

JEWISH EDUCATIONAL LOAN FUND, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020 AND 2019

JEWISH EDUCATIONAL LOAN FUND, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Jewish Educational Loan Fund, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Educational Loan Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Educational Loan Fund, Inc. as of December 31, 2020 and 2019, 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.

Atlanta, Georgia
March 26, 2021

Brooks, McGinnis & Company, LLC

JEWISH EDUCATIONAL LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 966,294	\$ 804,575
Prepaid expenses	10,827	10,418
Grant receivable	175,000	-
Multi-year Sponsor A Student promises to give, net	344,823	407,844
Other receivables	2,500	-
Investments	4,136,831	3,628,734
Student loans receivable, net of allowance for uncollectible accounts of \$155,000 and \$139,000	7,550,506	6,829,031
Property and equipment, net	104,154	34,636
Total assets	\$ 13,290,935	\$ 11,715,238
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 16,023	\$ 30,873
Student loans payable	453,052	-
Advance on conditional promise to give	38,351	153,994
Payroll protection program loan	126,860	-
Total liabilities	634,286	184,867
Net assets:		
Without donor restrictions:		
Available for operating purposes	583,192	625,262
Expended for student loans	7,550,506	6,829,031
Board designated for investments to finance operations and student loans	4,136,831	3,628,734
Total net assets without donor restrictions	12,270,529	11,083,027
With donor restrictions:		
Time and purpose restrictions	346,620	407,844
Perpetual in nature	39,500	39,500
Total net assets with donor restrictions	386,120	447,344
Total net assets	12,656,649	11,530,371
Total liabilities and net assets	\$ 13,290,935	\$ 11,715,238

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

JEWISH EDUCATIONAL LOAN FUND, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Public support:						
Contributions	\$ 801,911	\$ 380,019	\$ 1,181,930	\$ 699,855	\$ -	\$ 699,855
Multi-year contributions	-	198,227	198,227	-	333,651	333,651
Infrastructure contribution	-	279,143	279,143	-	173,006	173,006
Fundraising events, net of expenses of \$29,986 and \$121,921	138,879	-	138,879	258,347	-	258,347
Net assets released from restrictions:						
Release of student loan funding restrictions	350,000	(350,000)	-	-	-	-
Release of multi-year contributions	260,248	(260,248)	-	289,418	(289,418)	-
Release of infrastructure funds	279,143	(279,143)	-	173,006	(173,006)	-
Other releases	29,222	(29,222)	-	-	-	-
Total net assets released	568,613	(568,613)	-	462,424	(462,424)	-
Total support	1,859,403	(61,224)	1,798,179	1,420,626	44,233	1,464,859
Other revenue:						
Student loan imputed interest income	413,000	-	413,000	415,000	-	415,000
Investment income, net of investment fees of \$40,679 and \$48,528	438,460	-	438,460	479,934	-	479,934
Total revenues, gains and other support	2,710,863	(61,224)	2,649,639	2,315,560	44,233	2,359,793
Expenses:						
Program services	1,166,142	-	1,166,142	1,077,879	-	1,077,879
Supporting services:						
Management and general	75,620	-	75,620	77,385	-	77,385
Fundraising	281,599	-	281,599	242,645	-	242,645
Total expenses	1,523,361	-	1,523,361	1,397,909	-	1,397,909
Increase in net assets	1,187,502	(61,224)	1,126,278	917,651	44,233	961,884
Net assets, beginning of year	11,083,027	447,344	11,530,371	10,165,376	403,111	10,568,487
Net assets, end of year	\$ 12,270,529	\$ 386,120	\$ 12,656,649	\$ 11,083,027	\$ 447,344	\$ 11,530,371

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

JEWISH EDUCATIONAL LOAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Supporting Services			Total
	Program Services	Management and General	Fund- raising	
Salaries and benefits	\$ 552,969	\$ 39,425	\$ 206,506	\$ 798,900
Student loan interest write off	413,000	-	-	413,000
Marketing and publicity	38,527	-	24,959	63,486
Student loan principal write off	18,365	-	-	18,365
Increase in allowance for uncollectible loans	15,437	-	-	15,437
Forgiveness of student loans funded by donor restricted contributions	28,222	-	-	28,222
Office	30,137	3,675	2,940	36,752
Loan processing fees	26,572	-	-	26,572
Direct mail	-	-	26,508	26,508
Computers	20,912	2,550	2,040	25,502
Professional fees	680	21,860	660	23,200
Depreciation	7,461	910	728	9,099
Credit card fees	-	-	8,997	8,997
Other	2,955	55	4,324	7,334
Postage and delivery	1,684	205	3,214	5,103
Telephone	4,109	501	401	5,011
Insurance	2,708	1,700	87	4,495
Staff development	-	4,446	-	4,446
Equipment lease	2,404	293	235	2,932
Total expenses	\$ 1,166,142	\$ 75,620	\$ 281,599	\$ 1,523,361
Percentage of total	77%	5%	18%	100%

