

**JEWISH ALLIANCE OF GREATER
RHODE ISLAND AND AFFILIATE**

Consolidated Financial Statements

Year Ended June 30, 2024

(With Independent Auditors' Report Thereon)

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jewish Alliance of Greater Rhode Island:

Opinion

We have audited the accompanying consolidated financial statements of Jewish Alliance of Greater Rhode Island and Affiliate (not-for-profit organizations) (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2024, and the consolidated changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Summarized Comparative Information

We have previously audited the Organization's June 30, 2023 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated May 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Kahn, Litwin, Rengas & Co., Ltd.

January 14, 2025

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION



June 30, 2024

(With Comparative Totals at June 30, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,243,937	\$ 1,219,461
Accounts receivable, net	743,125	735,544
Pledges receivable, current portion, net	943,053	1,141,445
Prepaid expenses and other current assets	268,172	189,932
Total current assets	<u>3,198,287</u>	<u>3,286,382</u>
Noncurrent Assets:		
Pledges receivable, less current portion	4,000	8,000
Beneficial interest in assets held by others	739,233	678,258
Property and equipment, net	3,610,670	4,166,082
Total noncurrent assets	<u>4,353,903</u>	<u>4,852,340</u>
Total Assets	<u>\$ 7,552,190</u>	<u>\$ 8,138,722</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	\$ 113,421	\$ 109,400
Accounts payable and accrued expenses	577,231	444,954
Grant distributions payable	1,758,873	1,703,400
Deferred revenue	837,458	721,852
Amounts held for others	174,200	150,203
Total current liabilities	<u>3,461,183</u>	<u>3,129,809</u>
Long-term Debt, less current portion	1,973,377	2,066,186
Total liabilities	<u>5,434,560</u>	<u>5,195,995</u>
Net Assets:		
Without donor restrictions	720,193	1,391,467
With donor restrictions	1,397,437	1,551,260
Total net assets	<u>2,117,630</u>	<u>2,942,727</u>
Total Liabilities and Net Assets	<u>\$ 7,552,190</u>	<u>\$ 8,138,722</u>

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)



	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Change in Net Assets:				
Revenue and support:				
Contributions and grants	\$ 3,143,541	\$ 210,000	\$ 3,353,541	\$ 2,280,857
Support from JFF	2,549,748	50,000	2,599,748	2,416,460
Program service fees	1,732,139	-	1,732,139	1,654,934
Membership dues	723,678	-	723,678	547,838
Rental income	162,592	-	162,592	133,827
Advertising sales	127,684	-	127,684	135,128
Other income	96,414	-	96,414	53,810
Investment return, net	27,915	46,446	74,361	66,950
Net assets released from restrictions	460,269	(460,269)	-	-
Total revenue and support	9,023,980	(153,823)	8,870,157	7,289,804
Expenses:				
Program	8,000,351	-	8,000,351	6,628,577
Management and general	1,008,193	-	1,008,193	1,024,739
Fundraising	686,710	-	686,710	608,237
Total expenses	9,695,254	-	9,695,254	8,261,553
Change in net assets	(671,274)	(153,823)	(825,097)	(971,749)
Net Assets, beginning of year	1,391,467	1,551,260	2,942,727	3,914,476
Net Assets, end of year	\$ 720,193	\$ 1,397,437	\$ 2,117,630	\$ 2,942,727

