

**LAWRENCE FAMILY JEWISH
COMMUNITY CENTERS OF
SAN DIEGO COUNTY**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

TABLE OF CONTENTS

Independent Auditors' Report	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 28
Supplementary Information:	
Supplementary Consolidating Schedule of Activities	29
Supplementary Schedule of Functional Expenses - LFJCC	30
Supplementary Schedule of Functional Expenses – CJC	31

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lawrence Family Jewish Community Centers of San Diego County
La Jolla, California

We have audited the accompanying consolidated financial statements of Lawrence Family Jewish Community Centers of San Diego County ("LFJCC") and the Center for Jewish Culture ("CJC"), (collectively the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021, 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.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its consolidated net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Supplemental Information

Our audit as of and for the year ended June 30, 2021, was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating schedule of activities and schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November, 20, 2020. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Haskell & White LLP

HASKELL & WHITE LLP

San Diego, California
October 28, 2021

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Consolidated Statements of Financial Position
As of June 30, 2021
(With Comparative Totals As Of June 30, 2020)**

	ASSETS	
	2021	2020
Current assets:		
Cash	\$ 4,065,538	\$ 3,129,240
Investments	291,227	301,414
Accounts receivable, net	11,481	14,197
Contributions receivable, net	5,846,063	468,414
Prepaid expenses and other current assets	63,413	212,311
Total current assets	10,277,722	4,125,576
Noncurrent Assets:		
Contributions receivable, net	1,619,982	1,179,534
Investments	7,208,357	5,930,491
Property and equipment, net	4,621,847	5,564,694
Total noncurrent assets	13,450,186	12,674,719
Total assets	\$ 23,727,908	\$ 16,800,295
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 211,105	\$ 427,928
Accrued payroll liabilities	626,102	670,936
Deferred revenue	1,722,130	1,030,349
Total current liabilities	2,559,337	2,129,213
Noncurrent Liabilities:		
Notes payable	1,593,136	1,684,500
Total liabilities	4,152,473	3,813,713
Commitments (Notes 6, 7 and 8)		
Net Assets:		
Without donor restrictions	10,589,134	6,897,909
With donor restrictions	8,986,301	6,088,673
Total net assets	19,575,435	12,986,582
Total liabilities and net assets	\$ 23,727,908	\$ 16,800,295

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Consolidated Statements of Activities
For the Year Ended June 30, 2021
(With Comparative Totals For The Year Ended June 30, 2020)**

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenue and Support:				
Program fees	\$ 4,255,544	\$ -	\$ 4,255,544	\$ 5,477,604
Contributions and grants	7,248,698	2,763,442	10,012,140	7,043,655
Membership fees	721,579	-	721,579	952,253
Rental income	79,099	-	79,099	359,178
Unrealized investment income	266,359	1,162,421	1,428,780	14,900
Realized investment income	30,606	118,392	148,998	186,437
Miscellaneous income	232,760	-	232,760	311,942
Net assets released from restriction	1,146,627	(1,146,627)	-	-
	<u>13,981,272</u>	<u>2,897,628</u>	<u>16,878,900</u>	<u>14,345,969</u>
Total revenue and support				
Expenses:				
Program Services	<u>9,165,317</u>	<u>-</u>	<u>9,165,317</u>	<u>11,115,698</u>
Supporting Services:				
General and administrative	2,355,583	-	2,355,583	2,608,046
Fundraising	<u>305,944</u>	<u>-</u>	<u>305,944</u>	<u>388,935</u>
	<u>2,661,527</u>	<u>-</u>	<u>2,661,527</u>	<u>2,996,981</u>
Total supporting services				
Total expenses	<u>11,826,844</u>	<u>-</u>	<u>11,826,844</u>	<u>14,112,679</u>
Other income:				
Gain on debt extinguishment	<u>1,536,797</u>	<u>-</u>	<u>1,536,797</u>	<u>-</u>
Change in net assets	3,691,225	2,897,628	6,588,853	233,290
Net assets at beginning of year	<u>6,897,909</u>	<u>6,088,673</u>	<u>12,986,582</u>	<u>12,753,292</u>
Net assets at end of year	<u>\$ 10,589,134</u>	<u>\$ 8,986,301</u>	<u>\$ 19,575,435</u>	<u>\$ 12,986,582</u>

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Consolidated Statement of Functional Expenses (continued on next page)
For The Year Ended June 30, 2021
(With Comparative Totals For The Year Ended June 30, 2020)**