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

JEWISH EDUCATIONAL LOAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Supporting Services			Total
	Program Services	Management and General	Fund- raising	
Salaries and benefits	\$ 473,268	\$ 36,709	\$ 165,467	\$ 675,444
Student loan interest write off	415,000	-	-	415,000
Marketing and publicity	69,224	-	-	69,224
Student loan principal write off	13,034	-	-	13,034
Office	35,386	4,316	3,452	43,154
Loan processing fees	21,523	-	-	21,523
Direct mail	-	-	17,356	17,356
Computers	20,478	2,497	1,998	24,973
Professional fees	6,877	25,474	6,674	39,025
Depreciation	5,454	665	532	6,651
Credit card fees	-	-	9,757	9,757
Other	3,368	124	4,742	8,234
Postage and delivery	1,135	138	5,299	6,572
Telephone	3,927	479	383	4,789
Insurance	2,807	1,674	96	4,577
Staff development	-	4,966	-	4,966
Equipment lease	2,468	301	241	3,010
Committee support	3,582	-	-	3,582
Pledge receivable write off	-	-	17,000	17,000
Travel	348	42	9,648	10,038
	<u>348</u>	<u>42</u>	<u>9,648</u>	<u>10,038</u>
Total expenses	\$ <u>1,077,879</u>	\$ <u>77,385</u>	\$ <u>242,645</u>	\$ <u>1,397,909</u>
Percentage of total	<u>77%</u>	<u>6%</u>	<u>17%</u>	<u>100%</u>

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

JEWISH EDUCATIONAL LOAN FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 1,126,278	\$ 961,884
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	9,099	6,651
Increase in allowance for uncollectible loans receivable	15,437	13,034
Forgiveness of student loans funded by donor restricted contributions	28,222	-
Write off of loans receivable	18,365	-
Write off of pledges receivable	-	17,000
Net realized and unrealized gains on investments	(432,985)	(452,079)
Long term pledges and contributions	(198,227)	(333,651)
Student loan disbursements	(977,043)	(1,264,430)
Repayment of student loans	646,596	609,720
Changes in assets and liabilities:		
Increase in:		
Prepaid expenses and other assets	(409)	(10,418)
Grants receivable	(175,000)	-
Other receivables	(2,500)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(14,850)	8,439
Advance on conditional promise to give	(115,643)	153,994
Total adjustments	(1,198,938)	(1,251,740)
Net cash used by operating activities	(72,660)	(289,856)
Cash flows from investing activities:		
Equipment purchases	(78,617)	(26,777)
Purchases of investments	(1,576,731)	(880,150)
Proceeds from sale of investments	1,501,619	1,273,597
Net cash used in investing activities	(153,729)	366,670
Cash flows from financing activities:		
Proceeds from Payroll Protection Program loan	126,860	-
Multi-year promises and contributions collected	261,248	272,418
Net cash provided by financing activities	388,108	272,418
Increase in cash and cash equivalents	161,719	349,232
Cash and cash equivalents at beginning of year	804,575	455,343
Cash and cash equivalents at end of year	\$ 966,294	\$ 804,575

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

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of the Organization and Significant Accounting Policies

Organization

Jewish Educational Loan Fund, Inc. (JELF), a nonprofit organization, is supported by bequests, tributes and contributions. JELF partners with Jewish students in need across a five-state region (Florida, Georgia, North Carolina, South Carolina, and Virginia) to fulfill their potential by providing last dollar, interest-free loans for higher education.

Method of Reporting

The accompanying financial statements have been prepared on the accrual basis of accounting. JELF reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect (i.e., increase or decrease) this net asset category include unrestricted contributions, investment income, and fundraising event income and related expenses associated with JELF’s core activities. At times, the governing board may earmark otherwise unrestricted net assets for a specified purpose. Since this is not a donor-imposed restriction, the designated asset is classified and reported as part of net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Unconditional promises to give and contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Conditional promises to give are recognized as revenue from contributions or grants with donor restrictions once the conditions of the contribution or grant have been substantially met.

