

JEWISH FEDERATION OF SAN DIEGO COUNTY

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

JEWISH FEDERATION OF SAN DIEGO COUNTY

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of financial position as of June 30, 2023 and 2022	3
Statement of activities for the year ended June 30, 2023	4
Statement of activities for the year ended June 30, 2022	5
Statements of functional expenses for the years ended June 30, 2023 and 2022	6
Statements of cash flows for the years ended June 30, 2023 and 2022	7
Notes to financial statements	8 - 24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jewish Federation of San Diego County

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jewish Federation of San Diego County, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jewish Federation of San Diego County as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for each of 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 ("U.S. GAAS"). 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 Federation of San Diego County 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 these 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 Federation of San Diego County's ability to continue as a going concern for 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 U.S. GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

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

EisnerAmper LLP

EISNERAMPER LLP
La Jolla, California
March 28, 2024



JEWISH FEDERATION OF SAN DIEGO COUNTY

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS		
Current assets:		
Cash	\$ 370,725	\$ 104,365
Restricted cash	-	37,935
Investments	3,105,830	3,764,921
Pledges receivable, net	1,781,012	1,813,965
Other current assets	203,785	160,298
Prepaid expenses	82,262	47,486
Total current assets	<u>5,543,614</u>	<u>5,928,970</u>
Noncurrent assets:		
Pledges receivable, less current portion	31,000	99,616
Beneficial interest in assets held by others	13,336,639	12,936,384
Fixed assets, net	30,056	53,933
Total noncurrent assets	<u>13,397,695</u>	<u>13,089,933</u>
Total assets	<u>\$ 18,941,309</u>	<u>\$ 19,018,903</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 946,111	\$ 534,869
Deferred revenue	-	600,193
Grants payable:		
Jewish Federations of North America - U.S.	227,883	245,383
Jewish Federations of North America - Israel	778,575	515,000
Jewish Federations of North America - Overseas	227,500	227,500
Local initiatives	-	310,000
Total grants payable	<u>1,233,958</u>	<u>1,297,883</u>
Total current liabilities	<u>2,180,069</u>	<u>2,432,945</u>
Long-term liabilities:		
Grants payable, less current portion	-	59,002
Total liabilities	<u>2,180,069</u>	<u>2,491,947</u>
Net assets:		
Without donor restrictions	3,225,443	3,411,952
With donor restrictions	<u>13,535,797</u>	<u>13,115,004</u>
Total net assets	<u>16,761,240</u>	<u>16,526,956</u>
Total liabilities and net assets	<u>\$ 18,941,309</u>	<u>\$ 19,018,903</u>

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

Statement of Activities Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions and pledges	\$ 6,111,515	\$ 209,503	\$ 6,321,018
Less: reserve for uncollectible pledges	<u>(25,531)</u>	<u>-</u>	<u>(25,531)</u>
Campaign revenue, net	6,085,984	209,503	6,295,487
Program revenue	1,545,268	-	1,545,268
Unrealized gain on beneficial interest in assets held by others	-	1,152,093	1,152,093
Net assets released from restrictions	<u>941,268</u>	<u>(941,268)</u>	<u>-</u>
Total revenue and support	<u>8,572,520</u>	<u>420,328</u>	<u>8,992,848</u>
Net investment income:			
Interest and dividends	70,472	393	70,865
Net realized gain on investments	36,502	3	36,505
Net unrealized gain on investments	88,360	79	88,439
Investment expenses	<u>(5,855)</u>	<u>(10)</u>	<u>(5,865)</u>
Total net investment income	<u>189,479</u>	<u>465</u>	<u>189,944</u>
Total revenue, support, and net investment income	<u>8,761,999</u>	<u>420,793</u>	<u>9,182,792</u>
Grants and expenses:			
Grants:			
Local initiatives	1,895,977	-	1,895,977
Designated gifts	598,624	-	598,624
Jewish Federations of North America - Israel	318,001	-	318,001
Jewish Federations of North America - U.S.	168,876	-	168,876
Jewish Federations of North America - Overseas	<u>227,503</u>	<u>-</u>	<u>227,503</u>
Total grants	<u>3,208,981</u>	<u>-</u>	<u>3,208,981</u>
Grant making and related expenses	<u>4,700,097</u>	<u>-</u>	<u>4,700,097</u>
Supporting services:			
Management and general	294,062	-	294,062
Fundraising	<u>745,368</u>	<u>-</u>	<u>745,368</u>
Total supporting services	<u>1,039,430</u>	<u>-</u>	<u>1,039,430</u>
Total grants and expenses	<u>8,948,508</u>	<u>-</u>	<u>8,948,508</u>
Change in net assets	(186,509)	420,793	234,284
Net assets, beginning	<u>3,411,952</u>	<u>13,115,004</u>	<u>16,526,956</u>
Net assets, ending	\$ 3,225,443	\$ 13,535,797	\$ 16,761,240

