

**JEWISH CHILDREN'S REGIONAL SERVICE**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED**

**JULY 31, 2023**



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Jewish Children's Regional Service  
New Orleans, Louisiana

### **Opinion**

We have audited the accompanying financial statements of Jewish Children's Regional Service (a nonprofit organization), which comprise the statement of financial position— modified cash basis as of July 31, 2023, and the related statements of activities— modified cash basis, functional expenses— modified cash basis, and cash flows— modified cash basis for the year 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 Children's Regional Service as of July 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Children's Regional Service and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, Jewish Children's Regional Service has elected to change its basis of accounting from Generally Accepted Accounting Principles to the modified cash basis of accounting. This change was made to align Jewish Children's Regional Services' accounting policies to its operational budgeting practices and promote simplicity in reporting.



To the Board of Directors  
Jewish Children's Regional Service  
June 21, 2024

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Children's Regional Service'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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.



To the Board of Directors  
Jewish Children's Regional Service  
June 21, 2024

- 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 Children's Regional Service'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 Children's Regional Service'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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 20 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

June 21, 2024  
New Orleans, Louisiana

*Ericksen Krentel, LLP*

Certified Public Accountants

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS**  
**JULY 31, 2023**

**ASSETS:**

Cash and cash equivalents	\$ 244,967
Investments	15,432,792
Student loans	66,272
Gift cards	3,575
Other assets	<u>9,427</u>
 Total assets	 <u>15,757,033</u>

**LIABILITIES:**

Credit card payable	<u>8,343</u>
 Total liabilities	 <u>8,343</u>

**NET ASSETS:**

Without donor restrictions:	
Heritage funds (board designated)	9,653,072
Other board designated endowment funds	4,349,121
Undesignated unendowed net assets without donor restrictions	<u>116,978</u>
 Total without donor restrictions	 <u>14,119,171</u>
With donor restrictions:	
Heritage funds (donor restricted)	<u>1,629,519</u>
 Total with donor restrictions	 <u>1,629,519</u>
 Total net assets	 <u><u>\$ 15,748,690</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JULY 31, 2023**

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
<b><u>Support and Other Revenues:</u></b>			
Contributions:			
General contributions	\$ 560,807	\$ -	\$ 560,807
Special events	300,422	-	300,422
Education	96,138	59,646	155,784
Hanukkah program	55,825	-	55,825
Special needs	63,220	5,134	68,354
PJ Library	60,858	-	60,858
Camp	90,660	23,996	114,656
Other program contributions	13,350	-	13,350
Federation allocations	95,433	-	95,433
Other income	29,783	-	29,783
Interest and dividends, net	92,959	241,546	334,505
Change in value of investments	645,805	113,793	759,598
Net assets released from restrictions	426,695	(426,695)	-
	<u>2,531,955</u>	<u>17,420</u>	<u>2,549,375</u>
Total unrestricted support and other revenues			
<b><u>Expenses:</u></b>			
Program services:			
Special needs	312,703	-	312,703
Education	363,862	-	363,862
Camp	302,088	-	302,088
PJ Library	69,938	-	69,938
Outreach	27,880	-	27,880
Hanukkah program	84,684	-	84,684
Supporting services:			
Fundraising	224,260	-	224,260
General and administrative	245,514	-	245,514
	<u>1,630,929</u>	<u>-</u>	<u>1,630,929</u>
Total expenses			
Change in net assets	901,026	17,420	918,446
Net assets, beginning of year, as restated	<u>13,218,145</u>	<u>1,612,099</u>	<u>14,830,244</u>
Net assets, end of year	<u>\$ 14,119,171</u>	<u>\$ 1,629,519</u>	<u>\$ 15,748,690</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JULY 31, 2023**