JELF records gifts of land, buildings, and equipment as support without donor restrictions 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, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions – Continued

Absent explicit donor stipulations about how long those long-lived assets must be maintained, JELF reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Accordingly, JELF reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Land held for sale, other assets and marketable securities acquired by gift are recorded at their fair market value on the date of receipt. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time in JELF's programs and supporting services. If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded.

Cash and Cash Equivalents

JELF considers all time deposits and highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Investments

Investments are carried at market value. Gains or losses from investments are reflected in the statement of activities.

Student Loans Receivable

Student loans receivable are carried at estimated collectible amounts. An allowance for uncollectible loans has been established and is adjusted based on the evaluation of each loan as an amount becomes past due. For the years ended December 31, 2020 and 2019 the allowance for doubtful accounts totaled approximately \$155,000 and \$139,000, respectively. For financial statement purposes, JELF imputes interest on these student loans using the weighted average of the government student loan rate for comparable last dollar loans. However, because all loans are interest free, this imputed interest is written off annually as a program expense.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Property and Equipment

Property and equipment are recorded at cost if purchased or at the estimated fair value at the date of gift if received by donation. JELF capitalizes property and equipment expenditures in excess of \$1,000. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Furniture, fixtures and equipment are being depreciated over three to five years.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are generally allocated based on an analysis of either time or the square footage devoted to program or supporting function.

Marketing and Publicity

Marketing and publicity costs are expensed as incurred. For the years ended December 31, 2020 and 2019, marketing and publicity expense totaled \$63,486 and \$69,224, respectively.

Income Taxes

JELF is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as an organization other than a private foundation. Income from certain activities not directly related to JELF's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2020 and 2019, JELF did not have any unrelated business income, and accordingly, there is no unrelated business income tax. JELF's management believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. JELF's income tax returns are subject to examination by the appropriate regulatory authorities and remain open to examination for the last three years.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Risks and Uncertainties

During the year ended December 31, 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as eroded consumer confidence and deepened unemployment. It is uncertain how this volatility in the financial markets and general economic conditions may affect JELF's operations and the fair value of its investments in the future.

To assist in operational cash flow during the pandemic, JELF was granted a government loan from a financial institution on April 14, 2020 in the amount of \$126,860, as further discussed in Note 11.

While JELF believes it has the resources to continue its programs, its ability to do so, and the extent to which they each continue are heavily dependent on public support. The strength of public support is largely dependent on current and future overall economic conditions.

Subsequent Events

Subsequent events have been evaluated by management through March 26, 2021, which is the date that the financial statements were available to be issued. Except for the receipt of the grant receivable as further discussed in Note 4 and the payment of the student loans payable as further discussed in Note 9, there were no significant subsequent events requiring recognition or disclosure in the financial statements.

2. Cash, Student Loans Receivable and Concentrations of Credit Risk

JELF maintains its cash accounts at one financial institution. The account balances, as reflected in the institution's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020 and 2019, the uninsured portion of JELF's cash balances was \$748,997 and \$942,758, respectively. Management believes that cash is maintained at financial institutions with high credit ratings that would, under normal circumstances, carry a low risk of potential loss.

Student loans receivable represents approximately 1,057 loans, ranging in amounts from \$53 to \$33,524. Repayment terms are generally over eight years after the student graduates so the loans will be collected over the next thirteen to fourteen years. Concentration of credit risk with respect to student loans is considered limited due to the large number of students comprising JELF's total student loans.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. Liquidity and Availability of Financial Assets

JELF is substantially supported by contributions without donor restrictions and income on investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, JELF considers financial assets that are anticipated to be available in the next year available for general expenditure. Financial assets with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations are included in amounts available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative, or fundraising purposes. Annual operations are defined as activities occurring during JELF's fiscal year.

JELF's financial assets as of December 31, 2020 and 2019 (reduced by amounts that are Board designated or donor restricted for long term use) available within one year after this date to satisfy liabilities as of this date and for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	\$ 966,294	\$ 804,575
Pledges receivable due within one year	164,282	182,845
Grants receivable	175,000	-
Other receivables	2,500	-
Student loans receivable, estimated due within one year	600,000	563,000
Less:		
Advance on conditional contribution	(38,351)	(153,994)
Financial assets available for general expenditures within one year	\$ 1,869,725	\$ 1,396,426

JELF structures its financial assets to be available as its general expenditures come due. The Board has designated a portion of its assets in investments to finance operations and student loans. These investments are for long-term appreciation and current income but remain available and can be spent at the discretion of the Board. Within the Board designated investments, the Board allocates a portion of these investments to be held in money market funds. Also, as part of its liquidity management, JELF maintains cash in excess of daily requirements in various demand deposit and money market funds.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. Grant Receivable

As of December 31, 2020, JELF has a grant receivable for student loan funding of \$175,000. No allowance is considered necessary as the full amount was collected in February 2021. There were no grants receivable as of December 31, 2019.