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

Statement of Activities Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions and pledges	\$ 5,206,207	\$ 90,999	\$ 5,297,206
Less: reserve for uncollectible pledges	<u>(265,163)</u>	<u>-</u>	<u>(265,163)</u>
Campaign revenue, net	4,941,044	90,999	5,032,043
Program revenue	290,965	-	290,965
Unrealized loss on beneficial interest in assets held by others	-	(1,348,142)	(1,348,142)
Net assets released from restrictions	<u>836,955</u>	<u>(836,955)</u>	<u>-</u>
Total revenue and support	<u>6,068,964</u>	<u>(2,094,098)</u>	<u>3,974,866</u>
Net investment income:			
Interest and dividends	42,997	54	43,051
Net realized gain (loss) on investments	11,549	(3)	11,546
Net unrealized loss on investments	(287,423)	(27)	(287,450)
Investment expenses	<u>(4,253)</u>	<u>(18)</u>	<u>(4,271)</u>
Total net investment income	<u>(237,130)</u>	<u>6</u>	<u>(237,124)</u>
Total revenue, support, and net investment income	<u>5,831,834</u>	<u>(2,094,092)</u>	<u>3,737,742</u>
Grants and expenses:			
Grants:			
Local initiatives	1,139,282	-	1,139,282
Designated gifts	841,175	-	841,175
Jewish Federations of North America - Israel	540,001	-	540,001
Jewish Federations of North America - U.S.	168,883	-	168,883
Jewish Federations of North America - Overseas	<u>227,496</u>	<u>-</u>	<u>227,496</u>
Total grants	<u>2,916,837</u>	<u>-</u>	<u>2,916,837</u>
Grant making and related expenses	<u>2,527,276</u>	<u>-</u>	<u>2,527,276</u>
Supporting services:			
Management and general	259,640	-	259,640
Fundraising	<u>558,864</u>	<u>-</u>	<u>558,864</u>
Total supporting services	<u>818,504</u>	<u>-</u>	<u>818,504</u>
Total grants and expenses	<u>6,262,617</u>	<u>-</u>	<u>6,262,617</u>
Change in net assets	(430,783)	(2,094,092)	(2,524,875)
Net assets, beginning	<u>3,842,735</u>	<u>15,209,096</u>	<u>19,051,831</u>
Net assets, ending	<u>\$ 3,411,952</u>	<u>\$ 13,115,004</u>	<u>\$ 16,526,956</u>

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

Statements of Functional Expenses

Description	Year Ended June 30, 2023			
	Grant Making and Related Expenses	Management and General	Fundraising	Total
Expenses:				
Contributions and grants	\$ 3,208,981	\$ -	\$ -	\$ 3,208,981
Salaries and benefits	1,987,531	196,108	467,380	2,651,019
Facilities and equipment	327,067	27,531	76,912	431,510
Professional fees	378,687	43,483	124,093	546,263
Other operating costs	145,318	5,058	56,217	206,593
Security	41,593	-	-	41,593
Events	246,916	-	-	246,916
Travel and meetings	1,572,985	21,882	20,766	1,615,633
Total expenses	\$ 7,909,078	\$ 294,062	\$ 745,368	\$ 8,948,508

Description	Year Ended June 30, 2022			
	Grant Making and Related Expenses	Management and General	Fundraising	Total
Expenses:				
Contributions and grants	\$ 2,916,837	\$ -	\$ -	\$ 2,916,837
Salaries and benefits	1,638,011	164,840	350,556	2,153,407
Facilities and equipment	277,976	22,831	59,490	360,297
Professional fees	412,069	61,844	81,688	555,601
Other operating costs	86,420	4,163	55,509	146,092
Events	75,582	-	-	75,582
Travel and meetings	37,218	5,962	11,621	54,801
Total expenses	\$ 5,444,113	\$ 259,640	\$ 558,864	\$ 6,262,617

