to the derivatives contracts using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation. This is a Tier 3 investment.

Hampshire Generational Funds has been valued at the Net Asset Value ("NAV"). The NAV is used as a practical expedient to estimate fair value. The NAV is based upon the fair values of the underlying investments, less its liabilities. There are no unfunded commitments, or redemption restrictions, for assets valued at NAV.

Certain investments are held in pooled funds with Jewish Community Foundation of Greater Metrowest New Jersey ("JCF"). As a participant in the pooled funds, DOI's ownership interest is based on the allocation of the fair value of the DOI units to the total fair value of the investment pool. The pool is revalued monthly and income and gains or losses are allocated to the participants based on their units. All investments are measured at fair value in the statements of financial position. Investments included in the managed fund are subject to a 25% withdrawal limitation each year. JCF uses Net Asset Value to determine the fair value of underlying investments in funds that do not have a readily available fair value. The NAV is based upon the fair values of the underlying investments, less their liabilities. There are no unfunded commitments, or redemption restrictions, for assets valued at NAV.

Investments that have been included in Tier 3 were measured using information provided by the fund managers. The following is a summary of activity for the year ended December 31, 2023 for assets measured at fair value based on unobservable measurement criteria:

	Interest Rate Swaps
Balance, beginning of year	$ 69,117
Acquisition/redemption	166,999
Realized and unrealized gain	97,202
Balance, end of year	$ 333,318

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31 are as follows:

Leasehold improvements	$ 34,152,469
Equipment and fixtures	5,327,199
	39,479,668
Less: Accumulated depreciation	29,529,816
Property and equipment, net	$ 9,949,852
Construction in progress	$ 4,020,949

Depreciation expense for the year ended December 31, 2023 was $1,171,115.

6. NURSING HOME ASSESSMENT

New Jersey nursing home providers are required to pay an assessment on their nursing facility days, excluding Medicare Part A days. For the year ended December 31, 2023, the assessment was equal to $14.67 per day. In turn, DHSS provides additional reimbursement to DOI of $13.67 per Medicaid day, which is included in the daily reimbursement rate.

Nursing home assessment expense for the year ended December 31, 2023 was $479,298. The additional reimbursement is included in net resident service revenues in the accompanying statement of activities and changes in net assets and was $461,144 for the year ended December 31, 2023.

7. LINE OF CREDIT

DOI has a $2,000,000 demand line of credit which expires on November 30, 2024. The line of credit accrued interest at a rate equal to the greater of 1% below the prime rate as published in the *Wall Street Journal* or 4.25% and was secured by accounts receivable, residents. There was no borrowings on this line as of December 31, 2023.

8. LONG-TERM DEBT

In January 2006, the Colorado Educational and Cultural Facilities Authority issued, on behalf of DOI, $10,000,000 of Variable Rate Demand Revenue Bonds called Series 2006 B-4 Variable Rate Demand (the "2006 Bonds"). The proceeds from the 2006 Bonds were used to finance part of the cost of a major renovation project and to pay costs incurred in connection with the issuance of the 2006 Bonds. During the year ended December 31, 2023, the bonds were settled for $6,615,000. As a result of the settlement, deferred finance fees of $115,345 were written off and included within interest expense in that statement of functional expenses.

The 2006 Bonds are due in varying annual installments beginning in December 2011 through December 2035, plus interest payable monthly at a variable rate 0.10% for December 31, 2023. The variable rate is determined daily by prevailing market conditions. The methodology used to determine the variable rate may be changed from time to time, as outlined in the agreements related to the 2006 Bonds. Under no circumstances shall the variable rate exceed an annual rate of 10%.

DOI entered into a Direct Pay Letter of Credit ("DPLOC") and Reimbursement Agreement ("RA") with a bank to provide credit enhancement and liquidity support for its 2006 Bonds (face amount of $10,000,000). Both the DPLOC and RA were renewed in November 2018. DOI was obligated to pay annual letter of credit fees equal to 1.0% of the outstanding letter of credit balance as part of the new letter of credit agreement. The letter of credit fees are subject to change, as outlined in the letter of credit reimbursement agreement. Draw downs on the DPLOC are due on demand if the borrower is in default on the 2006 Bonds. There were no amounts outstanding under the DPLOC during the year ended December 31, 2023.

