

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

**CONSOLIDATED FINANCIAL
STATEMENTS**

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

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

TABLE OF CONTENTS

Independent Auditors' Report	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statement of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information:	
Supplementary Consolidating Schedule of Activities	30
Supplementary Schedule of Functional Expenses - LFJCC	31
Supplementary Schedule of Functional Expenses – CJC	32

INDEPENDENT AUDITORS' REPORT

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

Opinion

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 statement of financial position as of June 30, 2023, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, these consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

In performing an audit in accordance with 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matter – Supplementary Information

Our audit as of and for the year ended June 30, 2023, 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Haskell & White LLP

HASKELL & WHITE LLP

Irvine, California
October 23, 2023

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

**Consolidated Statements of Financial Position
As of June 30, 2023
(With Comparative Totals as of June 30, 2022)**

	ASSETS	
	2023	2022
Current assets:		
Cash	\$ 2,454,776	\$ 7,145,708
Investments	241,466	277,939
Accounts receivable, net	17,498	24,679
Contributions receivable, net	1,621,507	1,116,562
Prepaid expenses and other current assets	1,450,714	348,204
Total current assets	5,785,961	8,913,092
Noncurrent Assets:		
Contributions receivable, net	714,654	1,758,102
Investments	7,738,061	7,241,735
Property and equipment, net	5,651,156	4,051,977
Total noncurrent assets	14,103,871	13,051,814
Total assets	\$ 19,889,832	\$ 21,964,906
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	725,287	\$ 688,629
Accrued payroll liabilities	777,381	657,651
Deferred revenue	2,196,661	2,270,533
Total current liabilities	3,699,329	3,616,813
Noncurrent Liabilities:		
Notes payable	1,392,638	139,644
Total liabilities	5,091,967	3,756,457
Commitments (Notes 6, 7 and 8)		
Net Assets:		
Without donor restrictions	6,949,742	9,266,833
With donor restrictions	7,848,123	8,941,616
Total net assets	14,797,865	18,208,449
Total liabilities and net assets	\$ 19,889,832	\$ 21,964,906

See accompanying independent auditors' report and notes to consolidated financial statements.

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

**Consolidated Statements of Activities
For the Year Ended June 30, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	Without donor restriction	With donor restriction	2023 Total	2022 Total
Revenue and Support:				
Program fees	\$ 7,337,937	\$ -	\$ 7,337,937	\$ 5,806,013
Contributions and grants	2,306,156	1,446,337	3,752,493	4,337,388
Membership fees	1,155,201	-	1,155,201	954,445
Donated goods and services (Note 1)	-	-	-	283,002
Rental income	360,422	-	360,422	263,990
Unrealized investment gain (loss)	143,168	390,908	534,076	(1,402,725)
Realized investment income	108,199	96,088	204,287	257,496
Miscellaneous income	359,281	-	359,281	201,330
Net assets released from restriction, net	3,026,826	(3,026,826)	-	-
	14,797,190	(1,093,493)	13,703,697	10,700,939
Expenses:				
Program Services	11,117,739	-	11,117,739	10,495,930
Supporting Services:				
General and administrative	3,149,301	-	3,149,301	2,717,682
Fundraising	334,171	-	334,171	191,122
Total supporting services	3,483,472	-	3,483,472	2,908,804
Total program and supporting services	14,601,211	-	14,601,211	13,404,734
Special event - Patron Party	233,528	-	233,528	108,991
Special event - Maccabi Games	2,279,542	-	2,279,542	-
Total expenses	17,114,281	-	17,114,281	13,513,725
Gain on debt extinguishment	-	-	-	1,445,800
Change in net assets	(2,317,091)	(1,093,493)	(3,410,584)	(1,366,986)
Net assets at beginning of year	9,266,833	8,941,616	18,208,449	19,575,435
Net assets at end of year	\$ 6,949,742	\$ 7,848,123	\$ 14,797,865	\$ 18,208,449