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 234,284	\$ (2,524,875)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation and amortization	23,877	30,092
Bad debt	25,531	265,163
Net realized gain on investments	(36,505)	(11,546)
Net unrealized (gain) loss on investments	(88,439)	287,450
Net unrealized (gain) loss on beneficial interest in assets held by others	(1,152,093)	1,348,142
Decrease (increase) in:		
Pledges receivable	76,038	(627,654)
Other current assets	(43,487)	(37,738)
Prepaid expenses	(34,776)	(17,485)
Increase (decrease) in:		
Accounts payable and accrued expenses	411,242	108,688
Deferred revenue	(600,193)	600,193
Grants payable to Jewish federations of North America - U.S.	(76,502)	(56,951)
Grants payable to Jewish federations of North America - Israel	263,575	(777,741)
Grants payable to local initiatives	(310,000)	(243,179)
Net cash flows used in operating activities	<u>(1,307,448)</u>	<u>(1,657,441)</u>
Cash flows from investing activities:		
Purchases of investments	(2,180,947)	(1,470,862)
Proceeds from sales of investments	2,964,982	2,356,641
Distributions received from beneficial interest in assets held by others	751,838	697,253
Proceeds from sale of fixed assets	-	890
Net cash flows provided by investing activities	<u>1,535,873</u>	<u>1,583,922</u>
Net change in cash and restricted cash	<u>228,425</u>	<u>(73,519)</u>
Cash and restricted cash:		
Beginning	<u>142,300</u>	<u>215,819</u>
Ending	<u>\$ 370,725</u>	<u>\$ 142,300</u>

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

[1] Organization:

Jewish Federation of San Diego County ("Federation") is a California not-for-profit organization formed in 1936 and is one of 146 Jewish Federations in North America. Supported by thousands of generous donors and volunteers, Federation is dedicated to building a vibrant, caring, connected, and enduring Jewish community.

Federation broadens and deepens engagement in Jewish life to strengthen Jewish identity, foster dynamic connections with Israel, and care for all Jews in need. Federation carries out this mission by mobilizing resources, leaders, and organizations to address the community's most critical needs, creating profound impact locally, in Israel, and around the world.

Guided by Jewish values and quest to be the "Most Welcoming Jewish Community in North America," Federation focuses on these priority areas:

Responding to Jewish poverty in San Diego: Working with partner agencies to identify the factors contributing to poverty and the resources to mitigate it, develop and pilot a centralized network of organizations to support families and individuals experiencing poverty, with a special emphasis on seniors and Holocaust Survivors, particularly during emergencies and crises.

Fostering global people-to-people relationships: Providing an opportunity for every Jewish high school student to participate in one immersive travel experience while in high school, organizing community exchanges for residents and executive leaders from San Diego Jewish organizations and residents and executive leaders in Sha'ar HaNegev, engaging teenagers from San Diego, Sha'ar HaNegev, St. Petersburg, and Sofia in an exploration of individual Jewish identity, local Jewish community, and global Jewish peoplehood, and providing ongoing support for global partners Jewish Agency for Israel and American Jewish Joint Distribution Committee.

Ensuring an enduring Jewish community: Supporting grants and convenings that allow organizations to increase security and training, and providing networking and leadership training opportunities for hundreds of professionals who work for Jewish organizations.

In addition to these priority areas, Federation responds to antisemitism, counters anti-Israel activism, speaks up on behalf of the Jewish people, and works to make sure the broader community is safe and united in rejecting antisemitism.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION

[1] Basis of accounting:

Federation's financial statements are prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[2] Restricted cash:

Restricted cash on the statements of financial position represents cash received with donor-imposed restrictions for Federation programs. The restrictions lapse when cash is expended on Federation programs. There was no restricted cash at June 30, 2023. Restricted cash was \$37,935 at June 30, 2022.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)

[3] Investments:

Federation maintains its investments at the Jewish Community Foundation ("JCF") in investment pools. Federation has elected as a practical expedient to report its investments in these pools at net asset value ("NAV") to determine fair value of the pooled investments which (a) do not have a readily determinable fair value, and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Depending on the underlying assets, NAV is determined by the underlying asset's manager through national exchange prices for securities with a readily determinable value or valuations and estimates. Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to the proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

[4] Pledges receivable:

Pledges receivable represent a donor's promise to give to Federation. Management determines the reserve for uncollectible pledges by specific identification of delinquent accounts, history of collections, past write-offs, and estimated uncollectible balances. Pledges receivable are written off when deemed uncollectible. In accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 950-605-45-5, *Other Presentations Matters - Contributions Received*, a portion of pledges receivable is considered to be without donor restrictions as Federation's donors have specified that their pledges are to be used to support activities of the 2023 and 2022 campaign years or years ended June 30, 2023 or 2022, respectively. Pledges that are expected to be collected in future years are recorded at the net present value of estimated future cash receipts discounted using a risk adjusted rate of return. Conditional pledges are not reported as revenue and support until the conditions are substantially met. Pledges receivable are stated net of a reserve for uncollectible pledges of \$82,302 and \$110,059 as of June 30, 2023 and 2022, respectively. As of June 30, 2023, the long-term pledges are expected to be collected by June 30, 2025. As of June 30, 2022, the long-term pledges were expected to be collected by June 30, 2024.