The RA was secured by a first lien on real estate, inventory, and equipment, as defined in the letter of credit reimbursement agreement. In addition, the RA was guaranteed by Jewish Community Foundation of Greater MetroWest New Jersey, owner of the real property (see Note 11).

In January 2008, DOI entered into an interest rate swap agreement for the entire balance of the 2006 Bonds. The agreement had an effective date of February 1, 2008, and has a termination date of December 1, 2035. According to the terms of the agreement, on a monthly basis, if 70% of USD-LIBOR-BBA is more than the fixed rate of 3.3025%, the counterparty to the agreement must make a monthly payment to DOI. Conversely, if 70% of USD-LIBOR-BBA is less than the fixed rate of 3.3025%, DOI must make a monthly payment to the counterparty to the agreement.

The monthly payments were calculated by multiplying the outstanding balance of the 2006 Bonds, or notional amount, by the difference between 70% of USD-LIBOR-BBA and the fixed rate of 3.3025%. Pursuant to the accounting pronouncement related to derivative instruments, DOI is required to fair value the swap arrangement and reflect that value in these financial statements. As a result of the settlement of the bonds payable, DOI settled the interest rate swap during the year ended December 31, 2023 for $167,000. DOI recorded a realized gain of $154,593 for the final settlement of the swap within change in value of interest rate swaps in the accompanying statement of activities and changes in net assets.

Interest expense and fees amounted to $250,323 and $297,229 for the year ended December 31, 2023. The debt was guaranteed by the Jewish Community Foundation of MetroWest New Jersey.

9. LOAN PAYABLE

During 2016, DOI borrowed $5,400,000 maturing December 2039 to settle in full its obligations under the defined benefit pension plan administered by Jewish Federation of Greater Metrowest NJ. The loan bears interest at a floating rate based upon one month LIBOR plus two hundred basis points (2%). In conjunction with the issuance of the loan, DOI entered into an interest swap with a fixed rate of 4.550%. Pursuant to the accounting pronouncement related to derivative instruments, DOI is required to fair value the swap arrangement and reflect that value in these financial statements. Accordingly, as of December 31, 2023, DOI had an asset recorded for the swap related to the loan of $333,318. The loan is secured by certain DOI investments that are segregated from other investments. The loan payable includes financial covenants to maintain a required minimal debt service coverage ratio and to maintain value of investment collateral up to a percentage of the loan. The effective interest rate on this loan is 4.535%.

At December 31, 2023, the loan payable balance consisted of:

Loan payable	$ 4,309,577
Less: Current portion of loan payable	(186,017)
	$ 4,123,560

Maturities of the loan payable for the next five years are as follows for each year ending December 31:

2024	$ 186,017
2025	195,342
2026	204,546
2027	214,185
2028	223,822
Thereafter	3,285,665
	$ 4,309,577

10. DONOR RESTRICTED NET ASSETS

Donor restricted net assets that were temporarily restricted for purpose and time restrictions are generally available for, or related to, the following at December 31:

Purpose restriction	
Other specified purposes	$ 974,360
Time restriction	
Federation allocation to support DOI's operations (Note 11)	1,459,990
	$ 2,434,350

Endowment net assets were as follows at December 31:

	Without Donor Restrictions	With Donor Restrictions
Board-designated endowment funds	$ 4,663,986	$ -
Amounts to be held in perpetuity, the income from which is available to support the Metro Transport Program, which is part of a multi-agency effort administered by DOI	-	1,508,090
Amounts to be held in perpetuity, the income from which is available for other specific purposes	-	399,076
	$ 4,663,986	$ 1,907,166

Components of net assets with donor restrictions released from restrictions at December 31 consisted of the following:

Capital expenditures	$ 50,000
Time expiration	2,982,814
	$ 3,032,814

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") provides guidance on the maintenance and spending of endowment funds when the intent of the donors is not clear. UPMIFA provides guidelines for the expenditure of a permanently or temporarily donor restricted endowment fund, absent explicit donor stipulations. UPMIFA eliminates the requirement for a permanent endowment to be maintained at its historic dollar value amount and instead allows not-for-profits to adopt prudent spending policies which can allow for the temporary invasion of corpus. The permanent endowments of DOI are subject to written instruments in which the donor's intent as to purpose and spending policies are explicitly indicated. As a result, DOI classifies as permanent endowments (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are designated for expenditure by DOI in a manner consistent with the standard of prudence prescribed by state law. DOI considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of DOI and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the organization

(7) The investment policies of the organization.