	Program Services					
	Early Childhood Education	Youth Department (Camp)	Qualcomm Sports, Fitness & Aquatics	San Diego Center for Jewish Culture	Other Program Services	Total Program Services
Salaries	\$ 1,136,995	\$ 1,019,733	608,993	\$ 725,953	1,328,536	\$ 4,820,210
Depreciaton	-	-	-	-	1,155,187	1,155,187
Payroll taxes and employee benefits	215,425	161,870	113,675	153,157	226,163	870,290
Contract labor	31,280	46,250	30,500	75,775	582,926	766,731
Utilities	-	79	-	-	479,143	479,222
Administration	45,527	74,383	10,086	51,775	64,431	246,202
Program supplies	30,974	63,807	27,985	55,551	176,719	355,036
Insurance	-	-	-	-	-	-
Printing and publicity	8,473	20,729	2,604	32,325	84,555	148,686
Maintenance supplies	7,446	1,060	91,700	111	48,506	148,823
Telephone	2,160	897	42	440	85,922	89,461
Maintenance service	-	-	-	-	124,679	124,679
Dues	-	4,661	1,459	1,955	739	8,814
Repairs, maintenance and replacements	3,105	5,535	10,864	1,652	39,559	60,715
Food and beverage	19,874	29,392	-	146	6,125	55,537
Bad debt	-	-	-	-	5,041	5,041
Rent expense	-	10,278	-	12,004	-	22,282
Office supplies	1,305	359	1,343	73	14,814	17,894
Postage	74	3,121	783	11,162	3,661	18,801
Staff training	-	5,184	2,660	161	6,871	14,876
Transportation and travel	-	3,083	-	567	1,922	5,572
Admissions	-	2,090	-	-	(532)	1,558
Grants/Awards	-	-	-	700	-	700
Conference	-	-	-	-	-	-
Management services	-	-	-	(281,102)	30,102	(251,000)
Total expenses	<u>\$ 1,502,638</u>	<u>\$ 1,452,511</u>	<u>\$ 902,694</u>	<u>\$ 842,405</u>	<u>\$ 4,465,069</u>	<u>\$ 9,165,317</u>

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Consolidated Statement of Functional Expenses (continued)
For The Year Ended June 30, 2021
(With Comparative Totals For The Year Ended June 30, 2020)**

	<u>Supporting Services</u>			2021 Total Expenses	2020 Total Expenses
	General and Administrative	Fundraising	Total Supporting Services		
Salaries	1,238,688	171,564	\$ 1,410,252	\$ 6,230,462	\$ 7,192,866
Depreciaton	-	-	-	1,155,187	1,182,910
Payroll taxes and employee benefits	158,706	59,740	218,446	1,088,736	1,104,681
Contract labor	36,231	3,000	39,231	805,962	1,030,071
Utilities	-	-	-	479,222	502,934
Administration	196,152	22,993	219,145	465,347	473,312
Program supplies	34,223	21	34,244	389,280	529,503
Insurance	233,225	-	233,225	233,225	185,047
Printing and publicity	54,146	16,827	70,973	219,659	359,979
Maintenance supplies	567	-	567	149,390	225,916
Telephone	55,289	-	55,289	144,750	110,954
Maintenance service	3,660	-	3,660	128,339	159,110
Dues	64,871	334	65,205	74,019	109,725
Repairs, maintenance and replacements	675	1,172	1,847	62,562	159,383
Food and beverage	2,311	62	2,373	57,910	198,906
Bad debt	-	29,635	29,635	34,676	17,289
Rent expense	8,211	-	8,211	30,493	69,153
Office supplies	7,391	343	7,734	25,628	25,377
Postage	3,383	164	3,547	22,348	41,820
Staff training	4,912	55	4,967	19,843	33,479
Transportation and travel	609	19	628	6,200	193,593
Admissions	-	15	15	1,573	201,273
Grants/Awards	583	-	583	1,283	1,150
Conference	750	-	750	750	4,248
Management services	251,000	-	251,000	-	-
Total expenses	<u>\$ 2,355,583</u>	<u>\$ 305,944</u>	<u>\$ 2,661,527</u>	<u>\$ 11,826,844</u>	<u>\$ 14,112,679</u>

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Consolidated Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 6,588,853	\$ 233,290
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,155,187	1,182,910
Gain on debt extinguishment	(1,536,797)	-
Discount on long term portion of contribution receivable	24,558	65,766
Provision for bad debt	34,676	(48,477)
Unrealized gains on investments	(1,428,780)	(14,900)
Realized gains on investments	(148,998)	(186,437)
Increase (decrease) in cash from changes in:		
Accounts receivable	(12,693)	18,972
Contributions receivable	(5,861,922)	(603,231)
Prepaid expenses	148,898	524,800
Accounts payable and accrued expenses	(216,823)	26,081
Accrued payroll liabilities	(44,834)	(5,761)
Deferred revenue	691,781	(1,306,498)
Net cash used in operating activities	(606,894)	(113,485)
Cash flows from investing activities:		
Investment sales, net	310,099	318,734
Payments on notes payable	(367)	-
Purchases of property and equipment	(212,340)	(229,250)
Net cash provided by investing activities	97,392	89,484
Cash flows from financing activities:		
Proceeds from note payable	1,445,800	1,684,500
Net increase in cash	936,298	1,660,499
Cash at beginning of year	3,129,240	1,468,741
Cash at end of year	\$ 4,065,538	\$ 3,129,240
Supplemental disclosures:		
Cash paid for interest	\$ -	\$ -

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies

Organization

The consolidated financial statements of the Organization include the following entities:

Lawrence Family Jewish Community Centers of San Diego County

Lawrence Family Jewish Community Centers of San Diego County (“LFJCC”) is a California 501(c)(3) Not-For-Profit organization that was incorporated in November 1945. The mission of LFJCC is to connect the community to Jewish heritage, identity, experiences and values to ensure the continuity and vibrancy of the Jewish community. This mission is accomplished by promoting the physical and mental well-being of the community and offering a rich array of stimulating and innovative social, cultural, educational, and recreational programs and services. LFJCC is committed to providing a welcoming and inclusive environment for San Diego’s diverse Jewish community and the greater general community.

