



Jewish Educational Loan Fund, Inc.

FINANCIAL STATEMENTS

December 31, 2022 and 2021



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REPORT





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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Educational Loan Fund, 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 Jewish Educational Loan Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish Educational Loan Fund, 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 Jewish Educational Loan Fund 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
April 20, 2023



FINANCIAL STATEMENTS



Jewish Educational Loan Fund, Inc.
Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and due from banks	\$ 1,357,475	\$ 1,346,981
Prepaid expenses	4,121	9,931
Multi-year promises to give, net	533,572	442,429
Student loans receivable, net	9,392,466	8,536,329
Operating lease right-of-use asset, net (see note 9)	188,603	-
Investments in marketable securities	4,364,209	5,000,738
Property and equipment, net	82,726	88,903
Total assets	\$ 15,923,172	\$ 15,425,311
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 63,088	\$ 6,855
Student loans payable	612,487	388,516
Refundable advances	-	182,505
Operating lease liability (see note 9)	196,205	-
Total liabilities	871,780	577,876
Net assets		
Without donor restrictions	14,085,677	13,337,546
With donor restrictions	965,715	1,509,889
Total net assets	15,051,392	14,847,435
Total liabilities and net assets	\$ 15,923,172	\$ 15,425,311

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

Jewish Educational Loan Fund, Inc.
Statements of Activities

<i>For the years ended December 31,</i>	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Revenue and Other Support				
Public support				
Contributions	\$ 1,257,990	\$ -	\$ 1,257,990	\$ 1,109,212
Contributions restricted for loan funding	-	45,649	45,649	793,328
Contributions restricted for loan forgiveness	-	77,039	77,039	232,835
Paycheck Protection Program loan	-	-	-	126,860
Multi-year contributions	-	413,000	413,000	365,500
Infrastructure contributions	345,505	-	345,505	183,346
Fundraising events, net of expenses of \$33,278 (2021)	-	-	-	8,131
Net assets released from restrictions				
Release of loan forgiveness restrictions	305,853	(305,853)	-	-
Other releases	774,009	(774,009)	-	-
Total revenue and other support	2,683,357	(544,174)	2,139,183	2,819,212
Expenses				
<i>Program services</i>				
Student loan services	1,662,795	-	1,662,795	1,232,812
<i>Supporting services</i>				
General and administrative	97,453	-	97,453	79,737
Fundraising	298,314	-	298,314	288,544
Total supporting services	395,767	-	395,767	368,281
Total expenses	2,058,562	-	2,058,562	1,601,093
Change in net assets before imputed interest and investment income (loss), net	624,795	(544,174)	80,621	1,218,119
Student loan imputed interest income	610,000	-	610,000	515,000
Investment (loss) income, net	(486,664)	-	(486,664)	457,667
Change in net assets	748,131	(544,174)	203,957	2,190,786
Net assets at beginning of year	13,337,546	1,509,889	14,847,435	12,656,649
Net assets at end of year	\$ 14,085,677	\$ 965,715	\$ 15,051,392	\$ 14,847,435

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

Jewish Educational Loan Fund, Inc.
Statements of Activities (Continued)

<i>For the year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Public support			
Contributions	\$ 1,109,212	\$ -	\$ 1,109,212
Contributions restricted for loan funding	-	793,328	793,328
Contributions restricted for loan forgiveness	-	232,835	232,835
Paycheck Protection Program	126,860	-	126,860
Multi-year contributions	-	365,500	365,500
Infrastructure contributions	183,346	-	183,346
Fundraising events, net of expenses of \$33,278	8,131	-	8,131
Net assets released from restrictions			
Other releases	267,894	(267,894)	-
Total revenue and other support	1,695,443	1,123,769	2,819,212
Expenses			
<i>Program services</i>			
Student loan services	1,232,812	-	1,232,812
<i>Supporting services</i>			
General and administrative	79,737	-	79,737
Fundraising	288,544	-	288,544
Total supporting services	368,281	-	368,281
Total expenses	1,601,093	-	1,601,093
Change in net assets before imputed interest and investment income, net	94,350	1,123,769	1,218,119
Student loan imputed interest income	515,000	-	515,000
Investment income, net	457,667	-	457,667
Change in net assets	1,067,017	1,123,769	2,190,786
Net assets at beginning of year	12,270,529	386,120	12,656,649
Net assets at end of year	\$ 13,337,546	\$ 1,509,889	\$ 14,847,435