Return Objectives and Risk Parameters

DOI has adopted investment and spending policies for endowment assets that attempt to provide funding for major capital projects or appropriate programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that DOI must hold in perpetuity. Under this policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce results that match or exceed a blended benchmark of domestic and international equities, cash, hedge funds, fixed income and inflation hedging investments while assuming a moderate level of investment risk. DOI expects its endowment funds, over time, to provide an average rate of return of approximately 6.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, DOI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). DOI targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

DOI has a policy of using its funds for major projects as approved by its Board of Governors. In emergency situations, funds may be used to cover operating deficits if approved by the Board of Governors. For permanently restricted endowments, it is the intention of DOI to use gains/earnings in excess of historical contributions for appropriate programs. The excess of endowment principal versus the fair value of the endowment is included as with donor restrictions until funds are spent for donor intended purposes.

Endowment investments consisted of the following at December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning	$ 10,365,874	$ 2,650,931	$ 13,016,805
Investment return			
Investment income	143,777	30,308	174,085
Realized gain	294,863	88,595	383,458
Unrealized gain	398,735	152,624	551,359
	11,203,249	2,922,458	14,125,707
Contributions received	-	616	616
Appropriated for expenditure	-	(195,000)	(195,000)
Distributions	(6,539,263)	-	(6,539,263)
Endowment investments, end	$ 4,663,986	$ 2,728,074	$ 7,392,060

11. RELATED PARTIES

Approved Allocations

DOI is a beneficiary agency of Jewish Federation of Greater Metrowest NJ (“Federation”). Federation’s approved allocations for DOI are as follows:

- For the period July 1, 2022 - June 30, 2023 - $2,942,522. This amount is received by DOI in twelve monthly payments and is recorded as a donor restricted contribution in the accompanying financial statements. Restrictions of $1,445,557 were met during the year ended December 31, 2023 and have been recorded in the accompanying financial statements as a portion of net assets released from donor restrictions within the statement of activities and changes in net assets.
- For the period July 1, 2023 - June 30, 2024 - $2,919,980. This amount is received by DOI in twelve monthly payments and is recorded as a donor restricted contribution in the accompanying financial statements. Restrictions of $1,423,015 were met during the year ended December 31, 2023 and have been recorded in the accompanying financial statements as without donor restrictions. Amounts due from Federation of $1,423,015 are classified as a component of donor restricted net assets in the accompanying statement of financial position as of December 31, 2023.

Other Transactions

The following is a summary of certain other 2023 transactions with Federation:

- Federation maintains insurance policies for all affiliates and allocated insurance and miscellaneous other expenses of $243,697 to DOI for the year ended December 31, 2023.
- DOI participates in various employee benefit programs, primarily health insurance (for retirees only), workers' compensation, and a tax sheltered annuity program, sponsored by Federation. DOI paid Federation $534,667 related to these employee benefit programs for the year ended December 31, 2023.
- DOI participates in a technology partnership (the “partnership”) with Federation. The partnership requires Federation to provide various services to DOI including, but not limited to, telecommunications support, information technology support, and internet support. In 2023, DOI expensed $224,462 in connection with this technology partnership.
- Federation owed DOI $110,912 as of December 31, 2023.

DOI also participated in a multiple employer defined benefit pension plan administered by Federation for substantially all nonunion employees, and continues to participate in an unfunded, multiple employer post-retirement medical benefit plan which is sponsored and administered by Federation as well as a multiple employer defined contribution, non-contributory retirement plan administered by Federation (see Note 12).

Amounts Receivable From / Payable to Federation

At December 31, 2023 and 2022, the following balances were receivable from, or payable to, Federation:

- DOI had a net receivable from Federation of $1,570,902 at December 31, 2023 for the unpaid portion of the July 1, 2023 - June 30, 2024 of the Federation allocations to DOI. This amount is classified as Due from Jewish Federation of Greater Metrowest NJ in the accompanying statement of financial position and is unsecured and non-interest bearing.

Lease Commitment

DOI leases its nursing facility from JCF. JCF is a wholly owned subsidiary of Federation. The initial lease agreement was dated July 1995 and was for a five-year term. The lease agreement provided DOI with the option to renew the lease for nine additional terms of five years each. In June 2015, DOI exercised an option to renew the lease for a five-year period ending on July 1, 2020. In June 2020, DOI exercised an option to renew the lease for a five-year period ending on July 1, 2025. The annual lease payments are determined on each renewal date using a methodology defined in the lease agreement. See Note 13 for additional lease information.

