JEWISH COMMUNITY CENTER OF ORANGE COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2023

JEWISH COMMUNITY CENTER OF ORANGE COUNTY

CONTENTS

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jewish Community Center of Orange County

Opinion
We have audited the accompanying financial statements of Jewish Community Center of Orange County (the "Center"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 2023, and the changes in its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Center'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 Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Center's 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

June 14, 2024

JEWISH COMMUNITY CENTER OF ORANGE COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2023 (with comparative totals for December 31, 2022)

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,320,731	$ 2,446,981
Contributions and accounts receivable	15,216	41,804
Investments	7,439,423	6,358,319
Prepaid expenses	9,539	8,012
Total current assets	8,784,909	8,855,116
Noncurrent Assets		
Investments held for long-term donor restrictions	2,661,620	3,423,700
Property and equipment, net	34,673,079	33,944,475
Deposits	14,982	13,762
Total non-current assets	37,349,681	37,381,937
Total assets	**$ 46,134,590**	**$ 46,237,053**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,120,188	$ 877,216
Deferred revenues	778,016	844,297
Security deposits	141,200	110,000
Total liabilities	2,039,404	1,831,513
Net Assets		
Net assets without donor restrictions	40,903,569	40,427,230
Net assets with donor restrictions	3,191,617	3,978,310
Total net assets	44,095,186	44,405,540
Total liabilities and net assets	**$ 46,134,590**	**$ 46,237,053**

See notes to the financial statements.

JEWISH COMMUNITY CENTER OF ORANGE COUNTY

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023 (with comparative totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Program fees, net of scholarships expense of $289,194	$ 9,009,744	$ -	$ 9,009,744	$ 8,002,055
Membership fees	4,151,286	-	4,151,286	3,558,374
Donations	65,349	133,731	199,080	709,621
Special events, net of direct donor benefit costs of $53,924	71,895	-	71,895	321,859
Grants	245,585	-	245,585	234,676
Rentals and other revenue	179,452	-	179,452	194,779
Investment gain (loss)	831,626	512,764	1,344,390	(1,090,024)
Employee Retention Credit	308,126	-	308,126	1,719,301
Net assets released from restrictions	1,433,188	(1,433,188)	-	-
Total support and revenue	16,296,251	(786,693)	15,509,558	13,650,641
Expenses				
Program expenses	13,749,897	-	13,749,897	12,289,717
General and administrative expenses	1,673,870	-	1,673,870	1,906,679
Fundraising expenses	396,145	-	396,145	96,283
Total expenses	15,819,912	-	15,819,912	14,292,679
Change in net assets	476,339	(786,693)	(310,354)	(642,038)
Net assets, beginning	40,427,230	3,978,310	44,405,540	45,047,578
Net assets, ending	$ 40,903,569	$ 3,191,617	$ 44,095,186	$ 44,405,540

See notes to the financial statements.

JEWISH COMMUNITY CENTER OF ORANGE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023 (with comparative totals for the year ended December 31, 2022)

	2023					2022
		Supporting Services				
	Program	General and Administrative	Fundraising	Total	Total	Total
Salaries	$ 2,381,934	$ 430,322	$ 118,114	$ 548,436	$ 2,930,370	$ 2,925,452
Wages	4,283,082	78,481	164,036	242,517	4,525,599	3,827,561
Payroll taxes and benefits	1,404,830	78,613	62,072	140,685	1,545,515	1,416,906
Program services	155,613	-	43,340	43,340	198,953	239,403
Program supplies	608,624	-	29,516	29,516	638,140	555,780
Advertising	55,320	-	1,110	1,110	56,430	82,668
Printing	57,813	-	9,685	9,685	67,498	59,255
Contract labor	1,047,798	363,329	6,325	369,654	1,417,452	1,296,720
Travel and transportation	241,878	10,806	-	10,806	252,684	154,610
Rent expense	-	-	-	-	-	6,464
Admission	155,389	-	-	-	155,389	96,656
Food	376,700	-	13,885	13,885	390,585	381,345
Utilities	479,527	105,210	-	105,210	584,737	559,117
Insurance	152,650	33,508	-	33,508	186,158	165,076
Lawn care	62,653	13,752	-	13,752	76,405	54,423
Security	266,289	58,454	-	58,454	324,743	275,629
Repairs and maintenance	143,122	20,010	-	20,010	163,132	67,426
Audit and legal	-	47,964	-	47,964	47,964	41,096
Credit card and bank charges	403,133	-	-	-	403,133	352,620
Computer	168,448	90,354	-	90,354	258,802	253,804
Conferences and meetings	132,008	48,597	1,076	49,673	181,681	147,322
Dues and subscriptions	67,510	28,427	-	28,427	95,937	97,143
Employee recruitment	28,965	4,285	31	4,316	33,281	31,669
Fees, licenses and taxes	80,737	14,855	-	14,855	95,592	96,466
Office supplies and equipment	97,622	40,376	-	40,376	137,998	104,416
Postage and mail	5,448	658	879	1,537	6,985	9,975
Telephone and communications	47,350	20,282	-	20,282	67,632	71,963
Depreciation expense	845,454	185,587	-	185,587	1,031,041	973,419
	13,749,897	1,673,870	450,069	2,123,939	15,873,836	14,344,384
Less direct donor benefits to donors for special events	-	-	(53,924)	(53,924)	(53,924)	(51,705)
Total expenses	$ 13,749,897	$ 1,673,870	$ 396,145	$ 2,070,015	$ 15,819,912	$ 14,292,679

See notes to the financial statements.