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

Jewish Educational Loan Fund, Inc.
Statements of Functional Expenses

For the year ended December 31, 2022

	Program Services		Supporting Services		Total
	Student Loan Services	General and Administrative	Fundraising		
Salaries and benefits	\$ 539,053	\$ 51,406	\$ 192,862	\$ 783,321	
Advertising and marketing	43,442	-	21,140	64,582	
Information technology	42,852	5,226	4,181	52,259	
Office rent	34,017	4,148	3,319	41,484	
Direct mail	-	-	34,686	34,686	
Professional fees	-	23,580	10,970	34,550	
Administrative and transaction fees	28,528	-	-	28,528	
Depreciation	16,141	1,968	1,575	19,684	
Increase in allowance for uncollectible loans	17,667	-	-	17,667	
Other	2,107	257	14,366	16,730	
Office supplies	13,227	1,613	1,290	16,130	
Credit card fees	-	6,182	6,182	12,364	
Travel	-	-	6,776	6,776	
Insurance	3,411	416	333	4,160	
Equipment rental	2,276	278	222	2,776	
Dues and subscriptions	1,828	223	178	2,229	
Telephone	1,556	190	152	1,898	
Staff development	-	1,864	-	1,864	
Postage and delivery	837	102	82	1,021	
Total expenses including special event expenses	746,942	97,453	298,314	1,142,709	
Student loan interest write off	610,000	-	-	610,000	
Forgiveness of student loans funded by donor restricted contributions	305,853	-	-	305,853	
Total expenses	\$ 1,662,795	\$ 97,453	\$ 298,314	\$ 2,058,562	

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

Jewish Educational Loan Fund, Inc.
Statements of Functional Expenses (Continued)

For the year ended December 31, 2021

	Program Services		Supporting Services		Total
	Student Loan Services	General and Administrative	Fundraising		
Salaries and benefits	\$ 532,920	\$ 47,715	\$ 190,852	\$ 771,487	
Information technology	48,251	5,884	4,707	58,842	
Advertising and marketing	24,389	-	11,503	35,892	
Special event expenses	-	-	33,278	33,278	
Other	3,249	399	29,683	33,331	
Office rent	26,456	3,226	2,581	32,263	
Administrative and transaction fees	31,954	-	-	31,954	
Increase in allowance for uncollectible loans	19,574	-	-	19,574	
Professional fees	1,640	17,685	160	19,485	
Depreciation	15,786	1,925	1,540	19,251	
Direct mail	-	-	17,412	17,412	
Credit card fees	-	-	12,564	12,564	
Forgiveness of promise to give	-	-	10,000	10,000	
Insurance	4,070	496	397	4,963	
Travel	-	-	4,634	4,634	
Telephone	2,855	348	279	3,482	
Equipment rental	2,291	279	224	2,794	
Office supplies	2,046	250	199	2,495	
Postage and delivery	691	84	1,649	2,424	
Dues and subscriptions	1,640	200	160	2,000	
Staff development	-	1,246	-	1,246	
Total expenses including special event expenses	717,812	79,737	321,822	1,119,371	
Less special event expenses	-	-	(33,278)	(33,278)	
Student loan interest write off	515,000	-	-	515,000	
Total expenses	\$ 1,232,812	\$ 79,737	\$ 288,544	\$ 1,601,093	