See accompanying independent auditors' report and notes to 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, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	Program Services					Total Program Services
	Early Childhood Education	Youth Department (Camp)	Qualcomm Sports, Fitness & Aquatics	San Diego Center for Jewish Culture	Other Program Services	
Salaries	\$ 1,350,733	\$ 1,038,287	\$ 874,741	\$ 652,789	\$ 1,641,429	\$ 5,557,979
Contract labor	28,663	97,019	26,124	82,233	923,007	1,157,046
Depreciation	-	-	-	-	1,107,990	1,107,990
Payroll taxes and employee benefits	251,971	97,148	123,822	111,930	223,209	808,080
Transportation and travel	-	31,017	2,691	25,079	23,112	81,899
Utilities	-	-	-	-	775,206	775,206
Program supplies (Note 1)	37,263	50,640	39,304	80,340	190,110	397,657
Food and beverage	26,374	38,059	3,108	32,787	53,914	154,242
Administration & bank fees	78,100	105,702	20,429	26,286	55,116	285,633
Maintenance supplies	940	39,447	94,994	1,946	176,048	313,375
Insurance	-	-	-	-	-	-
Printing and publicity	17,542	21,383	1,994	17,831	41,051	99,801
Admissions	36	86,971	21,625	7,278	6,173	122,083
Rent expense	-	16,414	5,998	8,462	16,972	47,846
Maintenance service	363	-	8,345	185	154,732	163,625
Repairs, maintenance and replacements	4,112	9,480	58,186	-	73,784	145,562
Dues	205	9,988	1,733	75	1,829	13,830
Telephone and internet	2,160	2,296	1,440	3,480	5,192	14,568
Office supplies	1,363	1,524	3,882	2,596	21,144	30,509
Postage	1,166	2,461	78	1,876	10,075	15,656
Staff training & recruitment	2,997	12,932	5,307	2,781	8,280	32,297
Bad debt	1,673	13,496	1,007	1,588	7,738	25,502
Conference	-	1,200	-	585	23	1,808
Grants/Awards	-	-	-	-	-	-
Management services	-	-	-	(234,455)	-	(234,455)
Total expenses	\$ 1,805,661	\$ 1,675,464	\$ 1,294,808	\$ 825,672	\$ 5,516,134	\$ 11,117,739

See accompanying independent auditors' report and notes to consolidated financial statements.

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

**Consolidated Statement of Functional Expenses (continued)
For The Year Ended June 30, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	Supporting Services					2023	2022
	General and Administrative	Fundraising	Total Supporting Services	Special Event - Patron Party	Special Event - Maccabi Games	Total Expenses	Total Expenses
Salaries	\$ 1,425,484	\$ 267,313	\$ 1,692,797	\$ -	\$ 190,457	\$ 7,441,233	\$ 6,454,889
Contract labor	102,007	-	102,007	23,782	321,894	1,604,729	1,041,261
Depreciation	-	-	-	-	-	1,107,990	1,083,883
Payroll taxes and employee benefits	222,693	39,684	262,377	-	15,565	1,086,022	1,025,026
Transportation and travel	103,070	-	103,070	9,893	675,222	870,084	46,029
Utilities	-	-	-	-	269	775,475	643,433
Program supplies	32,948	2,133	35,081	101,200	214,823	748,761	868,002
Food and beverage	22,475	1,331	23,806	3,849	516,808	698,705	111,326
Administration & bank fees	256,182	10,994	267,176	-	6,116	558,925	656,304
Maintenance supplies	324	-	324	-	127,027	440,726	196,543
Insurance	411,727	-	411,727	-	-	411,727	317,044
Printing and publicity	116,609	2,158	118,767	3,509	29,253	251,330	276,229
Admissions	425	16	441	-	109,432	231,956	41,304
Rent expense	-	-	-	89,781	69,864	207,491	171,517
Maintenance service	5,705	-	5,705	-	-	169,330	188,013
Repairs, maintenance and replacements	9,247	-	9,247	-	-	154,809	104,688
Dues	89,395	-	89,395	-	-	103,225	101,005
Telephone and internet	57,604	561	58,165	-	-	72,733	62,516
Office supplies	13,569	322	13,891	-	717	45,117	50,408
Postage	22,666	1,313	23,979	1,514	2,003	43,152	32,357
Staff training & recruitment	4,810	1,572	6,382	-	92	38,771	33,805
Bad debt	-	6,708	6,708	-	-	32,210	4,747
Conference	14,906	66	14,972	-	-	16,780	3,396
Grants/Awards	3,000	-	3,000	-	-	3,000	-
Management services	234,455	-	234,455	-	-	-	-
Total expenses	\$ 3,149,301	\$ 334,171	\$ 3,483,472	\$ 233,528	\$ 2,279,542	\$ 17,114,281	\$ 13,513,725