	Program Services						Supporting Services		Total
	Special Needs	Education	Camp	PJ Library	Outreach	Hanukkah Program	Fundraising	Management and General	
Direct assistance to individuals	\$ 193,276	\$ 276,125	\$ 257,350	\$ 26,026	\$ -	\$ 33,386	\$ -	\$ -	\$ 786,163
Salaries - Professional	96,877	69,836	37,020	29,601	9,487	28,251	68,584	29,423	369,079
Salaries - Clerical	46	-	-	1,769	-	2,625	15,750	11,842	32,032
Meeting and Event Expense	144	65	-	-	-	-	98,997	836	100,042
Employee Benefits	18,484	8,423	4,522	6,837	2,294	5,055	19,652	8,559	73,826
Miscellaneous	176	-	-	1,253	311	-	787	48,438	50,965
Printing	1,067	1,067	1,067	1,067	5,256	1,112	5,255	-	15,891
Utilities, Rent and Maintenance	-	-	-	-	13	7,220	-	51,782	59,015
Bookeeping and Audit Fees	-	-	-	-	-	-	-	17,950	17,950
Postage	1,323	1,433	1,303	1,303	9,662	5,682	9,663	1,800	32,169
Insurance	-	-	-	-	-	-	-	19,833	19,833
Office Supplies	-	-	-	-	-	-	-	8,918	8,918
Computer Expenses	-	5,647	83	-	114	610	954	30,117	37,525
Travel - Staff	-	-	-	1,339	-	-	3,875	1,264	6,478
Bank Charges	-	-	-	-	-	-	-	8,693	8,693
Telephone	1,310	1,266	743	743	743	743	743	2,876	9,167
Dues and Reference Manual	-	-	-	-	-	-	-	3,027	3,027
Depreciation	-	-	-	-	-	-	-	156	156
<b>Total expenses</b>	<b>\$ 312,703</b>	<b>\$ 363,862</b>	<b>\$ 302,088</b>	<b>\$ 69,938</b>	<b>\$ 27,880</b>	<b>\$ 84,684</b>	<b>\$ 224,260</b>	<b>\$ 245,514</b>	<b>\$ 1,630,929</b>

See accompanying NOTES TO FINANCIAL STATEMENTS



**JEWISH CHILDREN'S REGIONAL SERVICE**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JULY 31, 2023**

**CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:**

Change in net assets	\$ 918,446
Adjustments to reconcile changes in net assets to cash from (used in) operating activities:	
Depreciation and Amortization expense	156
Net realized and unrealized (gain) on investments	(759,598)
Bad debt expense	(27,532)
Changes in operating assets and liabilities:	
(Increase)/decrease in:	
Gift cards	(300)
Other assets	(3,047)
Increase/(decrease) in:	
Credit card payable	<u>6,250</u>
Net cash from operating activities	<u>134,375</u>

**CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:**

Collection of student loans	14,822
Issuance of student loans	(16,250)
Proceeds from sale of investments	4,455,064
Purchases of investments	<u>(4,779,521)</u>
Net cash (used in) investing activities	<u>(325,885)</u>
Net (decrease) in cash and cash equivalents	(191,510)
Cash and cash equivalents at beginning of year	<u>436,477</u>
Cash and cash equivalents at end of year	<u><u>\$ 244,967</u></u>

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
JULY 31, 2023

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

In 1855, the Association for the Relief of Jewish Widows and Orphans was established and incorporated to operate a home and care for victims of a yellow-fever epidemic. In 1880, the organization was reincorporated as the Jewish Children's Home. Due to a diminishing number of children living at the home, in 1945 the Board voted to close the home and in 1948 sold the land to the Jewish Community Center. In 1951, the Board voted to return to the center and operate its own regional program covering the seven states of the B'nai B'rith District 7.

Over the years, various program services were developed, including the placement and support of troubled Jewish children, scholarships for education, Jewish summer camps for Jewish children from low-income families, adoption services, and counseling and consultation services. In 1978, the agency was reincorporated and provided in the charter for a name change. The name approved by the Board was Jewish Children's Regional Service of Jewish Children's Home. On July 7, 1999, the name of the organization was changed to Jewish Children's Regional Service (JCRS).

