

# JEWISH FEDERATION OF ORANGE COUNTY

## FINANCIAL STATEMENTS

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December 31, 2023  
(With Comparative Totals for 2022)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Jewish Federation of Orange County:

### Opinion

We have audited the accompanying financial statements of Jewish Federation of Orange County (a nonprofit organization), 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 Jewish Federation of Orange County (JFedOC) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JFedOC 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 JFedOC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with 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 JFedOC'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 JFedOC'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.

### **Emphasis of Matter**

The accompanying financial statements have been prepared assuming that JFedOC will continue as a going concern. As disclosed in Notes 9, 10, and 13 to the financial statements, JFedOC has a shortfall in financial assets available to meet general expenditures within one year, has borrowed funds from unspent net assets with donor restrictions to continue to fund its operations since 2018, and a deficiency of net asset situation remains as of December 31, 2023. Management's evaluation of the events and conditions and management's plans to mitigate these matters are disclosed in Note 13. Our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited JFedOC as of December 31, 2022, and we expressed an unmodified opinion on those audited financial statements in our report dated July 26, 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 2022 audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California  
August 7, 2024

JEWISH FEDERATION OF ORANGE COUNTY

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

|   | <u>2023</u>                 | <u>2022</u>                 |
|---|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                 |                             |                             |
| Cash and cash equivalents                     | \$ 2,896,246                | \$ 2,329,639                |
| Investments                                   | 4,554,120                   | 4,374,223                   |
| Contributions and pledges receivable, net     | 520,761                     | 492,722                     |
| Property and equipment, net                   | 11,973                      | 38,039                      |
| Beneficial interests in assets held by others | 5,934,912                   | 4,834,251                   |
| Other assets                                  | <u>70,862</u>               | <u>32,991</u>               |
| <b>TOTAL ASSETS</b>                           | <b><u>\$ 13,988,874</u></b> | <b><u>\$ 12,101,865</u></b> |

LIABILITIES AND NET ASSETS

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| <b>LIABILITIES</b>                       |                             |                             |
| Accounts payable                         | \$ 428,162                  | \$ 629,913                  |
| Accrued liabilities                      | 141,238                     | 202,197                     |
| Paycheck Protection Program loan advance | -                           | 359,355                     |
| Total liabilities                        | <u>569,400</u>              | <u>1,191,465</u>            |
| <b>NET ASSETS (DEFICIT)</b>              |                             |                             |
| Without donor restrictions               | (586,766)                   | (1,304,701)                 |
| With donor restrictions                  | <u>14,006,240</u>           | <u>12,215,101</u>           |
| Total net assets                         | <u>13,419,474</u>           | <u>10,910,400</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b><u>\$ 13,988,874</u></b> | <b><u>\$ 12,101,865</u></b> |