See accompanying independent auditors' report and notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (3,410,584)	\$ (1,366,986)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,107,990	1,083,883
Gain on debt extinguishment	-	(1,445,800)
Discount on long term portion of contribution receivable	(32,252)	47,540
Provision for bad debt	(32,210)	(18,587)
Unrealized (gain) loss on investments	(534,076)	1,402,725
Realized gains on investments	(204,287)	(257,496)
Increase (decrease) in cash from changes in:		
Accounts receivable	7,181	389
Contributions receivable	602,965	4,548,841
Prepaid expenses	150,484	(284,791)
Accounts payable and accrued expenses	36,658	477,524
Accrued payroll liabilities	119,730	31,549
Deferred revenue	(73,872)	548,403
Net cash (used in) provided by operating activities	(2,262,273)	4,767,194
Cash flows from investing activities:		
Investment sales, net	278,510	(1,165,322)
Purchases of property and equipment	(2,707,169)	(514,010)
Net cash used in investing activities	(2,428,659)	(1,679,332)
Cash flows from financing activities:		
Payments on notes payable	-	(7,692)
Net cash used in financing activities	-	(7,692)
Net (decrease) increase in cash	(4,690,932)	3,080,170
Cash at beginning of year	7,145,708	4,065,538
Cash at end of year	\$ 2,454,776	\$ 7,145,708
Supplemental disclosure of non-cash financing activities:		
Solar deposit financed with note payable	\$ 1,252,994	\$ -

See accompanying independent auditors' report and notes to consolidated financial statements.

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

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

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” or “J”) 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.

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.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Programs (continued)

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:

- Club J After School 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, full range of fitness classes, aerobic and dance studios, wellness and meditation center, sauna and steam room.
- 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.

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.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Programs (continued)

San Diego Center for Jewish Culture (continued)

Approximately 6,000 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.

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.

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 U.S.GAAP and, accordingly, reflect all significant receivables, payables, and other liabilities.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

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.

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. 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 U.S.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.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

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.

Fair Value Measurements

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:

- 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.

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.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

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, 2023 and 2022 was \$3,955 and \$4,174, 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, 2023 and 2022, was \$73,485 and \$86,777, respectively.

During the year ended June 30, 2022, the Organization received an Employee Retention Tax Credit ("ERTC"), which was reported within contributions and grants in the consolidated statements of activities. The ERTC totaled \$515,749 for the year ended June 30, 2022. At June 30, 2022, \$110,677 of the ERTC was recorded within contributions receivable in the accompanying consolidated statement of financial position. There was no ERTC received during the year ended June 30, 2023, and the balance of the ERTC recorded within contributions receivable on June 30, 2023 was \$0.

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

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Capitalization and Depreciation (continued)

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 follows:

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 \$1,107,990 and \$1,083,883 for the years ended June 30, 2023 and 2022, respectively.