[5] Beneficial interest in assets held by others:

FASB ASC 958, *Not-for-Profit Entities*, requires a specified beneficiary to recognize its right to the assets held by a recipient entity as an asset unless the recipient entity has variance power. Federation is named as the sole beneficiary of an endowment fund maintained by an independent third party entity and held at JCF. Federation reports this fund as a beneficial interest in assets held by others in the statements of financial position. Annual fair value remeasurements to the beneficial interest are reported as unrealized gains or losses on beneficial interest in assets held by others in the statements of activities (see Note E).

[6] Fixed assets and depreciation:

Federation capitalizes all expenditures in excess of \$1,000 for fixed assets at cost, while donations of fixed assets are recorded at their estimated fair values. Such donations are reported as without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as with donor restrictions. Absent donor stipulations regarding how long these donated assets must be maintained, Federation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Federation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)

[6] Fixed assets and depreciation: (continued)

Fixed assets are depreciated or amortized using the straight-line method over the estimated useful asset lives as follows:

<u>Description</u>	<u>Useful Life</u>
Leasehold improvements	5-15 years or the lease term, whichever is shorter
Computer hardware and software	3-10 years
Office furniture and equipment	3-5 years

Maintenance and repairs are charged to expense as incurred. Upon sale or disposition of land, buildings or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resulting gains or losses are then recorded in the statements of activities.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events during fiscal-years 2023 or 2022 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Deferred revenue:

Deferred revenue represents amounts received by Federation for program services for which the service has not yet been performed. In fiscal year 2022, Federation's deferred revenue represented collected funds for a trip to Israel it organized for the fiscal year 2023. Federation recognized this deferred revenue in fiscal year 2023, the year in which the travel services were provided.

[8] Grants payable:

Federation provides grants to partner agencies to support and strengthen Jewish life locally and globally. All grants are approved by the Board of Directors ("Board"). Grant expenditures are recognized in the period in which the grant is approved and communicated, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and grants payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the net present value of expected future payments discounted using a risk adjusted rate at each grant date for a commensurate period. At June 30, 2023, \$1,233,958 of the grants payable balance is expected to be paid during 2024. Of the \$1,356,885 of grants payable balance at June 30, 2022, \$1,297,883 was paid during 2023.

[9] Compensated absences:

Vested and accumulated vacation is recorded as an expense and liability as benefits accrue to employees. The accrued vacation liability totaled \$117,473 and \$78,214 at June 30, 2023 and 2022, respectively, and is included in accounts payable and accrued expenses in the statements of financial position.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)

[10] Net assets:

Federation 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.

(i) *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 Federation. These net assets may be used at the discretion of Federation's management and the Board.

(ii) *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 Federation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2023 and 2022, Federation had net assets with donor restrictions of \$13,504,797 and \$13,115,004, respectively.

FASB has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds.

The standards also require additional disclosures about endowments (both donor-restricted funds and Board-designated funds) to enable users of financial statements to understand the net asset classification, net composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds (see Note K).

[11] Contributions:

Contributions are recognized when the donor makes a promise to give to Federation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at a risk-adjusted rate. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Investments acquired by gift are recorded at fair value on the date of gift. Federation's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

JEWISH FEDERATION OF SAN DIEGO COUNTY

**Notes to Financial Statements
June 30, 2023 and 2022**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)

[11] Contributions: (continued)

The reserve for uncollectible pledges receivable is recognized on the allowance method based on historical experience and management's evaluation of outstanding pledges receivable. The reserve for uncollectible pledges receivable and recoveries and provisions for uncollectible pledges consisted of the following:

	June 30,	
	2023	2022
Reserve at beginning of year	\$ 110,059	\$ 186,844
Provision for current year receivables	25,531	265,163
Total provision	135,590	452,007
Less: write-offs of receivables against allowance	(53,288)	(341,948)
Reserve at end of year	\$ 82,302	\$ 110,059

Bad debt expense recorded in the statements of activities for the years ended June 30, 2023 and 2022 was \$25,531 and \$265,163, respectively.