San Diego Center for Jewish Culture

San Diego Center for Jewish Culture (“CJC”) is a California 501(c)(3) Not-For-Profit organization that was incorporated in January 1999. CJC is housed at LFJCC. CJC provides a wide array of multi-disciplined offerings, and is the largest local institution solely dedicated to exploring the Jewish experience through the arts. CJC’s mission is to expand and enrich cultural life in San Diego by presenting the finest in Jewish artistic expressions, encouraging the preservation of Jewish culture and heritage and nurturing new creativity in the arts.

COVID-19 Uncertainties

In March 2020, the World Health Organization declared the outbreak caused by the novel strain of coronavirus (“COVID-19”) to be a global pandemic. COVID-19 has caused significant disruption to individuals, governments, businesses, financial markets and the Company’s operations. The extent to which the COVID-19 pandemic continues to impact the Organization’s operational and financial performance will depend on certain developments, including the duration and severity of the outbreak.

Through and subsequent to June 30, 2021, the Organization has been significantly impacted by the global pandemic. In particular, participation and enrollment in the Organization’s programs has decreased significantly from pre-pandemic levels. Therefore, program revenues and related expenses declined during the year ended June 30, 2021. The Organization launched certain virtual education programs to maintain enrollment in its Youth and Teen Programs as much as possible. Furthermore, the Organization has seen enrollment in its

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

COVID-19 Uncertainties (continued)

various programs steadily increase from their pandemic lows. However, the timing regarding the Organization's ability to increase enrollment in its programs to pre-pandemic levels cannot be reasonably predicted at this time.

Programs

LFJCC operates the following programs:

Early Childhood Education

Lawrence Family Jewish Community Center Early Childhood Education program is designed to develop the social, emotional, physical, and intellectual well-being of each child through a developmental milestone curriculum. The focus is on creating a safe and nurturing environment which offers opportunities for exploration and discovery. The program has been structured to develop curiosity, imagination, self-esteem, caring for others, and the ability to play both cooperatively and independently. The program is committed to expanding community access to recreational and social programs for children with disabilities.

Youth Department

The Youth Department at The LFJCC provides a nurturing and safe environment, a caring and professional staff, and enriching and quality programs for youth K-6. The department offers a wide variety of programs to ensure that the perfect activity is available to meet the child's interests and parent's schedule. Programs consist of:

- J-Team After School Enrichment Program
- Summer and year round camps
- Youth Activities
- Enrichment Classes
- Sports programs

Qualcomm Sports, Fitness & Aquatics Complex

The facility consists of the following activity centers:

- Jacobs Fitness Center is a 3,000 square foot facility with state-of-the-art cardiovascular equipment. In addition, The Jacobs Fitness Center includes certified personal trainers, massage therapy, full range of fitness classes, aerobic and dance studios, wellness and meditation center, sauna and steam room.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Programs (continued)

Qualcomm Sports, Fitness & Aquatics Complex (continued)

- Albert A. Huntler Tennis Center consists of four lighted, hard surface courts. In addition, there is a resident teaching pro, adult and junior group clinics, individual lessons, tournaments and socials and summer camps.
- Friedenbergl Olympic Pool is an outdoor heated pool. In addition, there is a Jacuzzi, wading pool for children, masters swim program and youth swim team and swim lessons.
- Jacobs Family Gymnasium consists of two NBA regulation basketball courts.
- Mandell Weiss Eastgate Park is a professionally lit multi-purpose field with an outdoor play area and a picnic and barbecue area. The field is used for softball leagues, soccer and flag-football leagues and general recreation.

Teen Department

The LFJCC Teen Department hosts a variety of enriching events and leadership opportunities while bringing together teens of diverse backgrounds from all over San Diego. The programming establishes a strong Jewish community for teens and focuses on programs that develop emotionally well-rounded leaders of the future.

Senior Adult Department

The Senior Adult Department at the LFJCC promotes Jewish cultural heritage and values by providing social, educational, and recreational programs. Through these programs participants strengthen their connections to their community and keep alive history and traditions. The Senior Adult Department encourages participants to learn, grow and enrich their lives among others who share their values.

San Diego Center for Jewish Culture

The Center for Jewish Culture offers a wide variety of multi-disciplinary artistic programs that explore cultural identities and perspectives, promote cross cultural understanding and highlight human themes of family, tolerance, compassion and hope. These programs, include the San Diego Jewish Film Festival, Arts and Ideas, J-Learn, Gotthelf Art Gallery and the J*Company Youth Theatre, fostering and highlighting ideas of Jewish culture and cultural appreciation and respect.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Programs (continued)

San Diego Center for Jewish Culture (continued)

Approximately 40,000 tickets are sold or provided annually to residents, visitors, and students for San Diego Center for Jewish Culture events hosted at the J and in the broader San Diego Community. CJC facilities feature the 500-seat David & Dorothea Garfield Theatre, Samuel & Rebecca Astor Judaica library, the Gotthelf Art Gallery, and a community Holocaust Memorial Garden and other uses of the building and campus to promote Arts and Ideas to the Jewish and broader San Diego Community.