The Organization's policy is to periodically review the estimated useful lives of its property and equipment. During the year ended June 30, 2023, 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 2023 and 2022.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Compensated Absences

Vested and accumulated vacation is recorded as an expense and liability as benefits accrue to employees. The accrued vacation liability totaled \$258,432 and \$228,345 at June 30, 2023 and 2022, respectively, and is included in accrued payroll liabilities.

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 \$1,155,201 and \$954,445 for the years ended June 30, 2023 and 2022, respectively. Deferred membership revenue totaled \$81,963 and \$60,978 at June 30, 2023 and 2022, respectively.

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. Program fee revenues totaled \$7,337,937 and \$5,806,013 for the years ended June 30, 2023 and 2022, respectively. Deferred program revenue totaled \$2,114,698 and \$2,209,555 at June 30, 2023 and 2022, respectively.

Donated Goods and Services

In September 2020, the FASB issued Accounting Standards Update (“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. The Organization adopted the new standard effective July 1, 2021. The adoption of this ASU did not have a significant impact on the Organization’s consolidated financial statements, except for the additional disclosure requirements included below.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

The Organization recognized donated nonfinancial assets within revenue and support on the consolidated statements of activities, which included various costs and supplies received during fiscal year 2022 for the Maccabi Games.

Donated goods and services are valued and are reported at the actual purchase amounts or at the estimated fair value of similar products.

Donated goods and services are reflected as contributions in the accompanying consolidated financial statements at their estimated fair value. There were no contributed goods or services for the year ended June 30, 2023. Contributed goods and services in the amount of \$283,002 are reflected in the consolidated statement of activities for the year ended June 30, 2022. Additionally, \$283,002 of donated goods and services are included within program supplies in the consolidated statement of functional expenses for the year ended June 30, 2022.

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.

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.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

1. Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

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.

Reclassifications

Certain reclassifications to prior year information were made to conform to current year presentation.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842) (“ASC 842”), which requires lessees to recognize “right-of-use” assets and liabilities for all leases with terms of more than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASC 842 requires additional quantitative and qualitative financial statement note disclosures about the leases, significant judgments made in accounting for those leases and amounts recognized in the financial statements about those leases. The Organization adopted the requirements of ASU 2016-02, effective July 1, 2022 and the adoption of this ASU did not have a material impact on the consolidated financial statements.

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the guidance on the impairment of financial instruments. This update adds an impairment model (known as the current expected credit losses model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses. In November 2019, ASU 2016-13 was amended by ASU 2019-10 that changed the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating the impact of adopting ASU 2016-13 on its consolidated financial statements and related disclosures.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

2. Contributions Receivable

Contributions receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Receivables due in less than one year	\$ 1,694,992	\$ 1,203,339
Less: Allowance for uncollectible contributions	<u>(73,485)</u>	<u>(86,777)</u>
Receivables due in less than one year, net	<u>1,621,507</u>	<u>1,116,562</u>
Receivables due in one to four years	754,500	1,830,200
Imputed discount	<u>(39,846)</u>	<u>(72,098)</u>
Receivables due in more than one year, net	<u>714,654</u>	<u>1,758,102</u>
Contributions receivable, net	<u><u>\$ 2,336,161</u></u>	<u><u>\$ 2,874,664</u></u>

Pledges and contributions receivable represent unconditional promises to give which will be collected in future periods. Pledges and contributions expected to be collected in more than one year have been discounted to their present value using the risk free rate of return applicable to each year. The risk free rate of return applicable to each year was based on the U.S. daily treasury yield curve rates.