[12] Donated services:

Federation utilized the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2023 and 2022 did not meet the requirements above, therefore no amounts were recognized in the financial statements.

[13] Functional expense allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of management. The expenses that are allocated and their method of allocation include the following:

Expense	Method of Allocation
Contributions and grants	Use of expense
Salaries and benefits	Time and effort
Professional fees	Time and effort and use of expense
Facilities and equipment	Time and effort
Other operating costs	Use of expense
Events	Use of expense
Travel and meetings	Use of expense

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)

[14] Revenue recognition:

Program revenue relates to income from planning and overseeing travel to Israel and other miscellaneous operating income. Federation recognizes the revenue at the time when the provision of service occurs. Funds received in advance of the scheduled travel are reflected as deferred revenue in the statements of financial position.

[15] Income taxes:

Federation is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code except for taxes on net unrelated business income. Since Federation has no obligation for unrelated business income tax for the years ended June 30, 2023 and 2022, no provisions for federal or state income taxes have been made.

In accordance with FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, Federation evaluates annually any uncertain tax positions taken or expected to be taken in a tax return by applying a threshold of more likely than not for recognition. Management evaluated its tax positions and determined that it has no uncertain tax positions at June 30, 2023 and 2022. There have been no related tax penalties or interest, which would be classified as tax expense in the statements of activities.

[16] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, support and investment income, expenses and the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

[17] Reclassifications:

Certain items in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements

June 30, 2023 and 2022

NOTE C - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following reflects Federation's financial assets available for general expenditure (which includes scheduled grant payments) as of the statements of financial position date, reduced by amounts not available for general use within one year because of donor-imposed restrictions or internal designations:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 370,725	\$ 142,300
Investments	3,105,830	3,764,921
Pledges receivable, net	1,812,012	1,913,581
Other current assets	203,785	160,298
Beneficial interest in assets held by others	<u>13,336,639</u>	<u>12,936,384</u>
Total financial assets	<u>18,828,991</u>	<u>18,917,484</u>
Less: amounts not available to be used within one year:		
Pledges receivable, net, less current portion	(31,000)	(99,616)
Beneficial interest in assets held by others	(13,336,639)	(12,936,384)
Investments with donor restrictions	(168,158)	(140,685)
Cash with donor restrictions	<u>-</u>	<u>(37,935)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,293,194</u>	<u>\$ 5,702,864</u>

As part of Federation'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. At the Board's discretion, distributions may be made from the Quasi-Endowment to help manage unanticipated liquidity needs, but it is Federation's intent to retain the Quasi-Endowment (see Note K). Federation maintains cash and investments without donor restrictions which account for 17.47% and 19.60% of total assets for the years ended June 30, 2023 and 2022, respectively, to help manage unanticipated liquidity needs. A portion of pledges receivable are subject to implied time restrictions but the majority of these pledges are expected to be collected within one year.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE D - ANALYSIS OF INVESTMENTS

Federation maintains its investments at JCF. The funds held at JCF are invested in investment pools. The Short-Term Pool is a cash equivalent pool that seeks principal preservation by investing in certificates of deposit, securities issued or guaranteed by the U.S. government, and other cash equivalents. The Endowment Pool invests in domestic and international equities, fixed income, real assets, and alternative investments consisting of commodities and hedge funds of funds. The Real Property consists of burial plots donated to Federation.

Investments consist of the following:

	June 30,	
	2023	2022
Endowment Pool	\$ 2,056,165	\$ 1,903,966
Short-Term Pool	882,526	1,755,347
Real Property	167,139	105,608
Total investments	<u>\$ 3,105,830</u>	<u>\$ 3,764,921</u>

Investments by fund consist of the following:

	June 30,	
	2023	2022
Board-restricted Foundations Fund	\$ 2,056,165	\$ 1,903,966
Indigent Burial Fund	168,158	140,685
Jeser Award Fund	146,348	140,423
Operating Fund	725,159	1,579,847
New Life Club Fund	10,000	-
Total investments	<u>\$ 3,105,830</u>	<u>\$ 3,764,921</u>

NOTE E - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2017, the Board created a separate legal entity named The Endowment for Federation ("Endowment"), which is managed by a completely independent Board. The Endowment does not meet the requirements of consolidation under U.S. GAAP, rather upon transfer of funds, Federation recorded a beneficial interest in assets held by others ("Beneficial Interest") for their interest in this entity. Federation transferred funds in the amount of \$204,640 and \$207,552 during the years ended June 30, 2023 and 2022, respectively, recorded as grant expense in the statements of activities. Federation received distributions from the Beneficial Interest totaling \$751,838 and \$697,253 for the years ended June 30, 2023 and 2022, respectively.