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

Jewish Educational Loan Fund, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2022	2021
Operating Activities		
Change in net assets	\$ 203,957	\$ 2,190,786
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	19,684	19,251
Amortization of operating lease right-of-use asset	33,021	-
Forgiveness of Paycheck Protection Program loan	-	(126,860)
Donated stock	(90,524)	(10,763)
Provision in allowance for uncollectible loans receivable	17,667	19,574
Forgiveness of student loans receivable	305,853	-
Forgiveness of multi-year promise to give	-	10,000
Net realized and unrealized (gains) loss on investments	511,061	(471,564)
Multi-year promises to give, net	(412,998)	(365,500)
Student loan disbursements	(1,908,501)	(1,749,486)
Repayment of student loans	728,844	744,089
Changes in operating assets and liabilities		
Grant receivable	-	175,000
Prepaid expenses	5,810	896
Other receivables	-	2,500
Accounts payable and accrued expenses	56,233	(9,168)
Student loans payable	223,971	(64,536)
Refundable advances	(182,505)	144,154
Operating lease liability	(25,419)	-
Net cash provided by (used in) operating activities	(513,846)	508,373
Investing Activities		
Purchases of property and equipment	(13,507)	(4,000)
Purchases of investments	(1,231,538)	(2,540,297)
Proceeds from sale of investments	1,447,530	2,158,717
Net cash provided by (used in) investing activities	202,485	(385,580)
Financing Activities		
Multi-year promises to give and contributions collected	321,855	257,894
Net cash provided by (used in) financing activities	321,855	257,894
Net change in cash and cash equivalents	10,494	380,687
Cash and cash equivalents at beginning of year	1,346,981	966,294
Cash and cash equivalents at end of year	\$ 1,357,475	\$ 1,346,981

(Continued)

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

Jewish Educational Loan Fund, Inc.
Statements of Cash Flows (Continued)

For the years ended December 31, **2022** **2021**

Schedule of Noncash Transactions

Lease liability arising from obtaining right-of-use asset from prospective implementation of ASC 842	\$ 221,624	\$ -
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The accompanying notes are an integral part of these financial statements.

Jewish Educational Loan Fund, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Jewish Educational Loan Fund, Inc. (the Organization), a nonprofit organization, is supported by contributions and grants. The Organization 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for loan losses, allowance for multi-year promises to give, valuation of the right of use asset, operating lease liability, imputed interest on student loans, and the allocation of expenses on the statements of functional expenses.

Program Services

The Organization's program services consist of the following:

Student loan services – The Organization provides funding for last dollar secondary educational no interest loans.

Cash and Due from Banks

Cash and due from banks include cash and cash equivalents deposited at banks.

The Organization maintains cash deposits with financial institutions at December 31, 2022 and 2021 in excess of federally insured limits of \$1,026,601 and \$1,092,445, respectively.

Jewish Educational Loan Fund, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. 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 more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Student Loans Receivable

Student loans receivable are carried at estimated collectible amounts. Past due status is based on the contractual terms of the loan. Loan payments that are over 90 days past due are considered delinquent. Loans are charged off when management and the Board deem them uncollectible.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance upon receipt. Management estimates the allowance balance required using loan loss experience, the nature and volume of the portfolio, information about specific borrower situations, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

Student loans receivable include interest free unsecured loans. Therefore, economic conditions could significantly affect the repayment ability of the loans within the portfolio.

General Component- Because all loans are small homogeneous loans, they are considered in the general component of the evaluation of loan losses.

The general component covers loans that are collectively evaluated for impairment. Large groups of smaller balance homogeneous loans, which includes all student loans receivable, are collectively evaluated for impairment. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment.

Jewish Educational Loan Fund, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (continued)

These economic factors include consideration of the following:

- Levels of and trends in delinquencies and impaired loans
- Levels of and trends in charge-offs and recoveries
- Trends in volume and terms of loans
- National and local economic trends and conditions; industry conditions; and effects of changes in credit concentration.

For the years ended December 31, 2022 and 2021, the allowance for doubtful accounts totaled approximately \$192,045 and \$174,575, respectively.

Imputed Interest

For financial statement purposes, the Organization 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 services expense.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for equipment and improvements that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimate useful life.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. The operating lease is included in operating lease right of use (ROU) asset, and operating lease liability in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Jewish Educational Loan Fund, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Revenue from any program fees or exchange transactions and payments under various contracts are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Jewish Educational Loan Fund, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to office operations are allocated across functional areas based on estimates of time and effort.