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

	<u>2023</u>	<u>2022</u>
75th Comprehensive Campaign	\$ 1,680,212	\$ 1,960,944
Jewish Living	200,000	294,313
Locker Room Campaign	25,000	28,863
CJC Contributions	76,183	119,779
JCC Program Contributions	88,473	105,140
Patron Party	124,633	193,193
Security grants	<u>181,506</u>	<u>244,530</u>
	2,376,007	2,946,762
Imputed discount	<u>(39,846)</u>	<u>(72,098)</u>
	<u><u>\$ 2,336,161</u></u>	<u><u>\$ 2,874,664</u></u>

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

3. Investments

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

	2023				
	Quoted in Active Markets for Identical (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Inputs	Balance as of June 30, 2023
Investments at Jewish Community Foundation	\$ 7,462,824	\$ 109,143	\$ -	\$ 407,560	\$ 7,979,527
	<u>\$ 7,462,824</u>	<u>\$ 109,143</u>	<u>\$ -</u>	<u>\$ 407,560</u>	<u>\$ 7,979,527</u>
	2022				
	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, 2022
Investments at Jewish Community Foundation	\$ 7,190,191	\$ -	\$ -	\$ 329,483	\$ 7,519,674
	<u>\$ 7,190,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,483</u>	<u>\$ 7,519,674</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, 2023:

- The Long Term Pool invests 75.6% in domestic and international equities and 24.4% in fixed income.
- The Long Term Index Pool invests 75.7% in domestic and international equities and 24.3% in fixed income.
- The Endowment Pool invests 45.4% in domestic and international equities, 30.3% in private equity, 11.4% in fixed income, and 12.9% in hedge funds.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

3. Investments (continued)

Investments consist of the following at June 30:

	2023	2022
Investments - current		
Short-term pool	\$ 241,466	\$ 277,939
Investments - noncurrent		
Long-term pool	3,146,564	2,913,184
Long-term index pool	3,256,889	3,040,942
Endowment pool	1,334,608	1,287,609
Total-long term pool	7,738,061	7,241,735
Total investments	\$ 7,979,527	\$ 7,519,674

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

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

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 as a fund of perpetual duration. There were no such deficiencies as of June 30, 2023 and 2022.

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, *Fair Value Measurements*, 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.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

3. Investments (continued)

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

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 5,086,751	\$ 5,086,751
Board-Designated Funds:			
Other Funds	987,170	-	987,170
Shulman Funds	1,905,606	-	1,905,606
Investments	\$ 2,892,776	\$ 5,086,751	\$ 7,979,527
	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 4,827,119	\$ 4,827,119
Board-Designated Funds:			
Other Funds	884,296	-	884,296
Shulman Funds	1,808,259	-	1,808,259
Investments	\$ 2,692,555	\$ 4,827,119	\$ 7,519,674

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

3. Investments (continued)

Funds invested by type for the years ended June 30, 2023 and 2022 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Investments at June 30, 2021	\$ 1,643,683	\$ 5,855,901	\$ 7,499,584
Contribution	1,500,000	-	1,500,000
Investment return:			
Interest and dividends	55,199	116,938	172,137
Net realized and unrealized gains/(losses)	(423,540)	(863,509)	(1,287,049)
Investment expenses	<u>(9,437)</u>	<u>(20,883)</u>	<u>(30,320)</u>
Total Investment Return	<u>(377,778)</u>	<u>(767,454)</u>	<u>(1,145,232)</u>
Appropriation of endowment assets for expenditure	<u>(73,350)</u>	<u>(261,328)</u>	<u>(334,678)</u>
Investments at June 30, 2022	2,692,555	4,827,119	7,519,674
Contribution	75,000	-	75,000
Investment return:			
Interest and dividends	65,645	121,598	187,243
Net realized and unrealized gains/(losses)	200,088	390,909	590,997
Investment expenses	<u>(13,689)</u>	<u>(26,188)</u>	<u>(39,877)</u>
Total Investment Return	<u>252,044</u>	<u>486,319</u>	<u>738,363</u>
Appropriation of endowment assets for expenditure	<u>(126,823)</u>	<u>(226,687)</u>	<u>(353,510)</u>
Investments at June 30, 2023	<u>\$ 2,892,776</u>	<u>\$ 5,086,751</u>	<u>\$ 7,979,527</u>