JEWISH COMMUNITY CENTER OF ORANGE COUNTY

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023 (with comparative totals for the year ended December 31, 2022)

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	$ (310,354)	$ (642,038)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) and losses on investments	(900,520)	1,138,331
Depreciation	1,031,041	973,419
Changes in operating assets and liabilities:		
Contributions and accounts receivable	26,588	(33,621)
Prepaid expenses	(1,527)	3,964
Deposits	(1,220)	10,241
Accounts payable and accrued expenses	242,972	363
Deferred revenues	(66,281)	89,569
Security deposits	31,200	8,800
Net cash provided by operating activities	51,899	1,549,028
Cash Flows from Investing Activities		
Proceeds from sales of investments	1,235,000	519,948
Purchases of investments	(653,504)	(2,312,131)
Purchases of property and equipment	(1,759,645)	(1,026,326)
Net cash used by investing activities	(1,178,149)	(2,818,509)
Net change in cash and cash equivalents	(1,126,250)	(1,269,481)
Cash and cash equivalents, beginning	2,446,981	3,716,462
Cash and cash equivalents, ending	$ 1,320,731	$ 2,446,981

See notes to the financial statements.

NOTE 1 – ORGANIZATION

Jewish Community Center of Orange County (the "Center") is a nonprofit organization located in Irvine, California, which provides community-wide social, cultural, recreational, and educational events and services. At December 31, 2023, the Center had approximately 2,800 active members. The purpose and objectives of the Center are to provide facilities and programs for people of all age groups without limitations as to race, color, sex, creed, or national origin. Also, the Center helps to develop a coordinated Jewish community by providing a common meeting ground, and to cooperate with all groups concerned with enriching Jewish community life.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period on an accrual basis. Accordingly, actual results could differ from those estimates.

Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's 2022 financial statements, from which the summarized financial information was derived.

Cash and Cash Equivalents
The Center considers deposits with financial institutions subject to immediate withdrawal to be cash. The Center considers all short-term securities purchased with an original maturity of three months or less to be cash equivalents.

Investments
Investments in marketable securities are reported at their fair values in the statement of financial position. Sales and purchases of securities are recorded on a trade-date basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. Realized and unrealized gains and losses are included in the statement of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments
The Center determines the fair values of its investments based on the fair value hierarchy established in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 820, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The statement requires fair value measurements to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets and liabilities, including equity and debt securities and derivative contracts that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Property and Equipment
Property and equipment are recorded at cost when purchased or, if donated, at fair value at the date of donation. The Center depreciates furniture and equipment over the estimated useful life of 3, 5, 7, or 10 years using the straight-line method of depreciation. The building and land improvements are depreciated over the estimated useful life of 5 to 50 years.

The Center capitalizes all property and equipment expenditures over $5,000. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Impairment of Long-lived Assets
The Center's long-lived assets include property and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. The Center did not identify any impairment of its long-lived assets as of December 31, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes
The Center is organized as a not-for-profit organization exempt from income tax under provisions of Internal Revenue Code §501(c)(3). Management has analyzed the tax positions taken by the Center, and has concluded that, as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Net Assets
The Center reports information regarding contributions and support received in its statement of financial position and statement of activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions:

- *Net Assets without Donor Restrictions* – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- *Net Assets with Donor Restrictions* – net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Center reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

When donor restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Center reports both the revenue and the related expense in the net assets without donor restrictions category.

Revenue Recognition
Program Fees and Membership Fees
The Center receives membership fees, tuition, and program fees in advance from members, which are recorded as deferred revenues and amortized to income over the terms of the contracts and agreements with the members or taken into income on the actual date that the program events occur.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional donations/promises to give are reported at fair value at the date the donation/promise is received. Conditional contributions are recognized when the conditions on which they depend are substantially met. A condition must have both a barrier that must be overcome before the organization is entitled to the assets transferred or promised and a right of return. Assets received in a conditional donation are accounted for as refundable advances until the condition has been substantially met. The Center determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. No allowance for uncollectible contributions receivable was provided for at December 31, 2023, as management considers all amounts fully collectible.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Donated Goods and Services

The Center recognizes contributed nonfinancial assets (in-kind contributions) within revenue at the date of donation. The value of contributed services is recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have made significant contributions of their time to help develop the Center's programs and activities. No amounts have been reported in the financial statements for these donated services because the services do not meet the above reporting requirements.