**Method of Accounting and Financial Reporting Framework**

JCRS prepares its financial statements, maintains its records and reports to the taxing authorities on the modified cash basis of accounting but includes depreciation of capitalized assets and payroll accruals. The modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, revenue and the related assets are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, pledges receivable and amounts due employees, vendors, and suppliers at July 31, 2023 are not included in the financial statements.

**Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210-50-3, JCRS is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of JCRS. JCRS's board may designate assets without restrictions for specific operational purposes from time to time.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of JCRS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amount of 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.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, JCRS considers all short-term investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

Investments in common stock, mutual funds, exchange traded funds, money market funds and other marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 3 inputs were used by JCRS.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donor-Restricted Gifts**

Cash and other assets given to JCERS are reported at fair value at the date it is received. The gifts are reported as net assets 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 as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year they are received are reflected as contributions without restrictions in the accompanying financial statements.

**Bequests**

Bequest income is recorded in these financial statements when JCERS receives the benefit from the donor's estate.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Property and equipment are stated at historical cost or estimated fair value at the date of donation.

Depreciation is provided on the straight-line basis over the following estimated useful lives of the assets:

Buildings and improvements	5-20 Years
Furniture and equipment	5-7 Years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, JCERS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. JCERS reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Public Support and Revenue**

JCRS accounts for contributions in accordance with the recommendations of FASB ASC Topic 958, *Accounting for Contributions Received and Contributions Made*, except that contributions are recorded only when they are received. Contributions are reported as increases in net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as net assets 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 with donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**Functional Allocation of Expenses**

The cost of providing the various programs and other activities is summarized on a functional basis in the statement of activities and changes in net assets. Certain expenses which cannot be specifically identified by function type are allocated among the programs and supporting services based on management's estimate of usage.

**Educational Assistance**

JCRS offers two forms of educational assistance to students: scholarships and no-interest loans. The scholarships are given to approved applicants of any classification, whereas the no-interest loans are generally given to only juniors and seniors.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allowance for Uncollectible Loans**

JCRS provides for uncollectible student loans through an allowance for uncollectible loans. Management's periodic evaluation of the adequacy of the allowance is based on JCRS's past loan experience, specific impaired loans, adverse situations that may affect the borrower's ability to pay, and current economic conditions. Impaired loans are identified when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired and the collection is doubtful. Because it is the intent of JCRS to stay in contact with student borrowers for reasons other than collections, loans are generally not written off until it is determined by management that, after all efforts are exhausted, a loan will not be collected. During 2023, JCRS wrote off all uncollectible student loans, and JCRS considers all loans outstanding at July 31, 2023 to be fully collectible.

**Income Taxes**

JCRS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to JCRS's tax-exempt purpose is subject to taxation as unrelated business income. In addition, JCRS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

JCRS's evaluation as of July 31, 2023 revealed no tax positions that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. JCRS does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Date of Management Review**

Management has evaluated subsequent events through June 21, 2024, which is the date the financial statements were available to be issued.

**(2) CHANGE IN ACCOUNTING BASIS**

In 2023, as a result of a change in the accounting standards for not-for-profit entities, JCRS began recognizing revenue and other related assets when collected rather than earned or pledged and expenses are recognized when paid rather than incurred. This change is preferable in that it improves transparency about the extent of contributions to program services received. It additionally aligns JCRS' accounting policies to its operational budgeting practices and promotes simplicity in reporting.

The change in accounting principle was adopted prospectively in 2023. As a result, the cumulative effect of the change resulted in an increase in change in net assets, net assets without donor restrictions, and total assets of \$16,500 as of August 1, 2022.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects JCRS's financial assets as of July 31, 2023 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the endowment fund that could be drawn upon if the governing board approves that action. However, \$590,000 has already been appropriated from the endowment for general expenditure within one year of the balance sheet date and therefore, has not been subtracted as unavailable.