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Buildings and improvements	\$ 21,536,011	\$ 20,876,239
Equipment and furnishings	1,407,432	1,222,849
Construction-in-progress	2,139,181	310,440
Computer equipment	605,832	571,758
Land improvements	523,188	523,188
Vehicles	171,798	171,798
Subtotal	26,383,442	23,676,272
Less: accumulated depreciation	(20,732,286)	(19,624,295)
Property and equipment, net	\$ 5,651,156	\$ 4,051,977

5. Liquidity Disclosure

As of June 30, 2023, 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	\$ 2,454,776
Investments	7,979,527
Accounts receivable	17,498
Contributions receivable	2,336,161
Total financial assets	12,787,962
Less board designated financial assets	2,892,776
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted net assets	7,848,123
Amount available for general expenditures within one year	\$ 2,047,063

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

5. Liquidity Disclosure (continued)

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has board designated investments that could be made available to use if additional funds are needed for the operations. Additionally, as discussed in Note 6, the Organization has \$500,000 available to draw on a line of credit. Subsequent to year end, the Organization's board of directors approved a resolution to release up to \$1.5 million from board designated investments to fund operations. \$800,000 has since been transferred from investments to cash. As a result, management believes the Organization has sufficient liquidity to continue as a going concern for a period of at least the next 12 months.

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, 2024. There was no amount outstanding on the line of credit as of June 30, 2023 and 2022, respectively.

Loans payable

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. During the year ended June 30, 2022, the SBA approved forgiveness of all principal and interest related to the PPP Loan and the amount forgiven, \$1,445,800 of principal and interest, was recorded as other income on the consolidated statements of activities.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

6. Debt (continued)

Loans payable (continued)

In May 2020, the Organization, as borrower, received \$149,900 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 amount outstanding as of June 30, 2023 and 2022, respectively, was \$139,644.

The Organization entered a promissory note for \$1,252,994 with a financial institution in October 2022 for a solar panel system that will be installed on the Organization’s property. The solar panel will be generating electricity and it will help the Organization to save money on the electricity costs. The promissory note bears interest at a rate of 3.5% per annum. The promissory note will be for a term of 10 years beginning when the solar system is placed in a condition or state of readiness, is available for its specifically designed function and has been granted permission to operate by borrower’s utility and all applicable government agencies. The solar system will be fully ready for use during the fiscal year ending June 30, 2024. The amount outstanding as of June 30, 2023 was \$1,252,994.

In October 2022, the Organization signed the Solar Power Agreement with Collective Sun Development LLC and under this agreement the Collective Sun Development LLC owns, operates, and maintains the solar system and the Organization will lease the solar system on the Organization’s property for 20 years. The Organization used proceeds received from the promissory note obtained during the financial year ended June 30, 2023 and gave a deposit in the amount of \$1,252,994 to Collective Sun Development LLC for the solar system. At June 30, 2023, \$1,252,994 was recorded within the prepaid expenses and other current assets in the accompanying consolidated statement of financial position.

7. Net Assets with Donor Restrictions

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

	2023	2022
Permanent endowment	\$ 4,152,725	\$ 4,152,725
Endowment earnings	934,026	674,396
75th comprehensive campaign	1,419,657	2,625,909
Other time and purpose restrictions	1,341,715	1,488,586
Total net assets with donor restrictions	\$ 7,848,123	\$ 8,941,616

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

7. Net Assets with Donor Restrictions (continued)

Net assets totaling \$3,206,899 and \$1,289,302 were released from donor restrictions due to satisfaction of purpose or time restrictions during the years ended June 30, 2023 and 2022, 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 \$82,761 and \$85,738 to the plan for the years ended June 30, 2023 and 2022, 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.

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 \$234,455 and \$195,266 of CJC’s operations for the years ended June 30, 2023 and 2022, respectively.