Advertising and Marketing

The Organization uses advertising and marketing to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 2022 and 2021, advertising and marketing costs totaled \$64,582 and \$35,892, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For the years ended December 31, 2022 and 2021, the Organization did not have any unrelated business income, and accordingly, there is no unrelated business income tax. As of December 31, 2022 and 2021, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 20, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Jewish Educational Loan Fund, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2021 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for the existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains leases under the new standard, (b) whether the classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Organization entered into an operating lease in December 2021 with a commencement date of April 2022. On January 1, 2022, the Organization recognized a right of use asset of \$221,624, which represents the operating lease liability of \$221,624.

The standard had a material impact on the Organization's statement of financial position at December 31, 2022, but did not have an impact on the statement of activities or cash flows. The most significant impact was the recognition of ROU asset and lease liability for the operating lease.

Accounting Guidance Not Yet Implemented

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU), which introduces the current expected credit losses methodology. Among other things, the ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The new model will require organizations to calculate all probable and estimable losses that are expected to be incurred through the loan's entire life. Organizations are to apply the changes through a cumulative-effect adjustment to their net assets as of the beginning of the first reporting period in which the standard is effective. ASU-2019-10 extended the effective date of the amendment to fiscal years beginning after December 15, 2022 for non-public entities. Management is evaluating the impact the adoption of this standard will have on the Organization's financial statements.

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash, cash equivalents and investments to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2022	2021
Total assets at year end	\$ 15,923,172	\$ 15,425,311
Less non-financial assets		
Prepaid expenses	(4,121)	(9,931)
Operating lease right-of-use asset	(188,603)	-
Property and equipment, net	(82,726)	(88,903)
Financial assets at year-end	15,647,722	15,326,477
Less multi-year promises to give due in more than one year	(293,427)	(232,249)
Less estimated student loans due in more than one year	(8,804,512)	(7,950,903)
Less those not available for general expenditures within one year, due to donor-imposed, contractual restrictions or board designations		
Refundable advances	-	(182,505)
Cash restricted for loan forgiveness	(3,982)	(234,602)
Cash restricted for student loan funding	(388,661)	(793,328)
Board designated for investments	(4,364,209)	(5,000,738)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,792,931	\$ 932,152

The Organization is principally supported by contributions, grants and investment income. Cash restricted for loan funding above represents contributions collected in 2021 and 2022 that will be used over the next 3 years to fund student loans.

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 4: MULTI-YEAR PROMISES TO GIVE, NET

Multi-year promises to give consist of the following:

<i>December 31,</i>	2022	2021
Receivable within one year	\$ 240,890	\$ 210,180
Receivable in two to five years	293,427	232,994
Total multi-year promises to give	534,317	443,174
Discounted at 2%, which approximates the effective interest method	(745)	(745)
Multi-year promises to give, net	\$ 533,572	\$ 442,429

Forgiveness of promises to give totaled \$10,000 for 2021. The Organization did not have any forgiveness for promises to give in the year ended December 31, 2022. Management has evaluated the collectability of the remaining multi-year promises to give and determined that they are fully collectible.

Note 5: STUDENT LOANS RECEIVABLE, NET

Student loans receivable represents approximately 1,177 and 1,199 loans at December 31, 2022 and 2021, respectively. Loans range in amounts from \$14 to \$40,749. 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 the Organization's total student loans. Loans considered past due totaled \$30,253 and \$22,809, at December 31, 2022 and 2021, respectively. Loans that are on a reduced payment schedule due to COVID or other circumstances total \$50,689 and \$140,147 at December 31, 2022 and 2021, respectively.

<i>December 31,</i>	2022	2021
Receivable within one year	\$ 780,000	\$ 760,000
Receivable in two to five years	3,100,000	3,040,000
Receivable in more that five years	5,704,512	4,910,903
Total student loans receivable	9,584,512	8,710,903
Less allowance for doubtful accounts	(192,046)	(174,574)
Student loans receivable, net	\$ 9,392,466	\$ 8,536,329

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 5: STUDENT LOANS RECEIVABLE, NET (Continued)

Activity for the allowance for loan losses consists of the following:

<i>For the years ended December 31,</i>	2022	2021
Balance of allowance for loan losses at beginning of year	\$ 174,574	\$ 155,000
Provision for loan losses	17,472	19,574
Balance of allowance for loan losses at end of year	\$ 192,046	\$ 174,574

Note 6: CONDITIONAL PROMISES TO GIVE

For the years ended December 31, 2022 and 2021, the Organization received grants of \$163,000 and \$327,000, respectively on the condition that over the subsequent year it continues certain loan funding levels and implements new capacity by building initiatives that will support loan portfolio growth and increase outreach efforts. These conditional promises to give are recognized as revenue in the statements of activities when the conditions of the grants have been substantially met.