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

**JEWISH FEDERATION OF ORANGE COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

|   | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total<br/>2023</u> | <u>Total<br/>2022</u> |
|---|---|--|-----------------------|-----------------------|
| <b>SUPPORT AND REVENUE:</b>   |   |  |                       |                       |
| <b>SUPPORT:</b>   |   |  |                       |                       |
| Contributions   | \$ 2,296,875                              | \$ 1,971,050                           | \$ 4,267,925          | \$ 4,471,747          |
| Israel Emergency Campaign   | -   | 1,055,180                              | 1,055,180             | 110,000               |
| <b>TOTAL SUPPORT</b>  | <u>2,296,875</u>                          | <u>3,026,230</u>                       | <u>5,323,105</u>      | <u>4,581,747</u>      |
| <b>REVENUE:</b>   |   |  |                       |                       |
| Special events (net of direct donor benefits<br>of \$485,922 in 2023 and \$202,934 in 2022) | 52,006                                    | -                                      | 52,006                | (92,315)              |
| Investment return, net  | 221,581                                   | 257,398                                | 478,979               | (717,742)             |
| Change in value of beneficial interests in<br>assets held by others                         | -   | 586,104                                | 586,104               | (979,466)             |
| Forgiveness of Paycheck Protection Program<br>loan advance                                  | 359,355                                   | -                                      | 359,355               | -                     |
| Loss on disposal of assets  | (15,616)                                  | -                                      | (15,616)              | -                     |
| Other revenue   | 25,152                                    | -                                      | 25,152                | 36,317                |
| <b>TOTAL REVENUE</b>  | <u>642,478</u>                            | <u>843,502</u>                         | <u>1,485,980</u>      | <u>(1,753,206)</u>    |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>  | <u>2,078,593</u>                          | <u>(2,078,593)</u>                     | <u>-</u>              | <u>-</u>              |
| <b>TOTAL SUPPORT AND REVENUE</b>  | <u>5,017,946</u>                          | <u>1,791,139</u>                       | <u>6,809,085</u>      | <u>2,828,541</u>      |
| <b>EXPENSES:</b>  |   |  |                       |                       |
| Program services  | 3,471,334                                 | -                                      | 3,471,334             | 3,215,931             |
| Management and general  | 585,446                                   | -                                      | 585,446               | 888,119               |
| Fundraising   | 243,231                                   | -                                      | 243,231               | 379,493               |
| <b>TOTAL EXPENSES</b>   | <u>4,300,011</u>                          | <u>-</u>                               | <u>4,300,011</u>      | <u>4,483,543</u>      |
| <b>CHANGES IN NET ASSETS</b>  | 717,935                                   | 1,791,139                              | 2,509,074             | (1,655,002)           |
| <b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>  | <u>(1,304,701)</u>                        | <u>12,215,101</u>                      | <u>10,910,400</u>     | <u>12,565,402</u>     |
| <b>NET ASSETS (DEFICIT), END OF YEAR</b>  | <u>\$ (586,766)</u>                       | <u>\$ 14,006,240</u>                   | <u>\$ 13,419,474</u>  | <u>\$ 10,910,400</u>  |

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

**JEWISH FEDERATION OF ORANGE COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

|  | Program<br>Services | Supporting Services       |                   | Total Expenses      |                     |
|--|---------------------|---------------------------|-------------------|---------------------|---------------------|
|  |                     | Management<br>and General | Fundraising       | 2023                | 2022                |
| <b>OPERATING EXPENSES:</b>   |                     |                           |                   |                     |                     |
| Payroll Expenses:  |                     |                           |                   |                     |                     |
| Salaries   | \$ 1,017,568        | \$ 328,753                | \$ 219,168        | \$ 1,565,489        | \$ 1,506,115        |
| Employee benefits  | 104,722             | 33,833                    | 22,556            | 161,111             | 154,153             |
| Payroll taxes  | 76,593              | 24,746                    | 16,497            | 117,836             | 113,563             |
| <b>TOTAL PAYROLL EXPENSES</b>  | <b>1,198,883</b>    | <b>387,332</b>            | <b>258,221</b>    | <b>1,844,436</b>    | <b>1,773,831</b>    |
| Grants   | 1,579,720           | -                         | -                 | 1,579,720           | 1,307,447           |
| Bad debt expense   | 10,786              | -                         | 10,785            | 21,571              | 104,664             |
| Catering   | 78,980              | 1,710                     | 37,389            | 118,079             | 101,044             |
| Client service and direct assistance   | 58,420              | -                         | -                 | 58,420              | 32,227              |
| Community development and outreach   | 94,894              | 2,572                     | 2,225             | 99,691              | 66,783              |
| Dues and subscriptions   | 1,500               | -                         | -                 | 1,500               | 3,362               |
| Education and professional development   | 1,035               | 201                       | 148               | 1,384               | 6,047               |
| Events and speakers  | 35,343              | -                         | 23,250            | 58,593              | 69,528              |
| Information technology   | 6,956               | 2,666                     | 1,469             | 11,091              | 9,609               |
| Insurance  | 19,174              | 6,195                     | 4,130             | 29,499              | 39,483              |
| Licenses, fees, and other expenses   | 63,822              | 16,304                    | 23,040            | 103,166             | 73,550              |
| Missions   | 188,285             | -                         | -                 | 188,285             | -                   |
| Occupancy  | 94,145              | 35,478                    | 36,702            | 166,325             | 144,834             |
| Postage  | 8,666               | 1,148                     | 1,677             | 11,491              | 8,861               |
| Printing and graphics  | 20,225              | 1,713                     | 5,569             | 27,507              | 15,860              |
| Professional services  | 170,342             | 119,837                   | 57,018            | 347,197             | 800,407             |
| Supplies   | 44,960              | 1,360                     | 14,252            | 60,572              | 62,885              |
| Telephone  | 7,003               | 2,263                     | 1,508             | 10,774              | 10,879              |
| Travel and transportation  | 20,576              | 3,249                     | 6,530             | 30,355              | 29,237              |
| Depreciation and amortization  | 10,580              | 3,418                     | 2,279             | 16,277              | 25,939              |
| <b>TOTAL OPERATING EXPENSES</b>  | <b>\$ 3,714,295</b> | <b>\$ 585,446</b>         | <b>\$ 486,192</b> | <b>\$ 4,785,933</b> | <b>\$ 4,686,477</b> |
| Less expenses included in revenue<br>section of the statement of activities          | (242,961)           | -                         | (242,961)         | (485,922)           | (202,934)           |
| Total 2023 expenses included<br>in expense section of the<br>statement of activities | <b>\$ 3,471,334</b> | <b>\$ 585,446</b>         | <b>\$ 243,231</b> | <b>\$ 4,300,011</b> |                     |
| <b>PERCENTAGE OF TOTAL EXPENSES</b>  | 80%                 | 14%                       | 6%                | 100%                |                     |
| Total 2022 expenses included in expense<br>section of the statement of activities    | <b>\$ 3,215,931</b> | <b>\$ 888,119</b>         | <b>\$ 379,493</b> |                     | <b>\$ 4,483,543</b> |
| <b>PERCENTAGE OF TOTAL EXPENSES</b>  | 72%                 | 20%                       | 8%                |                     | 100%                |