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024						2023
	Program			Management			
	Operations	Facilities	Total	and General	Fundraising	Total	Total
Personnel costs:							
Salaries and wages	\$ 2,620,939	\$ -	\$ 2,620,939	\$ 565,388	\$ 369,963	\$ 3,556,290	\$ 3,331,399
Employee benefits	334,979	-	334,979	97,651	53,941	486,571	488,027
Retirement plan	38,211	-	38,211	8,715	7,759	54,685	53,479
Payroll taxes	212,300	-	212,300	56,110	26,569	294,979	250,765
Total personnel costs	3,206,429	-	3,206,429	727,864	458,232	4,392,525	4,123,670
Grant distributions	2,122,724	-	2,122,724	-	53,433	2,176,157	1,280,000
Marketing	28,997	-	28,997	17,991	21,393	68,381	64,901
Commissions	52,531	-	52,531	-	-	52,531	53,004
Credit loss expense	-	-	-	9,996	-	9,996	45,932
Depreciation	94,459	750,283	844,742	16,671	3,094	864,507	834,694
Information technology	154,375	-	154,375	5,403	41,790	201,568	154,206
Insurance	53,627	47,149	100,776	15,942	4,014	120,732	97,422
Interest expense	-	100,983	100,983	-	-	100,983	103,747
Meetings	1,111	-	1,111	9,298	2,488	12,897	6,772
Occupancy	591,528	-	591,528	133,520	4,833	729,881	550,841
Office expense	151,520	-	151,520	18,981	21,182	191,683	174,820
Professional development	13,817	-	13,817	25,513	1,391	40,721	46,695
Professional fees	240,324	-	240,324	2,819	6,962	250,105	250,103
Program supplies and fees	270,809	-	270,809	119	203	271,131	260,774
Subscriptions and dues	8,909	-	8,909	24,076	25	33,010	34,404
Venue and event expenses	110,776	-	110,776	-	67,670	178,446	179,568
Total expenses	\$ 7,101,936	\$ 898,415	\$ 8,000,351	\$ 1,008,193	\$ 686,710	\$ 9,695,254	\$ 8,261,553

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)



	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (825,097)	\$ (971,749)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	864,507	834,694
Credit loss expense	9,996	45,932
Beneficial interest in assets held by others net change	(60,975)	(98,058)
Gain on sale of assets	-	(217)
Changes in assets and liabilities:		
Accounts receivable	(17,577)	(243,126)
Pledges receivable	202,392	(210,623)
Prepaid expenses and other current assets	(78,240)	(5,280)
Accounts payable and accrued expenses	132,277	20,625
Grant distributions payable	55,473	43,678
Deferred revenue	115,606	110,184
Amounts held for others	23,997	(96,771)
Net cash provided (used) by operating activities	<u>422,359</u>	<u>(570,711)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(309,095)	(240,132)
Proceeds on sale of assets	-	6,500
Net cash used by investing activities	<u>(309,095)</u>	<u>(233,632)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(88,788)	(102,691)
Net cash used by financing activities	<u>(88,788)</u>	<u>(102,691)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,476	(907,034)
Cash and Cash Equivalents, beginning of year	<u>1,219,461</u>	<u>2,126,495</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,243,937</u></u>	<u><u>\$ 1,219,461</u></u>
Supplemental Cash Flow Information:		
Cash Paid for Interest During the Year	<u><u>\$ 100,983</u></u>	<u><u>\$ 103,747</u></u>
Non-cash Investing Activities		
Purchase of property and equipment included in accounts payable	<u><u>\$ -</u></u>	<u><u>\$ 25,606</u></u>

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



1. Nature of Operations

The Jewish Alliance of Greater Rhode Island (the Alliance), located in Providence, Rhode Island, was established as a Rhode Island not-for-profit corporation. The mission of the Alliance is to support and cultivate a connected, strong, and inclusive Jewish community.

Alliance Realty, Inc. (the Affiliate) is the realty entity that owns the land and building from which the Alliance operates. The Affiliate has a separate Board of Directors but is controlled by the Alliance as the sole corporate member of the Affiliate. The Alliance and Affiliate (collectively, the Organization) are consolidated for financial reporting purposes.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements include all assets, liabilities and activities of the Alliance and Affiliate. Intercompany accounts and transactions have been eliminated so as not to overstate the consolidated change in net assets and financial position.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements and related notes to the consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



Basis of Presentation

The Organization prepares its consolidated financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less, except for funds which are restricted or Board designated.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts. If the financial conditions of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required.

A receivable is considered past due if payment has not been received within stated terms. The Organization does not accrue interest on past due or long-term receivables. The Organization will exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses.