For the years ended December 31, 2022 and 2021, \$345,505 and \$183,346, respectively, has been expended fulfilling the conditions of these contributions. As of December 31, 2021, the Organization had received refundable advances on these conditional promises to give of \$182,505. These grant funds were recognized as revenue in fiscal year 2022 as the conditions of this grant were substantially met.

Note 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 the Organization 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	65-85%
Fixed income	5-25%
Liquid alternatives	0-15%
Cash equivalents	2-15%

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 7: INVESTMENTS (Continued)

Valuation

Investments in marketable securities consist of the following:

<i>December 31, 2022</i>	Cost	Market Value
Money market fund and accrued income	\$ 1,446,610	\$ 1,446,610
Common stocks	1,804,110	2,113,016
Corporate and U.S. Treasury bonds	547,181	531,687
Exchange traded funds	257,194	272,896
Total investments in marketable securities	\$ 4,055,095	\$ 4,364,209

<i>December 31, 2021</i>	Cost	Market Value
Money market fund and accrued income	\$ 2,050,245	\$ 2,050,245
Common stocks	1,844,059	2,796,629
Exchange traded funds	138,623	153,864
Total investments in marketable securities	\$ 4,032,927	\$ 5,000,738

Note 8: PROPERTY AND EQUIPMENT, NET

The components of property and equipment consist of the following at December 31, 2022 and 2021:

	Estimated Useful Lives (in years)	2022	2021
Office equipment	3-5	\$ 3,675	\$ 3,675
Computer equipment	3-5	43,583	36,865
Office furniture	7	10,789	4,000
Website and software	3-7	101,507	101,507
Total depreciable property and equipment		159,554	146,047
Less accumulated depreciation		(76,828)	(57,144)
Property and equipment, net		\$ 82,726	\$ 88,903

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$19,684 and \$19,251, respectively.

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 9: LEASES

The Organization has an operating lease for office space. The lease terminates in 2027.

The components of lease expense consist of the following:

<i>For the year ended December 31,</i>	<u>2022</u>
Operating lease cost	\$ 33,418

Supplemental Cash Flow Information

Cash paid for amounts included in the measurement of lease liability:

Operating cash flows from operating lease	\$ 25,419
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Future minimum lease payments under the non-cancellable office lease as of December 31, 2022, are as follows:

<i>For the years ending December 31,</i>	
2023	\$ 44,360
2024	45,469
2025	46,605
2026	47,770
2027	24,382
Total future minimum lease payments	208,586
Less imputed interest a 1.56%	(12,381)
Present value of lease liability	\$ 196,205

The Organization leases office space under a non-cancellable operating lease. The lease was entered into in December 2021 with a commencement date of April 2022. There was no rent expense associated with this lease in 2021. The lease expires in 2027. Rent expense related to the month to month lease agreement effective for the year ended December 31, 2021 totaled \$32,264.

Minimum lease payments under the office operating lease at December 31, 2021 for future years were as follows:

<i>For the years ended December 31,</i>	
2022	\$ 40,535
2023	44,360
2024	45,469
2025	46,605
2026	47,770
2027	24,382
Total future minimum lease payments	\$ 249,121

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 10: STUDENT LOANS PAYABLE

During December 2022 and 2021, \$907,339 and \$884,480, respectively of student loans were approved for the fall loan application season. \$277,077 and \$487,713 of these amounts were paid prior to December 31, 2022 and 2021, respectively. The remaining \$612,487 and \$388,516 are included in student loans receivable and student loans payable on the statements of financial position as of December 31, 2022 and 2021, respectively. Subsequent to year-end, these loans payable were disbursed in January and February of the subsequent year.