5. Pledges Receivable, Net

JELF has continued their fundraising campaign for the purpose of sponsoring students' higher education expense. Total cumulative pledges made during this continuing campaign as of December 31, 2019 are \$1,547,883, of which JELF believes approximately \$1,546,183 will be realized. As of December 31, 2020, cumulative pledges collected for the sponsor a student campaign total \$1,200,618. In addition, pledges receivable of \$1,000 were receivable for general operating purposes as of December 31, 2019. Pledges receivable are recorded at their net realizable value upon receipt. Amounts expected to be received after one year are discounted at .17% and 1.62% for the years ended December 31, 2020 and 2019, respectively, commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and utilized in accordance with donor-imposed restrictions on the contribution if any. Payments received against these pledges during the years ended December 31, 2020 and 2019 totaled \$261,247 and \$272,418, respectively.

Pledges receivable consists of the following as of December 31:

	2020	2019
Anticipated collections of pledges in:		
Less than one year	\$ 164,282	\$ 182,845
Two to five years	181,286	233,971
Total pledges receivable	345,568	416,816
Less unamortized present value discount	(745)	(8,972)
Total pledges receivable, net	\$ 344,823	\$ 407,844

6. Conditional Promises to Give

For each of the years ended December 31, 2020 and 2019, JELF received a grant of \$327,000 on the condition that over the subsequent year it implements new capacity by building items that will support loan portfolio growth and increase outreach efforts. These conditional promises to give will be recorded as revenue in the statement of activities when the conditions of the grant have been substantially met.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. Conditional Promises to Give – Continued

As of December 31, 2020 and 2019, \$279,143 and \$173,006, respectively, has been expended fulfilling the conditions of these contributions. As detailed in Note 10, as of December 31, 2020 and 2019, JELF had received refundable advances on these two conditional promises to give of \$38,351 and \$153,994, respectively. The remaining grant funds are expected to be recognized as revenue in fiscal year 2021 as the conditions of this grant are substantially met.

7. Investments

Spending Policy

Withdrawals from investments are at the discretion of the Board.

Investment Policy

The primary objectives are to provide a combination of capital appreciation and principal protection over the long-term while meeting liquidity needs of JELF on a monthly basis. The portfolio invests in a combination of equity and fixed income securities.

The actual securities used in the portfolio are at the discretion of the third-party investment manager. The targeted asset mix is as follows:

Equities	50-80%
Fixed income	0-50%
Cash equivalents	0-50%

Valuation

JELF classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that JELF has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

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

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. Investments – Continued

Valuation – Continued

Level 3 –Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments at fair market value consist of the following as of December 31:

	Fair Value Hierarchy Level	2020		2019	
U. S. Government money market fund and accrued interest and dividends	1	\$ 190,425	5%	\$ 9,579	less than 1%
Domestic equities by sector:					
Healthcare		346,235		368,524	
Basic materials		66,393		366,950	
Energy		108,054		133,430	
Industrial goods		268,687		123,445	
Consumer goods		681,149		523,383	
Communication Services		148,335		-	
Financial and Services		421,178		355,936	
Utilities		-		103,455	
Real estate		120,708		108,720	
Technology		825,143		662,052	
Total domestic equities	1	<u>2,985,882</u>	72%	<u>2,745,895</u>	76%
Exchange traded products					
Commodities precious metals		160,524		85,740	
Diversified emerging markets mutual fund		-		107,520	
Total exchange traded products	1	<u>160,524</u>	4%	<u>193,260</u>	5%
Investments reported at NAV					
Non-publicly traded funds	(a)	<u>800,000</u>	19%	<u>680,000</u>	19%
Total investments		<u>\$ 4,136,831</u>	100%	<u>\$ 3,628,734</u>	100%

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

JEWISH EDUCATIONAL LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. Investments – Continued

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

	2020	2019
Interest and dividends	\$ 46,154	\$ 76,383
Net realized and unrealized gain	432,985	452,079
Management fees	(40,679)	(48,528)
Investment income	\$ 438,460	\$ 479,934

8. Property and Equipment, Net

Property and equipment consist of the following as of December 31:

	2020	2019
Office equipment	\$ 3,675	\$ 3,675
Computer equipment	36,865	28,763
Website	9,825	4,913
Software	91,682	65,179
	142,047	102,530
Less accumulated depreciation	(37,893)	(67,894)
Total property and equipment, net	\$ 104,154	\$ 34,636

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$9,099 and \$6,651, respectively.