As of June 30, 2024, the Organization had an allowance for credit losses of \$26,550.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



Pledges Receivable

Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted and recorded at the net present value of the estimated future cash flows when the discount is material. The discounts on those amounts are computed using the interest rate for U.S. Government issues with a remaining term equal to the expected future receipts. Accretion of the discount is included in contributions and grants in the consolidated statement of activities. Conditional promises to give are not included in support until such time as the conditions are substantially met.

The Alliance uses the allowance method to reflect uncollectible pledges receivable. The allowance is based on prior years' collection experience and management's analysis of the specific promises to give at year end (Note 5).

Beneficial Interest in Assets Held by Others and Fair Value Measurements

The Organization reports its beneficial interest in assets held by others at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization reports its beneficial interest in assets held by others at fair value on a recurring basis. These investments are classified as level 3 within the fair value hierarchy.

Level 3 investment values are provided by the trustee, who develops their valuations using the third-party monthly investment statements. Due to the inaccessibility of these statements, as well as the Organization's lack of control over the investing activities, the funds held by others are considered unobservable market inputs in accordance with authoritative guidance.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



Property and Equipment

The Organization capitalizes all significant purchases of equipment and improvements at cost. Equipment is capitalized if it has a cost (including peripheral equipment and accessories) of \$1,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Donated assets are recorded at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 3 to 40 years.

Grant Distributions Payable

Annually, the Alliance allocates a portion of the contributions received through its annual fund to other Jewish organizations, both local and national, to support its programs and operations. The grant distributions are included in program expenses in the consolidated statement of activities when promised. Amounts not paid prior to year-end are included as grant distributions payable on the consolidated statement of financial position and are expected to be paid within one year.

The Alliance makes certain grants to other organizations on a cost-reimbursement basis. The grants are included in program expenses in the consolidated statement of activities when paid.

Amounts Held for Others

The Alliance occasionally receives, administers, and distributes assets under a fiscal agency arrangement for projects related to its mission. The funds not yet distributed are reflected as an asset (included in cash and cash equivalents) and a liability on the consolidated statement of financial position.

Revenue and Support Recognition:

Contributions and Grants

The Alliance recognizes contributions and grants in the fiscal year in which the contribution is made. Contributions and grants are recorded either as without or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. However, it is the policy of the Alliance to show net assets with donor restrictions that are both received and expended in the same year directly in net assets without donor restrictions.

The Alliance recognizes revenue from cost-reimbursement grants as expenditures are incurred and revenue from other contracts when the contractual obligations have been met. From time to time, the Organization may receive funds in advance of when revenue should be recognized, which are recorded as deferred revenue on the consolidated statement of financial position.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



Program Service Fees and Membership Dues

The Alliance recognizes program service fees and membership dues on a straight-line basis over the term of the program or membership.

Advertising Sales

Advertising sales are recognized in the period of the publication containing the advertisement.

Rental Income

Rental income is recognized over time as the related use of the facility is provided.

Other Income

Other income is recognized when services have been rendered and/or contractual obligations have been met.

Deferred revenue represents program service fees, membership dues and other revenues that have been collected in advance.

Contributed Nonfinancial Assets

Contributions of donated nonfinancial 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 that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. No such services were received during the year ended June 30, 2024.

Marketing Costs

The Alliance follows the policy of expensing marketing costs in the period in which the advertisement occurs.

Income Taxes

The Alliance is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code (IRC). The Affiliate is exempt from income taxes as a supporting organization under Section 501(c)(2) of the IRC. Management believes that both organizations operate in a manner consistent with their respective tax-exempt status at both the federal and state levels.

The Organization annually files IRS Form 990 - *Return of Organizations Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. The Alliance also annually files IRS Form 990-T - *Exempt Organization's Business Income Tax Return* for all of their taxable transactions. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. The Alliance currently has no tax examinations in progress. For the Alliance's tax year ended June 30, 2024, there are no income taxes related to taxable transactions.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



Estimates and Assumptions

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

Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated based on estimates of time and effort, as well as depreciation, occupancy, and insurance expenditures, which are allocated on a square footage basis.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation.