Note 11: IMPUTED INTEREST

Student loans administered by the Organization 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 4.29% to 7.54% depending on the year the loans were processed. The combined effective rate was 6.80% and 6.58% for the years ended December 31, 2022 and 2021, respectively. The Organization 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, 2022 and 2021 totaled \$610,000 and \$515,000, respectively.

Note 12: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>December 31,</i>	2022	2021
Available for operations	\$ 941,489	\$ 188,995
Expended on student loans receivable, net Board designated	8,779,979	8,147,813
Designated for investments	4,364,209	5,000,738
Total net assets without donor restrictions	\$ 14,085,677	\$ 13,337,546

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	2022	2021
Time and purpose restricted		
Undergraduate loan funding from bequest	\$ 357,328	\$ 793,328
Promises to give, net - restricted for time and purpose	533,572	442,429
Sophie Einstein fund loan funding	31,333	-
Loan forgiveness	3,982	234,632
Perpetual in nature	39,500	39,500
Total net assets with donor restrictions	\$ 965,715	\$ 1,509,889

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 12: NET ASSETS (Continued)

A summary of the release of donor restrictions follows:

<i>For the years ended December 31,</i>	2022	2021
Time and purpose restrictions		
Student loan funding with collections on multi-year promises to give	\$ 329,357	\$ 267,894
Student loan funding	444,652	-
Student loan forgiveness	305,853	-
Total net assets released from donor restrictions	\$ 1,079,862	\$ 267,894

During 2022 and 2021, the Organization received contributions totaling \$77,039 and \$232,835, respectively for the purpose of forgiving student loans. Student loans forgiven for the year ended December 31, 2022 totaled \$305,853 and are included in student loan forgiveness in the statement of functional expenses.

Note 13: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 13: FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Money Market funds: a type of open-ended mutual fund that invests in short-term debt securities such as US Treasury bills and commercial paper. Valued at the daily closing price as reported by the fund. These funds are required to publish their daily NAV and to transact at that price. The money market funds held by the Organization are deemed to be actively traded.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and U.S. Treasury bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Exchange traded funds: Valued at the daily closing price as reported by the fund. Exchange traded funds held by the Organization is an open-end mutual funds that is registered with the SEC. Exchange traded funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

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

Assets and liabilities measured at fair value on a recurring basis consist of the following:

<i>December 31, 2022</i>	Level 1	Level 2	Level 3	Total
Money market and accrued income	\$ 1,446,610	\$ -	\$ -	\$ 1,446,610
Common stocks	2,113,016	-	-	2,113,016
Corporate and U.S. Treasury bonds	531,687	-	-	531,687
Exchange traded funds	272,896	-	-	272,896
Total investments at fair value	\$ 4,364,209	\$ -	\$ -	\$ 4,364,209
<i>December 31, 2021</i>	Level 1	Level 2	Level 3	Total
Money market and accrued income	\$ 2,050,245	\$ -	\$ -	\$ 2,050,245
Common stocks	2,796,629	-	-	2,796,629
Exchange traded funds	153,864	-	-	153,864
Total investments at fair value	\$ 5,000,738	\$ -	\$ -	\$ 5,000,738

Jewish Educational Loan Fund, Inc.
Notes to Financial Statements

Note 13: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 14: CONCENTRATIONS

The Organization's customers are primarily Jewish college students in undergraduate, graduate, vocational and technical school in the Southeastern region of the United State. Contributions are generally from individuals and foundations in the Atlanta Metropolitan area.

For the year ended December 31, 2021, a single donor to the Organization represented 29% of total support recognized as revenue. There was no concentration of donor support for the year ended December 31, 2022.

Note 15: DEFINED CONTRIBUTION PLAN

The Organization funds a Simplified Employee Pension Individual Retirement Account for each eligible employee. The Organization contributes up to ten (10%) of each participating employee's annual salary to the employee's plan. Retirement expense for the years ended December 31, 2022 and 2021 totaled \$48,101 and \$44,156, respectively.

Note 16: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$126,860 loan through the Paycheck Protection Program under the CARES Act. The Organization applied for and received forgiveness of this loan in 2021 and recorded \$126,860 in loan revenue for the year ended December 31, 2021.