In accordance with U.S. GAAP, Federation remeasures the fair value of the Beneficial Interest annually and records the change in fair value within total revenue and support in the statements of activities. Unrealized gain (loss) on the change in fair value of the Beneficial Interest was \$1,152,093 and \$(1,348,142), resulting in ending values of \$13,336,639 and \$12,936,384 at June 30, 2023 and 2022, respectively.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE F - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The provisions of FASB ASC 820 establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that observable inputs be used when available.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.
- Level 3: Unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Federation's statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- As a practical expedient to measuring fair value, Federation has elected to value investments held at JCF in investment pools at NAV per share. NAV is the amount of net assets attributable to each share of a pool of investments at the end of the period. In consideration of the fair value hierarchy, investments valued at NAV are no longer required to be classified within the hierarchy.
- Beneficial interest in assets held by others is valued at the fair value of the underlying assets and classified within Level 3 as there is no active or inactive market for this type of asset.

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summary of Federation's assets measured at fair value within the fair value hierarchy as of June 30, 2023:

Assets at Fair Value as of June 30, 2023

<u>Description</u>	<u>Unadjusted Quoted Prices (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>	<u>Balance as of June 30, 2023</u>
Beneficial interest in assets held by others	\$ -	\$ -	\$ 13,336,639	\$ 13,336,639
Investments at NAV:				
Endowment Pool:				
Board-restricted foundations fund	-	-	-	2,056,165
Total Endowment Pool	-	-	-	2,056,165
Short-Term Pool:				
Operating fund	-	-	-	725,159
Jeser Award Fund	-	-	-	146,348
Indigent Burial Fund	-	-	-	1,019
New Life Club Fund	-	-	-	10,000
Total Short-Term Pool	-	-	-	882,526
Real estate:				
Indigent Burial Fund	-	-	-	167,139
Total real estate	-	-	-	167,139
Total investments at NAV	-	-	-	3,105,830
Total	\$ -	\$ -	\$ 13,336,639	\$ 16,442,469

The following summarizes changes in fair values of Federation's Level 3 assets during the year ended June 30, 2023:

<u>Description</u>	<u>Beneficial Interest in Assets Held by Others</u>
Beginning balance, July 1, 2022	\$ 12,936,384
Unrealized gain	1,152,093
Distributions	(751,838)
Ending balance, June 30, 2023	\$ 13,336,639

JEWISH FEDERATION OF SAN DIEGO COUNTY

**Notes to Financial Statements
June 30, 2023 and 2022**

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summary of Federation's assets measured at fair value within the fair value hierarchy as of June 30, 2022:

Assets at Fair Value as of June 30, 2022

<u>Description</u>	<u>Unadjusted Quoted Prices (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>	<u>Balance as of June 30, 2022</u>
Beneficial interest in assets held by others	\$ -	\$ -	\$ 12,936,384	\$ 12,936,384
Investments at NAV:				
Endowment Pool:				
Board-restricted foundations fund	-	-	-	1,903,966
Total Endowment Pool	-	-	-	1,903,966
Short-Term Pool:				
Operating fund	-	-	-	1,579,847
Jeser Award	-	-	-	140,423
Indigent Burial Fund	-	-	-	35,077
Total Short-Term Pool	-	-	-	1,755,347
Real estate:				
Indigent Burial Fund	-	-	-	105,608
Total real estate	-	-	-	105,608
Total investments at NAV	-	-	-	3,764,921
Total	\$ -	\$ -	\$ 12,936,384	\$ 16,701,305

The following summarizes changes in fair values of Federation's Level 3 assets during the year ended June 30, 2022:

<u>Description</u>	<u>Beneficial Interest in Assets Held by Others</u>
Beginning balance, July 1, 2021	\$ 14,981,779
Unrealized loss	(1,348,142)
Distributions	(697,253)
Ending balance, June 30, 2022	<u>\$ 12,936,384</u>

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables list investments as of June, 2023 and 2022, measured at NAV:

<u>Fund Name</u>	<u>Fair Value 2023</u>	<u>Strategy</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Jewish Community Foundation of San Diego	\$ 3,105,830	Diversified Private Equities	N/A - Full Commitment	Unrestricted	N/A