Subsequent Events

Management of the Organization has evaluated subsequent events through January 14, 2025, which is the date these consolidated financial statements were available to be issued.

3. Program Services and Accomplishments (Unaudited)

The Alliance brought together hundreds of community members for a vigil in the days immediately following the October 7, 2023, attack in Israel. The Alliance raised over one million dollars for immediate social and human service needs on the ground in Israel. A solidarity mission of community leaders traveled to Israel to volunteer in impacted communities. The Alliance also led efforts to combat antisemitism locally, interfacing with schools, law enforcement, workplaces and other parts of the community when incidents were reported.

The Alliance hosted our first Jewish Culture Fest in June 2024, which was a major success. The purpose was to create a window into the world of Judaism, to help spread awareness about our customs and heritage. This festival was available to all, and a day filled with program activity, including musical performances, craft vendors, a variety of food, Israeli dancing, community-created art exhibit, comedian, kid zone, and more. The Jewish Culture Fest was attended by more than 1,000 people throughout the day.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



J-Camp 2024 went beyond expectations. The Alliance had a new camp director, and typically camps see a drop in attendance for a year or so. The Alliance increased the number of individuals served, as well as the number of weeks attended. During the year, the Alliance also piloted a program allowing teens entering grades 9 and 10 to attend as volunteers to gain leadership skills and community service hours. The Alliance averaged three volunteers per week and are hopeful it will help create a pipeline to future camp counselors. Building on the success of 2024, the Alliance is working to build out new programs to include in J-Camp 2025.

PJ Library partnered with our Israeli Shiliach to host an interactive evening of baking to help welcome in the holiday of Hanukkah. Families worked together creating a traditional Israeli pastry that is often eaten during the holiday. While baking, families participated in crafts and games. This was a sold-out event.

Finally moving beyond the years of COVID, the Alliance opened our Early Childhood Center doors once again for family engagement opportunities. Parents were welcomed into classrooms to read stories, celebrate Shabbat and lead crafts. Children were delighted to share their family members with their friends. The Alliance was also able to reinstate some of the special family events we used to host. We had a wonderful Hanukkah celebration, Purim parade and sing-along and end of the year ice cream social. Building community is an important part of our school and being able to provide these family engagement opportunities are crucial.

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, comprise the following at June 30, 2024:

Current financial assets:

Cash and cash equivalents	\$ 1,243,937
Accounts receivable, net	743,125
Pledges receivable, current portion, net	943,053
Current financial assets, end of year	<u>2,930,115</u>

Less: financial assets unavailable for general expenditure:

Board designated for future projects	425,200
Net assets subject to purpose restrictions	668,204
	<u>1,093,404</u>

Financial assets available to meet general expenditure needs within one year

\$ 1,836,711

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization manages its liquidity by developing and adopting an annual operating budget that provides sufficient funds for general expenditures in meeting its liabilities as they come due. Actual performance is reported and monitored monthly in comparison to budget. Adjustments are made to the Organization's forecast as needed to ensure adequate liquidity needs will be met for its current liabilities. To help manage unanticipated liquidity needs, the Organization has a line of credit with a local bank for \$1,000,000 (Note 8).

5. Pledges Receivable

Pledges receivable consist of unconditional promises to give from contributors over the next one to three years to support the Alliance's charitable mission.

The promised contributions are due as follows:

Receivable within one year	\$ 964,048
Receivable in one to three years	4,000
Total pledges receivable	968,048
Less allowance for doubtful accounts	20,995
Total pledges receivable, net	947,053
Less current portion, net	943,053
	<u>\$ 4,000</u>
Pledges receivable, less current portion	<u>\$ 4,000</u>

6. Jewish Federation Foundation of Greater Rhode Island (JFF)

The Jewish Federation Foundation of Greater Rhode Island (JFF) promotes the welfare of the Jewish community through the support of charitable, cultural, educational, and religious organizations, including the Alliance, and is a supporting organization of the Rhode Island Foundation.