Financial assets, at year end	\$ 15,748,690
Less those unavailable for general expenditure within one year due to:	
Unappropriated board-designated endowment fund	(13,412,770)
Donor-restricted endowment fund	<u>(1,629,519)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 706,401</u>

As part of the JCRS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. JCRS has assets held in an endowment which are in excess of amounts held to handle daily cash requirements. Although JCRS does not intend to spend from its board designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its endowment could be made available if necessary.

**(4) COMMITMENTS AND CONTINGENCIES**

JCRS leases 2,507 square feet of office space through an operating lease agreement. Payments under the lease are recorded when paid and range from \$4,141 to \$5,167 per month until the agreement terminates on October 31, 2025. Rent expense associated with this lease for the year ended July 31, 2023, was \$51,467.

**(5) PROPERTY AND EQUIPMENT AND DEPRECIATION**

Property and equipment consists of the following at July 31, 2023:

Office equipment	\$ 120,427
Less: accumulated depreciation	<u>(120,427)</u>
Total	<u>\$ -</u>

Depreciation expense for the year ended July 31, 2023 was \$156.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(6) INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The fair value of investments is as follows at July 31, 2023:

Mutual funds	\$ 10,209,030
Treasury bills	1,006,560
Exchange traded funds	631,066
Corporate bonds	3,355,059
Pooled investment fund	<u>231,077</u>
	<u>\$ 15,432,792</u>

The following table sets forth by level, within the fair value hierarchy, the JCRS' assets at fair value as of July 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual funds	\$ 10,209,030	\$ -	\$ -	\$ 10,209,030
Treasury bills	1,006,560	-	-	1,006,560
Exchange traded funds	631,066	-	-	631,066
Corporate bonds	<u>-</u>	<u>3,355,059</u>	<u>-</u>	<u>3,355,059</u>
Total investments	<u>\$ 11,846,656</u>	<u>\$ 3,355,059</u>	<u>\$ -</u>	<u>\$ 15,201,715</u>

Mutual funds and exchange traded funds held by JCRS are valued at fair value based on quoted prices in active markets, which is level one of the fair value hierarchy.

The pooled investment fund is held by the Dallas Jewish Community Foundation and is valued using net asset value as a practical expedient to estimate fair value. Transactions (purchases and sales) may occur daily. As of July 31, 2023, the value was \$231,077.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended July 31, 2023:

Dividends and interest	\$ 359,947
Realized and unrealized gains (losses)	759,598
Investment expenses	<u>(25,442)</u>
Total return on investments	<u>\$ 1,094,103</u>



**JEWISH CHILDREN’S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(7) STUDENT LOANS**

Loans are made to college students who are in their junior and senior years. The loans are interest-free, and payments on the loans are due one year after graduation. The schedule of loans outstanding as of ended July 31, 2023 is as follows:

Loans outstanding, July 31, 2022	\$ 74,440
Loans initiated	16,250
Loans collected	(14,822)
Write offs of uncollectible loans	<u>(9,596)</u>
Loans outstanding, July 31, 2023	<u>\$ 66,272</u>

During 2023, JCRS reviewed all outstanding loans and wrote off \$9,596 of uncollectible loans. Management believes that all loans outstanding at July 31, 2023 are collectible.

**(8) ENDOWMENT FUNDS**

JCRS’s endowment was established for a variety of purposes, including camp, education, and special needs for Jewish children. Its endowment is comprised of both net assets with and without donor restrictions. The portion without donor restrictions of the endowment represents amounts designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Managers to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The JCRS’ endowment includes approximately 160 heritage funds with various levels and types of restrictions. Funds with donor restrictions remaining are held in “Heritage funds (donor restricted)” on the accompanying statement of net position. Funds without donor restrictions have been designated by the Board of Directors to function as endowment amounts and are included in “Heritage funds (board designated)” on the accompanying statement of net position.