<u>Fund Name</u>	<u>Fair Value 2022</u>	<u>Strategy</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Jewish Community Foundation of San Diego	\$ 3,764,921	Diversified Private Equities	N/A - Full Commitment	Unrestricted	N/A

The following table presents information on the valuation techniques and nature of significant unobservable inputs used to determine the value of Level 3 assets:

	<u>Valuation Techniques</u>	<u>Fair Value at</u>		<u>Unobservable Inputs</u>	<u>Range of Inputs</u>
		<u>June 30, 2023</u>	<u>June 30, 2022</u>		
Beneficial interest in assets held by others	Market Approach	\$ 13,336,639	\$ 12,936,384	Expected recovery	N/A

NOTE G - PLEDGES RECEIVABLE, NET

Pledges receivable, net of allowance for doubtful accounts, consist of the following:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Pledges receivable	\$ 1,894,314	\$ 2,023,640
Less: Reserve for uncollectible pledges	<u>(82,302)</u>	<u>(110,059)</u>
Pledges receivable, net	<u>\$ 1,812,012</u>	<u>\$ 1,913,581</u>

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE H - FIXED ASSETS, NET

Fixed assets, net of accumulated depreciation and amortization, consist of the following at June 30:

	June 30,	
	2023	2022
Leasehold improvements	\$ 359,618	\$ 359,618
Computer hardware and software	288,469	288,469
Office furniture and equipment	158,456	158,456
Subtotal	806,543	806,543
Less: accumulated depreciation and amortization	(776,487)	(752,610)
Total fixed assets, net	\$ 30,056	\$ 53,933

Depreciation and amortization expense was \$23,877 and \$30,092 for the years ended June 30, 2023 and 2022, respectively.

NOTE I - GRANTS PAYABLE

Federation raises funds to be granted to local initiatives, U.S., Israel and overseas.

Federation raised funds as part of the 2014 Israel Emergency Relief Campaign and the remaining balance of the funds raised is shown as grants payable in the amount of \$59,002 and \$150,000 as of June 30, 2023 and 2022, respectively. Federation intends to make distributions from these funds to support the construction of the Sha'ar HaNegev Sport and Cultural Center.

The balance of grants payable at June 30, 2023 is expected to be paid in the year ending June 30, 2024 and therefore, all reported in current liabilities.

NOTE J - NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2023	2022
Board-restricted - Quasi-Endowment	\$ 2,056,165	\$ 1,903,966
Undesignated	1,169,278	1,507,986
Total net assets without donor restrictions	\$ 3,225,443	\$ 3,411,952

JEWISH FEDERATION OF SAN DIEGO COUNTY

**Notes to Financial Statements
June 30, 2023 and 2022**

NOTE J - NET ASSETS (CONTINUED)

Net assets with donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Beneficial interest in assets held by others	\$ 13,336,639	\$ 12,936,384
Burial Fund	168,158	140,685
Pledges receivable in greater than one year	31,000	-
Cash restricted for Federation programs	-	37,935
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 13,535,797</u>	<u>\$ 13,115,004</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Beneficial interest in assets held by others	\$ 751,838	\$ 697,253
Burial Fund	2,500	14,443
Cash restricted for Federation programs	186,930	125,259
	<u> </u>	<u> </u>
Total net assets released from donor restrictions	<u>\$ 941,268</u>	<u>\$ 836,955</u>

NOTE K - ENDOWMENT NET ASSETS

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Federation's endowment consists of a Board-designated fund.

In 1998, Federation's Board voted to earmark a portion of net assets without donor restrictions as a Board-restricted - Quasi-Endowment. The earmarked funds are to be invested with earnings available for unrestricted use by Federation.

The Board can elect to end its restriction on these assets and remove the assets from the Quasi-Endowment at any time it chooses. The Board performs an annual analysis of its designated assets in comparison to the assets available for designation to determine if restrictions should be amended.

Federation has interpreted the enacted version of the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Federation classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts donated to the perpetual endowment, and (3) accumulated earnings on the perpetual endowment are classified as with donor restrictions until appropriated by the Board, subject to the applicable donor's gift instrument.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE K - ENDOWMENT NET ASSETS (CONTINUED)

In accordance with UPMIFA, Federation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund,
2. The purpose of Federation and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of Federation, and
7. The investment policies of Federation.