J*Company Youth Theatre is a leading youth theatre program in San Diego, garnering local and national attention with its award winning productions. The program provides a foundation for young artists to train and develop their creative potential, giving them the opportunity to express themselves through the dramatic arts.

Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include the accounts of the LFJCC and CJC. All material intercompany balances and transactions have been eliminated in consolidation.

Method of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Asset Classification

The financial statements present net assets and changes in net assets in two classes of net assets that are based upon the existence or nonexistence of donor-imposed restrictions. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support the Organizations’ operations. The only limits on the use of these net assets, if any, are broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of operations.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Net Asset Classification (continued)

If a donor restriction expires within the same period in which the support is recognized, such support is reported as an increase in net assets without donor restrictions. All other donor-restricted support, as discussed below, is reported as an increase in net assets with donor restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for a specified purpose or for use in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature and the Organization must continue to use these resources in accordance with the donor’s stipulations.

Net Assets With Donor Restrictions (continued) - The Organization’s unspent contributions are included in this class if the donor has limited their use. When a donor’s restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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. Actual results could differ from those estimates.

Risks and Uncertainties

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

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described below:

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

- Most investments at Jewish Community Foundation are considered Level 1 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, while some of these funds are considered Level 2 assets which are valued by the fund manager and are not traded in an active market.
- The Organization utilizes a practical expedient for the estimation of the fair value of investments in limited partnerships and similar interests, with no readily determinable fair value. The practical expedient used by the Organization to value private investments is the net asset value ("NAV") per share, or its equivalent, provided by the related investment fund manager. The ultimate liquidation of alternative investments are restricted to certain time periods and is generally limited to be sold to the fund manager or distributions from the fund. Due to the inherent uncertainty of valuation of nonmarketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a readily available market for the securities existed and the differences could be material.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Allowance for Doubtful Accounts Receivable

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts as of June 30, 2021 and 2020 was \$17,761 and \$2,352, respectively.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 depending on the nature of the 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 an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Uncollectible contributions receivable are recognized on the allowance method based on historical experience and management's evaluation of outstanding contributions receivable. The allowance for doubtful contributions receivable as of June 30, 2021 and 2020, was \$91,777 and \$70,158, respectively.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support 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 property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

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**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Capitalization and Depreciation (continued)

Land improvements	15 years
Buildings and improvements	5 - 25 years
Equipment and furnishings	5 - 10 years
Computer equipment	3 - 5 years
Vehicles	5 years

Depreciation totaled \$1,155,187 and \$1,182,910 for the years ended June 30, 2021 and 2020, respectively.

The Organization's policy is to periodically review the estimated useful lives of its property and equipment. During the year ended June 30, 2021, there were no changes to the useful lives of assets and no effects to operations as a result.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property 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 resultant gain or loss is then recorded as other income or expense.

Impairment of Long Lived Assets

The Organization reviews its investment in long lived assets for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the long lived assets to the future undiscounted net cash flows expected to be generated by the assets and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the long-lived assets exceeds the fair value of such assets. There were no impairment losses recognized in 2021 and 2020.

Compensated Absences

Vested and accumulated vacation is recorded as an expense and liability as benefits accrue to employees. The accrued vacation liability totaled \$223,332 and \$248,927 at June 30, 2021 and 2020, respectively, and is included in accrued payroll liabilities.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The underlying principle of the new guidance is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what the entity expects to receive in exchange for the goods or services. The ASU also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization adopted the new standard effective July 1, 2020, the first day of the Organization’s most recent fiscal year, using the modified retrospective approach. The adoption of this ASU did not have a significant impact on the Organization’s consolidated financial statements. Based on the Organization’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Revenue and Expense Recognition

The Organization recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers. ASC 606 applies to exchange transactions and requires the Organization to follow a five step process: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfies a performance obligation.

Revenue from memberships is recognized ratably over the membership period as performance obligations are satisfied over time. Membership benefits are typically provided evenly over the term of the membership. Membership fees received in advance are deferred until earned. Membership fee revenues totaled \$721,579 and \$952,253 for the years ended June 30, 2021 and 2020, respectively. Deferred membership revenue totaled \$55,711 and \$55,957 at June 30, 2021 and 2020, respectively.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Revenue and Expense Recognition (continued)

Program fees and expenses are recognized in the period services are provided and primarily consist of preschool and camp fees and related expenses. This revenue is recognized over time, as the programs occur. Program fees received but not earned as of year-end are recorded as deferred revenue. Total program fee revenues totaled \$4,255,544 and \$5,477,604 for the years ended June 30, 2021 and 2020, respectively. Deferred program revenue totaled \$1,666,419 and \$974,392 at June 30, 2021 and 2020, respectively.

Donated Services

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated 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, 2021 and 2020 did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

Allocated Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The most significant expenses that are allocated include salaries, payroll taxes and employee benefits, and contract labor. These expenses are allocated on the basis of estimates of time and effort.