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

**Notes to Consolidated Financial Statements (continued)
June 30, 2023 and 2022**

9. Subsequent Events

The Organization has evaluated subsequent events through October 23, 2023, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

**Supplementary Consolidating Schedule of Activities
For the Year Ended June 30, 2023**

	<u>LFJCC</u>	<u>CJC</u>	<u>Consolidated</u>
Net assets without donor restriction:			
Revenue and Support:			
Program fees	\$ 6,987,515	\$ 350,422	\$ 7,337,937
Contributions and grants	1,610,216	695,940	2,306,156
Membership fees	1,155,201	-	1,155,201
Rental income	268,161	92,261	360,422
Unrealized investment income	143,168	-	143,168
Realized investment income	108,199	-	108,199
Miscellaneous income	326,379	32,902	359,281
Net assets released from restriction, net	<u>3,026,826</u>	<u>-</u>	<u>3,026,826</u>
Total revenue and support	<u>13,625,665</u>	<u>1,171,525</u>	<u>14,797,190</u>
Expenses:			
Program services	<u>10,292,067</u>	<u>825,672</u>	<u>11,117,739</u>
Supporting services:			
General and administrative	2,878,448	270,853	3,149,301
Fundraising	<u>259,171</u>	<u>75,000</u>	<u>334,171</u>
Total supporting services	<u>3,137,619</u>	<u>345,853</u>	<u>3,483,472</u>
Total program and supporting services	<u>13,429,686</u>	<u>1,171,525</u>	<u>14,601,211</u>
Special event - Patron Party	233,528	-	233,528
Special event - Maccabi Games	<u>2,279,542</u>	<u>-</u>	<u>2,279,542</u>
Total expenses	<u>15,942,756</u>	<u>1,171,525</u>	<u>17,114,281</u>
Change in net assets without donor restriction:	<u>(2,317,091)</u>	<u>-</u>	<u>(2,317,091)</u>
Net assets with donor restriction			
Contributions and grants	1,446,337	-	1,446,337
Unrealized investment income	390,908	-	390,908
Realized investment income	96,088	-	96,088
Net assets released from restriction	<u>(3,026,826)</u>	<u>-</u>	<u>(3,026,826)</u>
Change in net assets with donor restriction	<u>(1,093,493)</u>	<u>-</u>	<u>(1,093,493)</u>
Change in net assets	(3,410,584)	-	(3,410,584)
Net assets at beginning of year	18,208,449	-	18,208,449
Net assets at end of year	<u>\$ 14,797,865</u>	<u>\$ -</u>	<u>\$ 14,797,865</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, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	Program Services		Supporting Services			Special Event - Patron Party	Special Event - Maccabi Games	2023 Total Expenses	2022 Total Expenses	
	LFJCC Program Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services					
Salaries	\$ 4,615,408	\$ 289,782	\$ 4,905,190	\$ 1,211,773	\$ 208,136	\$ 1,419,909	\$ -	\$ 190,457	\$ 6,515,556	\$ 5,599,457
Contract labor	542,832	531,981	1,074,813	102,007	-	102,007	23,782	321,894	1,522,496	974,878
Depreciation	1,107,990	-	1,107,990	-	-	-	-	-	1,107,990	1,083,883
Payroll taxes and employee benefits	651,645	44,505	696,150	165,551	23,861	189,412	-	15,565	901,127	843,175
Transportation and travel	55,557	1,263	56,820	103,070	-	103,070	9,893	675,222	845,005	33,472
Utilities	-	775,206	775,206	-	-	-	-	269	775,475	643,433
Program supplies	310,200	7,117	317,317	32,948	2,133	35,081	101,200	214,823	668,421	792,539
Food and beverage	117,602	3,853	121,455	22,475	1,331	23,806	3,849	516,808	665,918	104,752
Administration & bank fees	255,440	3,907	259,347	256,182	10,994	267,176	-	6,116	532,639	623,425
Maintenance supplies	135,937	175,492	311,429	324	-	324	-	127,027	438,780	191,528
Insurance	-	-	-	411,727	-	411,727	-	-	411,727	317,044
Management services	-	-	-	234,455	-	234,455	-	-	234,455	195,266
Printing and publicity	80,121	1,849	81,970	116,609	2,158	118,767	3,509	29,253	233,499	260,091
Admissions	114,805	-	114,805	425	16	441	-	109,432	224,678	41,304
Rent expense	28,680	10,704	39,384	-	-	-	89,781	69,864	199,029	157,590
Maintenance service	29,413	134,027	163,440	5,705	-	5,705	-	-	169,145	187,293
Repairs, maintenance and replacements	89,198	56,364	145,562	9,247	-	9,247	-	-	154,809	102,044
Dues	13,665	90	13,755	89,395	-	89,395	-	-	103,150	100,902
Telephone and internet	10,788	300	11,088	57,604	561	58,165	-	-	69,253	60,593
Office supplies	26,319	1,594	27,913	13,569	322	13,891	-	717	42,521	48,930
Postage	13,599	181	13,780	22,666	1,313	23,979	1,514	2,003	41,276	31,049
Staff training & recruitment	29,317	199	29,516	4,810	1,572	6,382	-	92	35,990	32,611
Bad debt	23,914	-	23,914	-	6,708	6,708	-	-	30,622	4,747
Conference	1,223	-	1,223	14,906	66	14,972	-	-	16,195	3,396
Grants/Awards	-	-	-	3,000	-	3,000	-	-	3,000	-
Total expenses	\$ 8,253,653	\$ 2,038,414	\$ 10,292,067	\$ 2,878,448	\$ 259,171	\$ 3,137,619	\$ 233,528	\$ 2,279,542	\$ 15,942,756	\$ 12,433,402