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with endowment funds may decline below the historical dollar value of the original contribution, or the amount required to be maintained under state law, referred to as underwater endowment. Under the terms UPMIFA, Federation has no responsibility to restore such decreases in value. There were no such deficiencies in either fiscal-year 2023 or 2022.

Federation has adopted investment and spending policies for endowment funds that:

1. Protect the invested asset,
2. Preserve spending capacity of the fund income,
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level, and
4. Comply with applicable laws.

Federation's endowment funds are invested at JCF in the Endowment Pool which is structured for long-term total return.

Federation has a policy of appropriating for distribution each year an amount up to 7% of the fair value of the twelve-quarter rolling average of the assets associated with the endowment as of the quarter prior to the year end. In establishing this policy, Federation considered the long-term expected return on its endowment. Over the long-term, Federation expects the current spending policy to allow the endowment to meet the needs of Federation. This is consistent with Federation's objectives to balance purchasing power of the endowment assets held in perpetuity, provide additional growth through new gifts and investments returns, as well as provide a funding source for investment in Federation programs and services.

In 2023 and 2022, the Board released \$0 and \$290,000, respectively, from the Board-restricted Quasi-Endowment to operations.

Endowment composition by type of fund:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Board restricted - Quasi-Endowment	<u>\$ 2,056,165</u>	<u>\$ 1,903,966</u>
Total endowment net assets	<u>\$ 2,056,165</u>	<u>\$ 1,903,966</u>

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE K - ENDOWMENT NET ASSETS (CONTINUED)

Changes in endowment net assets are as follows:

	<u>Without Donor Restrictions</u>
Endowment net assets at June 30, 2021	\$ 2,431,977
Investment return:	
Interest and dividends	31,680
Net realized and unrealized losses	(267,048)
Investment expenses	<u>(2,643)</u>
Total net investment loss	<u>(238,011)</u>
Transfers:	
Board-designated transfers	(290,000)
Appropriation of endowment net assets	<u>-</u>
Endowment net assets at June 30, 2022	\$ 1,903,966
Investment return:	
Interest and dividends	38,769
Net realized and unrealized gains	118,353
Investment expenses	<u>(4,923)</u>
Total net investment income	<u>152,199</u>
Transfers:	
Board-designated transfers	-
Appropriation of endowment net assets	<u>-</u>
Endowment net assets at June 30, 2023	<u>\$ 2,056,165</u>

NOTE L - RETIREMENT PLAN

Federation provides a 403(b) Thrift Plan (the "Plan"), which is administered by Mutual of America. The Plan covers substantially all of Federation's full-time employees. Federation made contributions to the Plan for eligible employees equal to the lesser of 50% of the participant's contributions during the Plan year or 2.5% of the participants' eligible compensation. Federation's contributions to the Plan totaled \$32,291 and \$38,649 for the years ended June 30, 2023 and 2022, respectively. Federation incurred no administrative expenses on this Plan in 2023 and 2022.

JEWISH FEDERATION OF SAN DIEGO COUNTY

Notes to Financial Statements June 30, 2023 and 2022

NOTE M - ANALYSIS OF OPERATING LEASE

Federation leases its office facilities from UJF Holdings Corp. ("UJF"), a related party, and is in the tenth year of a ten-year lease with options for four additional five-year terms. Federation paid rent to UJF totaling \$131,996 and \$126,996 for the years ended June 30, 2023 and 2022, respectively, utilizing a co-operative cost sharing model for all building tenants (see Note O). Federation did not elect to enter into any additional five-year terms, and instead will enter into a new one-year lease annually.

NOTE N - CONCENTRATIONS OF CREDIT AND MARKET RISK

Federation maintains its cash balance at one financial institution which is secured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2023, Federation had cash in excess of FDIC coverage of \$44,509 and therefore not insured. All cash held by Federation at June 30, 2022 was fully insured by the FDIC. Federation has not historically experienced any losses in this account.

Federation invests in various types of investment pools which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment pools, it is at least reasonably possible that changes in the values of the investment pools will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

NOTE O - RELATED PARTY TRANSACTIONS

Two officers of Federation serve as officers of UJF. Federation provides support services to UJF and pays UJF for rent. Federation charged UJF support services fees of \$89,004 and \$83,004 for the years ended June 30, 2023 and 2022, respectively. Additionally, Federation paid rent to UJF in the amount of \$126,996 for each of the years ended June 30, 2023 and 2022, respectively.

NOTE P - SUBSEQUENT EVENTS

Federation has evaluated subsequent events through March 28, 2024, the date these financial statements were available to be issued.