The *Not-for-Profit Entities* Topic 958 of the FASB Accounting Standards Codification provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). JCRS follows UPMIFA and its own governing documents. The *Not-for-Profit Entities* Topic also requires additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(8) ENDOWMENT FUNDS (CONTINUED)**

The Board of Directors of JCRS has interpreted the State of Louisiana's UPMIFA as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JCRS classifies as restricted net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by JCRS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JCRS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 JCRS, and (7) JCRS's investment policies.

**Investment Return Objectives, Risk Parameters and Strategies**

JCRS has adopted investment and spending policies, approved by the Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities and a pooled investment fund that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, JCRS expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Spending Policies**

JCRS has a policy of appropriating for distribution each year 5% of its endowment fund's fair value at the beginning of the year in which the distribution is planned. In establishing this policy, JCRS considered the long-term expected return on its investment assets, the nature and duration of donor restrictions, and the possible effects of inflation. JCRS expects the current spending policy to allow its endowment to grow at a nominal average rate of 3% annually, which is consistent with JCRS's objective to maintain purchasing power of the endowment assets as well as to provide additional real growth through investment return. At year-end, investment income, investment expenses, and unrealized/realized gains (losses) on investments are allocated to each purpose restriction type based on an average of prior year's balance and prior year's balance plus current year contributions.

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(8) ENDOWMENT FUNDS (CONTINUED)**

Endowment Net Asset Composition by Type of Fund as of July 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Donor-restricted endowment funds	\$ -	\$ 1,629,519	\$ 1,629,519
Board-designated endowment funds	<u>14,011,997</u>	<u>-</u>	<u>14,011,997</u>
Total endowment funds	<u>\$ 14,011,997</u>	<u>\$ 1,629,519</u>	<u>\$ 15,641,516</u>

Change in endowment net assets as of July 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Endowment net assets, July 31, 2022	\$ 13,111,876	\$ 1,612,099	\$ 14,723,975
Contributions	-	88,776	88,776
Interest and dividends, net	92,959	241,546	334,505
Net realized and unrealized gain	645,805	113,793	759,598
Release of program expenses	426,695	(426,695)	-
Net transfers from (to) operating	<u>(265,338)</u>	<u>-</u>	<u>(265,338)</u>
Total endowment funds	<u>\$ 14,011,997</u>	<u>\$ 1,629,519</u>	<u>\$ 15,641,516</u>

**(9) RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions were released from restrictions for the following purposes during the year ended July 31, 2023:

Education program	\$ 297,541
PJ Library program	5,466
Camp program	87,244
Special needs program	<u>36,444</u>
	<u>\$ 426,695</u>

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(10) RISKS AND UNCERTAINTIES**

JCRS invests in various investments including stocks and fixed income obligations. Investment securities, in general, are subject to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect amounts reported on the financial statements.

JCRS maintains its cash balances in financial institutions located in Louisiana. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At July 31, 2023, JCRS did not have any cash in excess of FDIC limits.

**(11) DEFINED CONTRIBUTION PLAN**

JCRS sponsors a retirement plan called the Jewish Children's Regional Service 401(k) Plan (the Plan). The Plan is considered a defined contribution plan and is administered by JCRS. Employees of JCRS are eligible to participate in the Plan if they are age twenty-one or older and have completed at least one year of service. JCRS is required to make a safe harbor non-elective contribution to the account of each eligible participant equal to 3% of the employee's compensation for the plan year. During the year ended July 31, 2023, JCRS made employer contributions to the Plan in the amount of \$9,349.

**(12) JOINT COSTS**

JCRS produces and distributes several newsletters that are used to educate the public, request public participation on programs, and to inform donors about JCRS's activities. The major operating costs are postage and printing.