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, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	Program Services	Supporting Services			2023	2022
	Center for Jewish Culture	General and Administrative	Fundraising	Total Supporting	Total Expenses	Total Expenses
Salaries	\$ 652,789	\$ 213,711	\$ 59,177	\$ 272,888	\$ 925,677	\$ 855,432
Payroll taxes and employee benefits	111,930	57,142	15,823	72,965	184,895	181,851
Contract labor	82,233	-	-	-	82,233	66,383
Program supplies	80,340	-	-	-	80,340	75,463
Food and beverage	32,787	-	-	-	32,787	6,574
Administration	26,286	-	-	-	26,286	32,879
Transportation and travel	25,079	-	-	-	25,079	12,557
Printing and publicity	17,831	-	-	-	17,831	16,138
Rent expense	8,462	-	-	-	8,462	13,927
Admissions	7,278	-	-	-	7,278	-
Telephone	3,480	-	-	-	3,480	1,923
Staff Training & Recruitment	2,781	-	-	-	2,781	1,194
Office supplies	2,596	-	-	-	2,596	1,478
Maintenance supplies	1,946	-	-	-	1,946	5,015
Postage	1,876	-	-	-	1,876	1,308
Bad Debt	1,588	-	-	-	1,588	-
Conference	585	-	-	-	585	-
Maintenance service	185	-	-	-	185	720
Dues	75	-	-	-	75	103
Repairs, maintenance and replacements	-	-	-	-	-	2,644
Management services	(234,455)	-	-	-	(234,455)	(195,266)
	<u>\$ 825,672</u>	<u>\$ 270,853</u>	<u>\$ 75,000</u>	<u>\$ 345,853</u>	<u>\$ 1,171,525</u>	<u>\$ 1,080,323</u>
Total expenses	<u>\$ 825,672</u>	<u>\$ 270,853</u>	<u>\$ 75,000</u>	<u>\$ 345,853</u>	<u>\$ 1,171,525</u>	<u>\$ 1,080,323</u>

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