Income Taxes

The LFJCC and CJC are public charities and are 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. The LFJCC and CJC believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. The LFJCC and CJC are not private foundations.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash

Substantially all cash is held in demand deposit accounts with one bank which typically exceeds federally insured limits. No losses have been experienced related to such amounts. The Organization believes it is not exposed to any significant concentrations of credit risk on cash.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. Management is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact ASU 2020-07 will have on the consolidated financial statements and related disclosures.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

2. Contributions Receivable

Contributions receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Receivables due in less than one year	\$ 5,937,840	\$ 538,572
Less: Allowance for uncollectible contributions	<u>(91,777)</u>	<u>(70,158)</u>
Receivables due in less than one year, net	<u>5,846,063</u>	<u>468,414</u>
Receivables due in one to four years	1,710,306	1,245,300
Imputed discount	<u>(90,324)</u>	<u>(65,766)</u>
Receivables due in more than one year, net	<u>1,619,982</u>	<u>1,179,534</u>
Contributions receivable, net	<u><u>\$ 7,466,045</u></u>	<u><u>\$ 1,647,948</u></u>

Contributions receivable consist of the following categories as of June 30:

	<u>2021</u>	<u>2020</u>
75th Comprehensive Campaign	\$ 6,958,702	\$ 1,302,697
Jewish Living	400,000	-
Locker Room Campaign	31,000	103,000
CJC Contributions	103,157	147,125
JCC Program Contributions	63,510	95,632
Patron Party Scholarship Appeal	<u>-</u>	<u>65,260</u>
	7,556,369	1,713,714
Imputed discount	<u>(90,324)</u>	<u>(65,766)</u>
	<u><u>\$ 7,466,045</u></u>	<u><u>\$ 1,647,948</u></u>

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

3. Investments

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30:

	2021				
	Quoted in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Inputs	Balance as of June 30, 2021
Investments at Jewish Community Foundation	\$ 7,247,059	\$ 23,481	\$ -	\$ 229,044	\$ 7,499,584
	<u>\$ 7,247,059</u>	<u>\$ 23,481</u>	<u>\$ -</u>	<u>\$ 229,044</u>	<u>\$ 7,499,584</u>
	2020				
	Quoted in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Inputs	Balance as of June 30, 2020
Investments at Jewish Community Foundation	\$ 5,867,059	\$ 26,421	\$ -	\$ 338,425	\$ 6,231,905
	<u>\$ 5,867,059</u>	<u>\$ 26,421</u>	<u>\$ -</u>	<u>\$ 338,425</u>	<u>\$ 6,231,905</u>

The LFJCC maintains its investments at Jewish Community Foundation. These funds are classified as net assets with donor restrictions if the investments must be maintained in perpetuity. The funds held at Jewish Community Foundation are invested in investment pools or are held as cash until invested in an investment pool. 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.

As of June 30, 2021:

- The Long Term Pool invests 74.4% in domestic and international equities and 25.6% in fixed income.
- The Long Term Index Pool invests 74.9% in domestic and international equities and 25.1% in fixed income.
- The Endowment Pool invests 59.5% in domestic and international equities, 16.1% in private equity, 11.9% in fixed income, and 12.5% in hedge funds.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

3. Investments (continued)

Investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Investments - current		
Short-term pool	\$ 291,227	\$ 301,414
Investments - noncurrent		
Long-term pool	2,908,771	2,438,506
Long-term index pool	3,064,716	2,494,578
Endowment pool	1,234,870	997,407
Total-long term pool	<u>7,208,357</u>	<u>5,930,491</u>
Total investments	<u>\$ 7,499,584</u>	<u>\$ 6,231,905</u>

The LFJCC investments consist of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The LFJCC has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act (“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, the LFJCC classifies as net assets with donor restriction (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, LFJCC 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 purposes of LFJCC 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 LFJCC
7. The investment policies of LFJCC

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

3. Investments (continued)

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires LFJCC to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

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

1. Protect the invested assets
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
4. Comply with applicable laws

LFJCC endowment funds are invested at Jewish Community Foundation in a portfolio of equity and debt securities, which is structured for long-term total return.

ASC Topic 820 permits the estimation of the fair value of an investment using net asset value per share (or its equivalent) for certain investments that do not have readily determinable fair values. The inputs to value these investments may partnership interests in various alternative investments, including hedge funds and private equity. The various partnerships are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information from third-party sources, including independent appraisals. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuation that may be used as an input to value these investments.

As disclosed in Note 1, these investments are measured at fair value using NAV (or its equivalent) as a practical expedient and are not included in the fair value hierarchy.