Investments

Certain investments are held in pooled funds with JCF. As a participant in the pooled funds, DOI's ownership interest is based on the allocation of the fair value of the DOI units to the total fair value of the investment pool. The total value of investments held by JCF were $6,254,252 as of December 31, 2023.

12. BENEFIT PLANS

Defined Contribution Benefit Plan

DOI participates in a multiple employer defined contributions plan. The plan covers substantially all non-union employees with at least one year of service. Employees become fully vested after six years of service. Employees are eligible for the plan provided they work at least 1,000 hours per year and have attained 21 years of age. Vesting occurs at the rate of 20% per year, starting in the second year of eligibility. Under the plan, DOI, at its discretion, may make annual contributions to the plan.

This plan was established in 2011. DOI made no discretionary contributions for the year ended December 31, 2023.

Multi-Employer Benefit Plans

DOI participates in several multi-employer plans. DOI contributes to union-sponsored multi-employer pension plans which provide pension benefits for eligible union employees. DOI currently has a collective bargaining agreement with the District 1199J, National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO, which is set to expire on June 30, 2024. DOI made contributions related to these plans of $349,899 during the year ended December 31, 2023. Due to the inherent nature of multi-employer plans, there are risks associated with participation in these plans that differ from single employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

If a participating employer stops contributing to the plan, then the unfunded obligations of the plan may be borne by the remaining plan participants. If an employer chooses to stop participating in a multi-employer plan, then it may be required to pay that plan an amount based on the unfunded status of the plan, referred to as a withdrawal liability.

The Multi-Employer Pension Plan Amendments Act of 1980 imposes certain liabilities upon employers associated with multi-employer plans who withdraw from such a plan or upon termination of said plan. DOI has not undertaken to terminate, withdraw or partially withdraw from the plans.

The following table outlines key plan participation information:

Legal Name of Plan	EIN/Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented
District 1199J-Health Care Employers			
New Jersey Pension Fund	22-3095464/001	Critical	N/A
Benefit Fund (Health Insurance)	22-3143027/501	Green	N/A

Legal Name of Plan	Contributions	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
District 1199J-Health Care Employers			
New Jersey Pension Fund	$ 349,899	No	7/31/2026
Benefit Fund (Health Insurance)	845,996	No	7/31/2026

Benefits under the 1199J Plan also include health and legal benefits, as follows:

The 1199J Plan provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring and are receiving an early or regular retirement pension from the District 1199J-Health Care Employers New Jersey Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, reach the age of 65 or until the retiree’s pension is suspended, whichever occurs first.

The 1199J Plan provides legal assistance in certain areas of law for eligible participants and their spouses. Retired employees are entitled to limited benefits if they are receiving a pension from the Building Service 1199J Plan.

Post-Retirement Medical Benefits Plan

DOI participates in an unfunded, multiple employer post-retirement medical benefits plan which is sponsored and administered by Federation. The plan provides subsidized medical and pharmaceutical benefits for full-time employees to all agency employees and pro rata benefits for part-time employees who retired at age 55 having completed 20 years of service by December 31, 2006, or employees who have completed 10 years of service and were age 62 before April 1, 2004.

The following table sets forth the Medical Plan's funded status and amounts recorded in DOI's financial statements:

Benefit obligation at December 31	$ 169,875
Fair value of plan assets	-
Funded status	$ (169,875)
Change in plan assets	
Employer contribution	$ 14,396
Plan-participants' contribution	6,804
Benefits paid	(21,200)
	$ -
Change in benefit obligation	
Benefit obligation, beginning of year	$ 172,075
Net periodic post retirement cost	6,988
Participant contribution	6,804
Actuarial gain	5,208
Benefits paid	(21,200)
Benefit obligation, end of year	$ 169,875
Weighted average assumptions as of December 31	
Weighted average discount rate	4.85%
Expected rate of return	

The health care cost trend rate of 6.8% at December 31, 2023 is expected to decrease to 6.6 in 2024. A 1% change in the assumed health care cost trend rate would have the following future effect on:

	1% Point Increase	1% Point Decrease
Service component of periodic pension cost	$ 500	$ 500
Accumulated benefit obligation	10,600	10,500