9. Student Loans Payable

During December 2020, \$664,276 of student loans were approved for the fall loan application season. Due to delays in processing due to the pandemic, \$211,224 of this amount was paid prior to year-end. The remaining \$453,052 is shown as student loans payable on the statement of financial position as of December 31, 2020. Subsequent to December 31, 2020, 86% of these loans were disbursed in January 2021 and 14% disbursed in February 2021. There were no student loans payable as of December 31, 2019.

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10. Advance on Conditional Contribution

Advance on conditional contribution as of December 31, 2020 and 2019 represents \$38,351 and \$153,994, respectively, of funds anticipated to be recognized as revenue in the subsequent year as the conditions of the corresponding contribution are fulfilled. See Note 6 for further explanation.

11. Payroll Protection Program Loan

In April 2020, JELF received a \$126,860 loan under the Paycheck Protection Program (“PPP”) which was established as part of the U.S. government’s coronavirus Aid, Relief and economic security Act (“CARES Act”) in March 2020. The loan bears interest at 1%, is unsecured, and may be forgiven as long as JELF uses the loan proceeds for eligible purposes (including payroll, related benefits, rent and utilities) during a defined period. The amount of the loan forgiveness could be reduced if JELF terminates employees or reduces salaries during the defined period. The unforgiven portion of the loan is payable over two years with a deferral of payments for the first ten months and may be prepaid at any time without penalty.

JELF believes it has used the loan proceeds for purposes consistent with the PPP and, therefore, expects it will meet the conditions for loan forgiveness. JELF will reduce the loan liability by the amount forgiven and record a corresponding gain on extinguishment once the loan is partly or wholly forgiven and legal release is received.

12. Net Assets With Donor Restrictions

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

	2020	2019
Pledges receivable restricted for time and purpose	\$ 346,620	\$ 406,844
Pledges receivable restricted for time	-	1,000
Perpetual in nature	39,500	39,500
Total net assets with donor restrictions	\$ 386,120	\$ 447,344

The net asset which is perpetual in nature represents a donor restricted gift, which stipulates the funds be used for loans to students studying science or medicine. The corresponding assets are either in cash or student loans receivable at any time, depending on the distribution and repayment of the student loans meeting this restriction.

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13. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenditures for the following purposes for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Sponsor A Student pledges receivable collected	\$ 260,248	\$ 289,418
Time	1,000	-
Student loan funding	350,000	-
Student loan forgiveness	28,222	-
Satisfaction of infrastructure grant:		
Salaries and benefits	157,761	95,607
Marketing	41,951	38,904
Computer software and hardware	69,471	25,163
Website	4,913	4,913
Other	5,047	8,419
Total net assets released from donor restrictions	<u>\$ 918,613</u>	<u>\$ 462,424</u>

During 2020, JELF received a contribution totaling \$30,019 for the purpose of forgiving student loans. Student loans forgiven for the year ended December 31, 2020 that were funded by this donation totaled \$28,222 and are included in student loan principal write-off in the statement of functional expenses.

14. Imputed Interest

Student loans administered by JELF are interest free. Management estimates the interest on these loans that would have been earned had the loans been made at rates commensurate with the federal Direct PLUS student aid rates. Rates used to calculate the imputed interest range from 3.76% to 7.0% depending on the year the loans were processed. The combined effective rate was 5.93% and 6.38% for the years ended December 31, 2020 and 2019, respectively. JELF considers this imputed interest to be a program cost of providing these interest free loans and therefore reflects this non-cash income and offsetting non-cash expense of forgiven interest as part of its financial statements each year. Imputed interest for the years ended December 31, 2020 and 2019 totaled \$413,000 and \$415,000, respectively.

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15. Retirement Plan

JELF funds a Simplified Employee Pension Individual Retirement Account for each eligible employee. JELF contributes up to 10% of each participating employee's annual salary to the employee's plan. Retirement expense for the years ended December 31, 2020 and 2019 totaled \$53,873 and \$41,211, respectively.

16. Operating Leases

JELF leases office space under an operating lease agreement. The estimated future minimum lease payments under these non-cancelable operating leases were as follows:

<u>For the Year Ending December 31:</u>	
2021	\$ 31,520
2022	25,939
2023	<u>25,939</u>
Total minimum lease payments	\$ <u><u>83,398</u></u>

For the years ended December 31, 2020 and 2019, rental expense totaled \$32,264 and \$33,628, respectively.