LFJCC' s spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of LFJCC and is based on a three year average of the investment balances at a 5% payout rate.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

3. Investments (continued)

LFJCC investments composition by type of fund as of June 30:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 5,855,901	\$ 5,855,901
Board-Designated Funds:			
Other Funds	291,189	-	291,189
Shulman Funds	1,352,494	-	1,352,494
Investments	<u>\$ 1,643,683</u>	<u>\$ 5,855,901</u>	<u>\$ 7,499,584</u>
	2020		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 4,803,831	\$ 4,803,831
Board-Designated Funds:			
Other Funds	301,376	-	301,376
Shulman Funds	1,126,698	-	1,126,698
Investments	<u>\$ 1,428,074</u>	<u>\$ 4,803,831</u>	<u>\$ 6,231,905</u>

Funds invested by type for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Investments at June 30, 2019	\$ 1,465,239	\$ 4,884,063	\$ 6,349,302
Investment return:			
Interest and dividends	37,048	129,414	166,462
Net realized and unrealized gains	11,814	47,355	59,169
Investment expenses	(5,618)	(18,676)	(24,294)
Total Investment Return	43,244	158,093	201,337
Appropriation of endowment assets for expenditure	(80,409)	(238,325)	(318,734)
Investments at June 30, 2020	1,428,074	4,803,831	6,231,905
Investment return:			
Interest and dividends	22,626	89,375	112,001
Net realized and unrealized gains/(losses)	280,149	1,211,665	1,491,814
Investment expenses	(5,810)	(20,227)	(26,037)
Total Investment Return	296,965	1,280,813	1,577,778
Appropriation of endowment assets for expenditure	(81,356)	(228,743)	(310,099)
Investments at June 30, 2021	<u>\$ 1,643,683</u>	<u>\$ 5,855,901</u>	<u>\$ 7,499,584</u>

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Land improvements	\$ 523,188	\$ 523,188
Buildings and improvements	20,788,347	20,602,047
Equipment and furnishings	1,129,385	1,108,560
Computer equipment	549,541	548,341
Vehicles	171,798	167,783
Subtotal	23,162,259	22,949,919
Less: accumulated depreciation	(18,540,412)	(17,385,225)
Property and equipment, net	\$ 4,621,847	\$ 5,564,694

5. Liquidity Disclosure

As of June 30, 2021, the Organization has financial assets available for general expenditure, which is without donor or other restrictions limiting their use, within one year of the statement of financial position comprising the following:

Financial assets:

Cash	\$ 4,065,538
Investments	291,189
Accounts receivable	11,481
Contributions receivable-short term	5,846,063
Total financial assets	10,214,271
Less board designated financial assets	291,189
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted net assets*	4,850,228
Amount available for general expenditures within one year	\$ 5,072,854

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

5. Liquidity Disclosure (continued)

**Amounts already appropriated from the net assets with donor restrictions for general expenditures within one year of the balance sheet date have not been subtracted as unavailable. Donor-restricted net assets included in financial assets held to meet donor-imposed restrictions consist of donor-restricted cash and donor-restricted contributions receivable.*

Amounts not available include amounts set aside by donors for specific purposes.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

6. Debt

Line of credit

The Organization entered into a revolving note with a bank in January 2019 that provides for maximum borrowings of \$500,000. The line of credit bears interest at the greater of 2% or the London Interbank Offered Rate (“LIBOR”) plus 1.25% and is secured by substantially all of the Organization’s assets. The line of credit matures on February 1, 2022. There was no amount outstanding on the line of credit as of June 30, 2020.

Loans payable

In April 2020, the Organization, as borrower, received \$1,524,600 in loan funding from the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”), established pursuant to the recently enacted Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The unsecured loan (the “Loan”) is evidenced by a promissory note issued by the Organization (the “Note”) in favor of City National Bank, a national banking association, as lender. The Organization used the Loan proceeds to cover payroll costs, rent and utilities in accordance with the relevant terms and conditions of the CARES Act. Under the terms of the Note and the Loan, interest accrues on the outstanding principal at the rate of 1.0% per annum. The original term of the Note is two years, unless sooner provided in connection with an event of default under the Note. The Organization accounted for the PPP Loan using the debt method under FASB ASC 470. In February 2021, the SBA approved forgiveness of all principal and interest related to the PPP Loan. The amount forgiven, \$1,536,797 of principal and interest, is recorded as other income on the accompanying consolidated statements of activities.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

6. Debt (continued)

Loans payable (continued)

In May 2020, the Organization, as borrower, received \$159,900 in the form of an Economic Injury Disaster Loan (“EIDL”) under the CARES Act from the Small Business Administration (“SBA”). Under the terms of the loan, interest accrues on the outstanding principal at the rate of 2.75% per annum, and is secured by substantially all of the Organization’s assets. The original term of the Note is 30 years. The SBA approved forgiveness in the amount of \$10,000 related to EIDL Loan. The amount forgiven is recorded as other income on the accompanying consolidated statements of activities. The Company is obligated to make equal monthly payments of principal and interest for the outstanding balance, beginning twelve months from the date of the loan, until the maturity date. The amount outstanding as of June 30, 2021 was \$147,336.

In February 2021, the Organization, as borrower, received \$1,445,800 in loan funding from the SBA PPP established pursuant to the CARES Act. The unsecured loan (the “PPP 2 Loan”) is evidenced by a promissory note issued by the Organization (the “Note”) in favor of City National Bank, a national banking association, as lender. The Organization plans to use the PPP 2 Loan proceeds to cover payroll costs, rent and utilities in accordance with the relevant terms and conditions of the CARES Act. Under the terms of the Note and the PPP 2 Loan, interest accrues on the outstanding principal at the rate of 1.0% per annum. The original term of the Note is five years, unless sooner provided in connection with an event of default under the Note. The Organization accounted for the PPP 2 Loan using the debt method under FASB ASC 470. To the extent the loan amount is not forgiven under the PPP, the Organization is obligated to make equal monthly payments of principal and interest, beginning ten months from the date of the note, until the maturity date or as mutually agreed and modified between the organization and the lender. The amount outstanding as of June 30, 2021 was \$1,445,800, and the Organization expects this amount to be forgiven in full.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30.