Beneficial Interest in Assets Held by Others

The Board of Directors of the Organization transferred funds to establish a building and technology fund (the Fund) at JFF (Note 9). As such, JFF controls the investing decisions and appropriations from the Fund. Upon request and subject to approval from JFF, the Organization may receive distributions from the Fund.

JEWISH ALLIANCE OF GREATER RHODE ISLAND AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2024



A reconciliation of the Fund measured at fair value using significant unobservable inputs (level 3) is as follows:

Beginning balance	\$ 678,258
Contributions	60,000
Appropriations	(45,471)
Change in fair value	<u>46,446</u>
Ending balance	<u><u>\$ 739,233</u></u>

Beneficial Interest

The Alliance and JFF entered into an agreement with the Rhode Island Foundation (RIF) to allow JFF to become a Type I Supporting Foundation of RIF. This transition allows JFF to benefit from the administrative support and investment management services of RIF. JFF continues its current mission of promoting the welfare of the Jewish population in Rhode Island and worldwide, including the Alliance.

In accordance with the agreement, the Alliance receives monthly distributions from JFF, calculated pursuant to JFF's spending policy. The spending policy has two components: the previous year distribution plus inflation weighted at 70% and 5% average of the fair market value of the funds for the prior four quarters weighted at 30%.

As of June 30, 2024, the market value of the funds without donor restrictions held by JFF was approximately \$15,470,700. No amounts have been reported in the accompanying consolidated financial statements relating to this agreement.

7. Property and Equipment

The components of property and equipment are as follows:

Land and land improvements	\$ 307,536
Buildings and improvements	14,410,980
Furniture and equipment	1,188,162
Computer equipment and software	425,432
Construction in progress	<u>49,664</u>
	16,381,774
Less accumulated depreciation	<u>12,771,104</u>
Property and equipment, net	<u><u>\$ 3,610,670</u></u>

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Construction in progress represents facility repair work and upgrades which are expected to be completed during fiscal year 2025.

8. Debt

Line of Credit

The Alliance has a \$1,000,000 revolving line of credit with a local financial institution, secured by the guarantee of the Affiliate, a mortgage lien, security interest and assignment of leases and rents in all of the real and personal property of the Affiliate, and a negative pledge regarding all business assets of the Alliance. The line of credit bears interest at the bank's prime rate (8.50% at June 30, 2024). As of June 30, 2024, there was no outstanding balance on the line of credit.

Mortgage Payable

The Affiliate has a \$2,700,000 10-year mortgage payable in monthly principal and interest installments of \$17,213 through July 21, 2024, at which time the payments increase based on an adjusted interest rate through maturity on July 21, 2027. A final balloon payment will be due in July 2027. Principal and interest payments are based on a 20-year amortization schedule. Interest was fixed at the Federal Home Loan Bank of Boston (FHLBB) Classic Rate plus 200 basis points (4.59%) through July 2024, at which time it was adjusted to the then current FHLBB classic rate plus 200 basis points (6.45%) through maturity. The mortgage is collateralized by a guarantee of JFF, a mortgage lien, security interest and assignment of leases and rents in all of the real and personal property of the Affiliate, and a negative pledge regarding all business assets of the Alliance.

Scheduled maturities are as follows:

June 30, 2025	\$ 104,153
June 30, 2026	110,007
June 30, 2027	117,316
June 30, 2028	1,736,809
	<hr/> 2,068,285
Less current portion of long-term debt	<hr/> 104,153
Long-term debt, less current portion	<hr/> <hr/> \$ 1,964,132

The Organization has agreed to maintain certain financial ratios and adhere to other mortgage covenants that are more fully described in the loan documents with regards to both the line of credit and the long-term debt. For the year ended June 30, 2024, the Organization was not in compliance with all debt covenant requirements. A waiver was obtained from the bank prior to issuance of these consolidated financial statements.

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Note payable

In July 2023, the Organization entered into a note payable with a financial institution for gym equipment, requiring monthly payments of \$878, including interest at 8.34%, through May 1, 2026.