Total joint costs incurred of \$48,060 for the year ended July 31, 2023 were allocated on the statement of activities and changes in net assets as follows:

<u>Allocation</u>	<u>Percent</u>	<u>Amount</u>
Education	5.20%	\$ 2,500
Camp	4.93%	2,370
Special Needs	4.97%	2,390
PJ Library	4.93%	2,370
Outreach	31.04%	14,918
Hanukkah	14.14%	6,794
General and Administrative	3.75%	1,800
Fundraising	31.04%	<u>14,918</u>
Total		<u>\$ 48,060</u>

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JULY 31, 2023

**(13) PRIOR PERIOD ADJUSTMENTS**

Upon review of endowment funds, management determined that additional amounts contributed to JCRS were required to remain intact and that restricted endowment funds were understated as of July 31, 2022. Therefore, JCRS reclassified \$40,300 from board-designated endowment funds to restricted endowment funds as of August 1, 2022. There was no net effect on overall net assets or overall change in net assets presented in the prior period financial statements.

In 2023, JCRS began recognizing revenue and other related assets when collected rather than earned or pledged and expenses are recognized when paid rather than incurred. The change in accounting basis, as stated in Note 2, has the cumulative effect as follows:

Total net assets as reported on July 31, 2022	\$ 14,813,744
Change in accounting basis	<u>16,500</u>
Total net assets as of August 1, 2022	<u>\$ 14,830,244</u>

**JEWISH CHILDREN'S REGIONAL SERVICE**  
 SCHEDULE OF OPERATING AND ENDOWMENT FUND FINANCIAL POSITION - MODIFIED CASH BASIS  
JULY 31, 2023

	<u>Operating Fund</u>		<u>Endowment Fund</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
<b><u>ASSETS:</u></b>					
Cash and cash equivalents	\$ 45,470	\$ -	\$ 199,497	\$ -	\$ 244,967
Investments	577	-	13,802,696	1,629,519	15,432,792
Student loans, net of allowance	66,272	-	-	-	66,272
Gift cards	3,575	-	-	-	3,575
Due to/from other funds, net	(9,804)	-	9,804	-	-
Other assets	9,427	-	-	-	9,427
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 115,517</u>	<u>\$ -</u>	<u>\$ 14,011,997</u>	<u>\$ 1,629,519</u>	<u>\$ 15,757,033</u>
<b><u>LIABILITIES:</u></b>					
Credit card payable	<u>\$ 8,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,343</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>8,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,343</u>
<b><u>NET ASSETS:</u></b>					
Without donor restrictions	107,174	-	14,011,997	-	14,119,171
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,629,519</u>	<u>1,629,519</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	<u>\$ 107,174</u>	<u>\$ -</u>	<u>\$ 14,011,997</u>	<u>\$ 1,629,519</u>	<u>\$ 15,748,690</u>

**JEWISH CHILDREN'S REGIONAL SERVICE**  
SCHEDULE OF OPERATING AND ENDOWMENT FUND ACTIVITIES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JULY 31, 2023

	Operating Fund		Endowment Fund		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
<b>Support and Other Revenues:</b>					
Contributions:					
General contributions	\$ 560,807	\$ -	\$ -	\$ -	\$ 560,807
Special events	300,422	-	-	-	300,422
Education	96,138	-	-	59,646	155,784
Hanukkah program	55,825	-	-	-	55,825
Special needs	63,220	-	-	5,134	68,354
PJ Library	60,858	-	-	-	60,858
Camp	90,660	-	-	23,996	114,656
Other program contributions	13,350	-	-	-	13,350
Federation allocations	95,433	-	-	-	95,433
Other income	29,783	-	-	-	29,783
Interest and dividends, net	-	-	92,959	241,546	334,505
Change in value of investments	-	-	645,805	113,793	759,598
Net assets released from restrictions	-	-	426,695	(426,695)	-
Total unrestricted support and other revenues	1,366,496	-	1,165,459	17,420	2,549,375
<b>Expenses:</b>					
Program services:					
Special needs	312,703	-	-	-	312,703
Education	363,862	-	-	-	363,862
Camp	302,088	-	-	-	302,088
PJ Library	69,938	-	-	-	69,938
Outreach	27,880	-	-	-	27,880
Hanukkah program	84,684	-	-	-	84,684
Supporting services:					
Fundraising	224,260	-	-	-	224,260
General and administrative	245,514	-	-	-	245,514
Total expenses	1,630,929	-	-	-	1,630,929
Change in net assets before transfers	(264,433)	-	1,165,459	17,420	918,446
Transfers to and from funds	265,338	-	(265,338)	-	-
Change in net assets	905	-	900,121	17,420	918,446
Net assets, beginning of year, as restated	106,269	-	13,111,876	1,612,099	14,830,244
Net assets, end of year	\$ 107,174	\$ -	\$ 14,011,997	\$ 1,629,519	\$ 15,748,690