	2021	2020
Permanent endowment	\$ 4,152,725	\$ 4,152,725
Endowment earnings	1,703,177	1,220,513
75th comprehensive campaign	1,839,173	539,673
Locker room	103,000	103,000
Other time and purpose restrictions	1,188,226	72,762
Total net assets with donor restrictions	\$ 8,986,301	\$ 6,088,673

Net assets totaling \$1,146,627 and \$1,889,310 were released from donor restrictions due to satisfaction of purpose or time restrictions during the years ended June 30, 2021 and 2020, respectively.

8. Commitments

Retirement Plan

The Organization has established a 403(b) retirement plan (the “Plan”) covering all employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code if they wish beginning on their hire date. The Organization makes a matching contribution equal to the lesser of 50% of employee contributions or 3% of compensation received during the plan year (December 31) for employees after one year of service. LFJCC contributed \$88,393 and \$92,244 to the plan for the years ended June 30, 2021 and 2020, respectively.

Lease Agreement

The land on which the LFJCC is located is owned by the City of San Diego. On July 27, 1981, LFJCC entered into a land lease agreement with the City of San Diego. The premises are leased only for the purposes of construction, operation and maintenance of the premises and buildings as a community center for park, recreation, cultural and educational activities for the benefit of the Jewish Community Center members and the residents of the City of San Diego, without discrimination, as to race, color, creed, sexual orientation, or religion and for such other related or incidental purposes as may first be approved in writing by the City of San Diego and for no other purposes. The term of the agreement is fifty (50) years commencing on January 1, 1998. The total rent is \$1 for the entire term of the lease.

The accompanying notes are integral part of the consolidated financial statements.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Notes to Consolidated Financial Statements (continued)
June 30, 2021 and 2020**

8. Commitments (continued)

Operating Agreement

On July 1, 1999, CJC entered into an agreement with LFJCC to administer the cultural arts programs and complex for the CJC. The initial term of the agreement was for ten (10) years with an automatic extension of ten (10) years and for consecutive ten (10) year terms unless either party notifies the other in writing to the contrary at least one (1) year prior to the end of the term then in effect. In accordance with the agreement, LFJCC performs all necessary advisory, management and administrative services described in the agreement. LFJCC (the J) is entitled to retain any positive results from operations and is responsible for any negative results from operations. LFJCC absorbed \$281,103 of CJC's operations for the year ended June 30, 2021.

9. Subsequent Events

The Organization has evaluated subsequent events through October 28, 2021, which is the date the consolidated financial statements were available to be issued.

The accompanying notes are integral part of the consolidated financial statements.

SUPPLEMENTAL INFORMATION

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Supplementary Consolidating Schedule of Activities
For the Year Ended June 30, 2021**

	<u>LFJCC</u>	<u>CJC</u>	<u>Consolidated</u>
Net assets without donor restriction:			
Revenue and Support:			
Program fees	\$ 4,132,598	\$ 122,946	\$ 4,255,544
Contributions and grants	6,530,107	718,591	7,248,698
Membership fees	721,579	-	721,579
Rental income	79,099	-	79,099
Unrealized investment income	266,359	-	266,359
Realized investment income	30,606	-	30,606
Miscellaneous income	231,893	867	232,760
Net assets released from restriction, net	<u>1,146,627</u>	<u>-</u>	<u>1,146,627</u>
Total revenue and support	<u>13,138,868</u>	<u>842,404</u>	<u>13,981,272</u>
Expenses:			
Program services	<u>8,586,913</u>	<u>578,404</u>	<u>9,165,317</u>
Supporting services:			
General and administrative	2,166,583	189,000	2,355,583
Fundraising	<u>230,944</u>	<u>75,000</u>	<u>305,944</u>
Total supporting services	<u>2,397,527</u>	<u>264,000</u>	<u>2,661,527</u>
Total program and supporting services	<u>10,984,440</u>	<u>842,404</u>	<u>11,826,844</u>
Total expenses	<u>10,984,440</u>	<u>842,404</u>	<u>11,826,844</u>
Other income			
Gain on debt extinguishment	<u>1,536,797</u>	<u>-</u>	<u>1,536,797</u>
Change in net assets without donor restriction:	<u>3,691,225</u>	<u>-</u>	<u>3,691,225</u>
Net assets with donor restriction			
Contributions and grants	2,763,442	-	2,763,442
Unrealized investment income	1,162,421	-	1,162,421
Realized investment income	118,392	-	118,392
Net assets released from restriction	<u>(1,146,627)</u>	<u>-</u>	<u>(1,146,627)</u>
Change in net assets with donor restriction	<u>2,897,628</u>	<u>-</u>	<u>2,897,628</u>
Change in net assets	<u>6,588,853</u>	<u>-</u>	<u>6,588,853</u>
Net assets at beginning of year	<u>12,986,582</u>	<u>-</u>	<u>12,986,582</u>
Net assets at end of year	<u><u>\$ 19,575,435</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,575,435</u></u>