Scheduled maturities are as follows:

Year Ending

June 30, 2025	\$ 9,268
June 30, 2026	9,245
	<hr/> 18,513
Less current portion of note payable	<hr/> 9,268
Note payable, less current portion	<hr/> <hr/> \$ 9,245

9. Net Assets

A summary of net assets is as follows:

Net Assets Without Donor Restrictions:

Available for operations	\$ 294,993
Board designated for future projects	425,200
Total net assets without donor restrictions	<hr/> 720,193

Net Assets With Donor Restrictions:

Subject to Purpose Restrictions:

Poverty Initiative	\$ 363,952
Childcare stabilization	120,223
Security and energy efficiency upgrades	90,000
COVID relief and recovery campaign	49,950
PJ Library Campaign	32,579
Other programs	11,500
	<hr/> 668,204

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Subject to Appropriation:

Building and technology fund	729,233
Total net assets with donor restrictions	<u>1,397,437</u>
 Total net assets	 <u><u>\$ 2,117,630</u></u>

10. Retirement Plans

The Alliance sponsors a defined contribution retirement plan established under Internal Revenue Code Section 401(k) (the Plan) for employees who meet certain eligibility requirements. Employees may elect to defer a percentage of their compensation into the Plan. To be eligible for an employer contribution, an employee must have worked more than 1,000 hours in the current plan year, be at least 21 years of age and be an employee on the last day of the fiscal year. The Alliance may then make contributions based on a specified percentage of salary. The Alliance contributed approximately \$54,700 to the Plan for the year ended June 30, 2024.

The Alliance also sponsors a noncontributory tax-deferred annuity savings plan established under Internal Revenue Code Section 403(b) for all employees.

11. Commitments

Operating Leases

The Alliance leases property from the City of Providence for the Holocaust Memorial for \$1 annually. The lease expires in March 2065. The fair rental value is not readily determinable; therefore, no amounts have been recorded in the consolidated financial statements for this arrangement.

The Alliance leased a residential apartment under an operating lease agreement, which expired in May 2023, for \$1,500 per month. Upon expiration of the lease, in accordance with the terms of the agreement, in the absence of any written agreement, the Alliance was a tenant at will and continued making monthly payments of \$1,500. In August 2023, the Alliance entered into a new agreement requiring monthly payments of \$1,600 and expiring on May 31, 2024. Upon expiration of this lease, the Alliance entered into a new agreement requiring monthly payments of \$1,800 and expiring on May 31, 2025. The apartment is utilized to house the Israeli Emissary, which supports the Alliance's mission, and provides education to the community. Lease expense for the year ended June 30, 2024, was approximately \$19,300.

Since the lease payments are not considered material, authoritative guidance relating to lease accounting has not been applied.

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Employee Agreement

The Alliance has an employment agreement (the Agreement) with its Chief Executive Officer (CEO). The Agreement, which was effective August 1, 2020, expired on July 31, 2023, with an option to extend. The employment agreement was extended for an additional three-year term expiring on June 30, 2026. The significant terms of the Agreement include the CEO's duties, employment term and evaluation, compensation and benefits, and termination process, including required severance in the event of termination without cause.

12. Concentrations of Credit Risk and Market Risk

Financial instruments which potentially subject the Alliance to concentrations of credit risk are cash and cash equivalents, accounts receivable and pledges receivable. The Alliance maintains its cash and cash equivalents in three financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Alliance has bank balances in excess of federally insured limits. Cash balances in excess of \$250,000 are generally uninsured.

The Alliance's pledges receivable represents amounts due from various foundations, corporations, and individuals. At June 30, 2024, approximately 23% of net pledges receivable were due from two donors. Management believes minimal risk exists with respect to this concentration.

The Alliance receives a significant amount of its revenues from JFF. At June 30, 2024, approximately 29% of all revenues were received from JFF. If a reduction in these revenues were to occur, there would be an impact on the Organization's programs and activities. At June 30, 2024, management does not believe that significant business risk exists with respect to the continuation of this funding.