Fundraising Events

The Center records fundraising events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Additionally, the financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy-related costs, which are allocated on a square footage basis, as well as labor-related expenses, which are allocated on the basis of estimates of time and effort.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standard
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which removes the thresholds that companies apply to measure credit losses on financial instruments measured at amortized cost, such as loans, receivables, and held-to-maturity debt securities. Under current U.S. GAAP, companies generally recognize credit losses when it is probable that the loss has been incurred. The revised guidance removes all recognition thresholds and requires companies to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that the company expects to collect over the instrument's contractual life. The Center adopted the standard on January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events
Management has evaluated subsequent events through June 14, 2024, the date the financial statements were available to be issued.

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure are as follows at December 31, 2023:

Financial assets:	
Cash and cash equivalents	$ 1,320,731
Contributions and accounts receivable	15,216
Investments	7,439,423
Total financial assets	8,775,370
Less those unavailable for general expenditures within one year, due to Board designations:	
Capital expenditure and major repair fund	6,783,091
Teaching Kitchen	100,000
Total Board designations	6,883,091
Financial assets available to meet cash needs for general expenditures within one year	$ 1,892,279

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued)

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center invests cash in excess of daily requirements in short-term investments. The Center has a goal to maintain liquid financial assets on hand to meet 90 days of normal operating expenses. Although the Center does not intend to spend from its long-term cash and investment holdings other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, the $6,883,091 of board-designated net assets to be held for long-term purposes could be made available if necessary.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at December 31, 2023:

Land	$ 13,058,355
Land improvements and building	33,923,458
Furniture and fixtures	1,800,255
Equipment	2,517,971
Construction in progress	445,390
Total	51,745,429
Less accumulated depreciation	(17,072,350)
Total property and equipment, net	$ 34,673,079

NOTE 5 – FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the investments reported at fair value on a recurring basis are as follows at December 31, 2023:

Corporate bonds and notes	$ 5,972,930
Mutual funds, equities and commodities	2,333,971
Pooled investment funds	1,794,142
Total investments	$ 10,101,043

The corporate bonds, notes, mutual funds, equities, and commodities have been valued at the closing prices reported on the active markets on which the individual investments are traded and are categorized in Level 1 of the fair value hierarchy. The fair values of the investments in pooled investment funds have been estimated using the net asset value per share of the investments and are categorized in Level 2 of the fair value hierarchy.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for the following purposes as of December 31, 2023:

Net asserts with donor restrictions, short term	
Cultural arts fund	$ 95,900
Chasin education fund	111,946
Myers Scholarship fund	54,217
Myers Theater fund	259,074
Sinai fund	8,860
Total net assets with donor restrictions, short term	529,997
Net assets with donor restrictions, long term	
Capital expenditure and major repair fund	907,154
Development and special projects fund	1,666,207
Teaching Kitchen fund	88,259
Total net assets with donor restrictions, long term	2,661,620
Total net assets with donor restrictions	$ 3,191,617

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

Capital expenditure and major repair fund	$ 224,501
Development and special projects fund	1,060,000
Cultural arts fund	36,000
Chasin education fund	23,016
Myers scholarship fund	57,941
Myers theater fund	31,730
Total net assets released from restrictions	$ 1,433,188

NOTE 7 – BOARD-DESIGNATED NET ASSETS

The Center's governing board has designated, from net assets without donor restrictions, cash and investments to be held for long-term use as of December 31, 2023.

Teaching Kitchen fund	$ 100,000
Capital expenditure and major repair fund	6,783,091
Total Board-designated net assets for long-term use	$ 6,883,091

NOTE 8 – SUPPORT AND REVENUE

The Center's support and revenue are from several sources. The primary support is from programs operated by the Center and membership fees as follows:

Early Childhood Development Center	$ 4,933,313
Various adult and children programs	4,365,625
Less scholarships expense	(289,194)
Total program fees	$ 9,009,744
Membership fees	$ 4,151,286

The Center also receives revenue from various fundraising events, special events, rental of its facility, and other charitable donations.

NOTE 9 – EMPLOYEE RETENTION CREDIT

The CARES Act provides an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes for eligible employers. The Center received ERCs of $308,126 in 2023, which are recognized in the statement of activities for the year ended December 31, 2023.

NOTE 10 – RETIREMENT SAVINGS PLAN

The Center has a 403(b) retirement savings plan (the Plan) covering substantially all employees. Participating employees may elect to contribute, on a tax deferred basis, a portion of their compensation in accordance with Sections 402(g), 403(b), and 415 of the Internal Revenue Code. The Center matches up to 5% of the employees' compensation for participating employees who have satisfied age and service requirements. The Center contributed approximately $179,000 to the Plan during 2023.

NOTE 11 – CONCENTRATIONS AND RISKS

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, deposits of up to $250,000 at FDIC-insured institutions are covered by FDIC insurance. At times, deposits may be in excess of the FDIC insurance limit; however, management does not believe the Center is exposed to significant related credit risk.