See independent auditors report.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Supplementary Schedule of Functional Expenses – LFJCC
For The Year Ended June 30, 2021
(With Comparative Totals For The Year Ended June 30, 2020)**

	Program Services			Supporting Services			2021 Total Expenses	2020 Total Expenses
	LFJCC Program Services	Facilities	Total Program Services	General and Administrative	Fundraising	Total Supporting Services		
Salaries	\$ 4,074,642	\$ 218,728	\$ 4,293,370	\$ 1,099,575	\$ 111,564	\$ 1,211,139	\$ 5,504,509	\$ 6,201,795
Depreciation	1,155,187	-	1,155,187	-	-	-	1,155,187	1,182,910
Payroll taxes and employee benefits	728,110	31,846	759,956	130,883	44,740	175,623	935,579	953,498
Contract labor	348,798	342,158	690,956	36,231	3,000	39,231	730,187	896,927
Utilities	79	479,236	479,315	-	-	-	479,315	502,934
Administration	215,198	1,293	216,491	174,088	22,993	197,081	413,572	356,171
Program supplies	261,363	38,122	299,485	34,223	21	34,244	333,729	441,645
Management services	30,103	-	30,103	251,000	-	251,000	281,103	140,236
Insurance	-	-	-	233,225	-	233,225	233,225	185,047
Printing and publications	116,255	106	116,361	54,146	16,827	70,973	187,334	264,272
Maintenance supplies	100,451	48,261	148,712	567	-	567	149,279	213,204
Telephone	89,020	-	89,020	55,289	-	55,289	144,309	110,154
Maintenance service	33,628	91,051	124,679	3,660	-	3,660	128,339	151,716
Dues	6,720	139	6,859	64,871	334	65,205	72,064	108,633
Repairs, maintenance and replacements	23,709	35,355	59,064	675	1,172	1,847	60,911	156,993
Food and beverage	55,063	328	55,391	2,311	62	2,373	57,764	156,319
Bad debt	5,041	-	5,041	-	29,635	29,635	34,676	16,931
Office supplies	17,067	754	17,821	7,391	343	7,734	25,555	22,554
Staff training	14,715	-	14,715	4,912	55	4,967	19,682	33,096
Rent expense	10,278	-	10,278	8,211	-	8,211	18,489	6,302
Postage	6,867	678	7,545	3,383	164	3,547	11,092	18,304
Transportation and travel	3,756	1,250	5,006	609	19	628	5,634	163,360
Admissions	1,558	-	1,558	-	15	15	1,573	200,136
Conference	-	-	-	750	-	750	750	2,804
Grants/Awards	-	-	-	583	-	583	583	450
Total expenses	\$ 7,297,608	\$ 1,289,305	\$ 8,586,913	\$ 2,166,583	\$ 230,944	\$ 2,397,527	\$ 10,984,440	\$ 12,486,391

See independent auditors report.

**LAWRENCE FAMILY JEWISH COMMUNITY
CENTERS OF SAN DIEGO COUNTY**

**Supplementary Schedule of Functional Expenses – CJC
For The Year Ended June 30, 2021
(With Comparative Totals For The Year Ended June 30, 2020)**

	<u>Program Services</u>	<u>Supporting Services</u>			2021	2020
	Center for Jewish Culture	General and Administrative	Fundraising	Total Supporting	Total Expenses	Total Expenses
Salaries	\$ 526,840	\$ 139,113	\$ 60,000	\$ 199,113	\$ 725,953	\$ 991,071
Payroll taxes and employee benefits	110,334	27,823	-	27,823	138,157	151,183
Contract labor	75,775	-	-	-	75,775	133,144
Administration	29,711	22,064	15,000	37,064	66,775	117,231
Program supplies	55,551	-	-	-	55,551	87,858
Printing and publicity	32,325	-	-	-	32,325	95,617
Rent expense	12,004	-	-	-	12,004	62,851
Postage	11,162	-	-	-	11,162	23,516
Dues	1,955	-	-	-	1,955	1,092
Repairs, maintenance and replacements	1,652	-	-	-	1,652	2,390
Grants/Awards	700	-	-	-	700	700
Transportation and travel	567	-	-	-	567	30,233
Telephone	440	-	-	-	440	800
Staff training	161	-	-	-	161	383
Food and beverage	146	-	-	-	146	42,587
Maintenance supplies	111	-	-	-	111	12,712
Office supplies	73	-	-	-	73	2,823
Maintenance service	-	-	-	-	-	7,394
Conference	-	-	-	-	-	1,444
Admissions	-	-	-	-	-	1,137
Bad debt	-	-	-	-	-	358
Management services	(281,103)	-	-	-	(281,103)	(140,236)
	<u>\$ 578,404</u>	<u>\$ 189,000</u>	<u>\$ 75,000</u>	<u>\$ 264,000</u>	<u>\$ 842,404</u>	<u>\$ 1,626,288</u>
Total expenses	<u>\$ 578,404</u>	<u>\$ 189,000</u>	<u>\$ 75,000</u>	<u>\$ 264,000</u>	<u>\$ 842,404</u>	<u>\$ 1,626,288</u>

See independent auditors report.