The following table provides information related to expected benefit payments for each of the five years following the measurement date and cumulatively for the subsequent five-year period:

2024	$ 18,400
2025	18,500
2026	18,300
2027	18,000
2028	17,400
2029-2033	74,100

DOI's accumulated post-retirement medical benefit liability related to this plan is classified as follows in the accompanying statement of financial position:

Current	$ 18,400
Noncurrent	151,475
	$ 169,875

DOI's post-retirement medical benefits expense and contributions to the plan were $14,396 for the year ended December 31, 2023. The amounts and calculations related to this plan are provided to DOI by Federation.

The post-retirement medical benefits plan was phased out for most employees as of December 31, 2005. Remaining payments relate to those employees who retired by that date.

13. LEASES

DOI has an operating lease for real estate that expires in June 2025. There is no material residual guarantees associated with DOI's lease, and there are no significant restrictions or covenants included in DOI's lease agreement.

The balance sheet includes operating lease right-of-use assets and liabilities at December 3, 2023 as follows:

Right-of-use asset - operating, gross	$ 8,705,782
Less: Accumulated amortization of right-of-use asset	(4,909,023)
Total right-of-use asset - operating, net	$ 3,796,759
Current portion of lease liability - operating	$ 2,520,028
Long-term lease liability - operating	1,276,731
Total operating lease liability	$ 3,796,759

Operating lease expense for the year ended December 31, 2023 was $2,562,829. Short-term lease expense was $47,643 for the year ended December 31, 2023.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability for the years ending December 31:

2024	$ 2,562,828
2025	1,281,414
Total lease payments	3,844,242
Less: Imputed interest	(47,483)
Total lease obligation	3,796,759
Less: Current portion	(2,520,028)
Long-term portion	$ 1,276,731

The weighted average lease term and the weighted average discount rate for the operating lease liability at December 31, 2023 was 1.5 years and 1.76%.

14. MEDICAL MALPRACTICE CLAIMS COVERAGE

DOI maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed DOI's insurance coverages or will have a material adverse effect on the financial statements.

15. COMMITMENT AND CONTINGENCY

The senior living services industry is subject to numerous laws, regulations, and administrative directives of federal, state, and local governments and agencies. Compliance with these laws, regulations, and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. DOI maintains a corporate compliance plan in an effort to mitigate its risk related to noncompliance with applicable laws and regulations. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on DOI, if any, are not presently determinable.

16. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets	
Cash and cash equivalents	$ 374,071
Investments	18,468,398
Accounts receivable, residents, net	1,412,152
Other receivables	39,279
Dues from Jewish Federation of Greater Metrowest NJ	1,570,902
	21,864,802
Less: Items not available for general expenditures	
Cash and cash equivalents not available for general expenditures	26,740
Investments not available for general expenditures - collateral	9,293,332
Investments not available for general expenditures - withdrawal restrictions	4,690,689
	14,010,761
Total liquid resources available for general expenditures	$ 7,854,041

The liquid resources available for general expenditures are not subject to donor, Board of Trustee, or other contractual restrictions that make them unavailable for general expenditures within one year of the financial statement date. In addition, DOI had a demand line of credit that provides operational financing up to $2,000,000 at December 31, 2023. DOI's goal is generally to maintain financial assets to meet 90 days of operational expenses.

17. CONCENTRATIONS OF CREDIT RISK

DOI's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, pledges receivable and resident accounts receivable. DOI's financial instruments, including those invested through JCF, are placed with a wide array of institutions that have high credit ratings. DOI has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on DOI's financial condition, results of operations, and cash flows. Cash equivalents and investments are in high-quality securities. Although subject to market fluctuations, this investment policy somewhat limits DOI's exposure to concentrations of credit risk. DOI has a long-standing history of collecting its pledges and contributions receivable which are from various individuals, corporations and foundations. DOI grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicaid and Medicare.

18. SUBSEQUENT EVENTS

DOI has evaluated subsequent events occurring after the statement of financial position date through the date of December 6, 2024, the date the financial statements were available to be issued. Based on this evaluation, DOI has determined that, other than the event disclosed below, no other subsequent events require disclosure in the financial statements.

Subsequent to year-end, DOI entered into a memorandum of agreement to extend the union agreement with District 1199J, National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO, to July 2026.