**See Independent Auditors' Report**

**JEWISH CHILDREN'S REGIONAL SERVICE**  
**SCHEDULE OF OPERATING AND ENDOWMENT FUND CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JULY 31, 2023**

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
<b><u>CASH FLOWS FROM (USED IN) OPERATING</u></b>			
<b><u>ACTIVITIES:</u></b>			
Change in net assets	\$ 905	\$ 917,541	\$ 918,446
Adjustments to reconcile changes in net assets to cash from (used in) operating activities:			
Depreciation and Amortization expense	156	-	156
Net realized and unrealized (gain) on investments	-	(759,598)	(759,598)
Bad debt expense	(27,532)	-	(27,532)
Changes in operating assets and liabilities:			
(Increase)/decrease in:			
Gift cards	(300)	-	(300)
Other assets	(3,047)	-	(3,047)
Due from other funds	9,227	-	9,227
Increase/(decrease) in:			
Due to other funds	-	(9,227)	(9,227)
Credit card payable	6,250	-	6,250
	<u>(14,341)</u>	<u>148,716</u>	<u>134,375</u>
Net cash from (used in) operating activities			
<b><u>CASH FLOWS FROM (USED IN) INVESTING</u></b>			
<b><u>ACTIVITIES:</u></b>			
Collection of student loans	14,822	-	14,822
Issuance of student loans	(16,250)	-	(16,250)
Proceeds from sale of investments	-	4,455,064	4,455,064
Purchases of investments	-	(4,779,521)	(4,779,521)
	<u>(1,428)</u>	<u>(324,457)</u>	<u>(325,885)</u>
Net cash from (used in) investing activities			
Net increase (decrease) in cash and cash equivalents	(15,769)	(175,741)	(191,510)
Cash and cash equivalents at beginning of year	<u>61,239</u>	<u>375,238</u>	<u>436,477</u>
Cash and cash equivalents at end of year	<u>\$ 45,470</u>	<u>\$ 199,497</u>	<u>\$ 244,967</u>



**JEWISH CHILDREN'S REGIONAL SERVICE**  
**SCHEDULES OF CONTRIBUTIONS RECEIVED AND**  
**FUNDRAISING EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JULY 31, 2023**

**CONTRIBUTIONS RECEIVED:**

General contributions	\$ 560,807
Special events	300,422
Education	155,784
Hanukkah program	55,825
Special needs	68,354
PJ Library	60,858
Camp	114,656
Other program contributions	<u>13,350</u>
 Total contributions received	 <u><u>\$ 1,330,056</u></u>

**FUNDRAISING EXPENSES:**

Salaries - Professional	\$ 68,584
Salaries - Clerical	15,750
Meeting and Event Expense	98,997
Employee Benefits	19,652
Miscellaneous	787
Printing	5,255
Postage	9,663
Computer Expenses	954
Travel - Staff	3,875
Telephone	<u>743</u>
 Total fundraising expenses	 <u><u>\$ 224,260</u></u>