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

**JEWISH FEDERATION OF ORANGE COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

|  | <b>2023</b>  | <b>2022</b>    |
|--|--------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |                |
| Change in net assets   | \$ 2,509,074 | \$ (1,655,002) |
| Adjustments to reconcile change in net assets to net cash from operating activities: |              |                |
| Depreciation and amortization  | 16,277       | 25,939         |
| Loss on disposal of assets   | 15,616       | -              |
| Change in value of beneficial interests in assets held by others                     | (586,104)    | 979,466        |
| Forgiveness of Paycheck Protection Program loan advance                              | (359,355)    | -              |
| Net unrealized (gain) loss on investments  | (297,900)    | 876,954        |
| Change in assets and liabilities:  |              |                |
| Contributions and pledges receivable, net  | (28,039)     | (238,616)      |
| Other assets   | (37,871)     | (5,627)        |
| Accounts payable   | (201,751)    | 143,876        |
| Accrued liabilities  | (60,959)     | 28,663         |
| Net Cash Provided By Operating Activities  | 968,988      | 155,653        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |                |
| Purchases of property and equipment  | (5,827)      | -              |
| Purchases of investments   | (364,388)    | (960,238)      |
| Proceeds from sales of investments   | 663,470      | 582,457        |
| Purchase of beneficial interest in assets held by others                             | (797,624)    | (50,976)       |
| Distributions from beneficial interests in assets held by others                     | 283,067      | 241,453        |
| Reinvested interest and dividends (net) proceeds                                     | (181,079)    | (159,210)      |
| Net Cash Used In Investing Activities  | (402,381)    | (346,514)      |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                       | 566,607      | (190,861)      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                | 2,329,639    | 2,520,500      |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                                      | \$ 2,896,246 | \$ 2,329,639   |

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

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 1 – Organization and Nature of Activities**

***Organization***

Jewish Federation of Orange County (JFedOC) is a non-profit corporation created under the laws of California on July 6, 1965 as the Jewish Community Council of Orange County.

JFedOC convenes, engages, and leads Orange County's Jewish community and its partners, leverages its resources to enhance and sustain Jewish life, assists people in need, mobilizes on issues of concern to the local Jewish community, and strengthens the bond with Israel and Jewish people globally. JFedOC's support consists primarily of contributions from Jewish residents of Southern California and grants.

Throughout 2023, JFedOC served over 11,000 individual participants who benefited from JFedOC's programs, services, and grants.

***Serving Community Members in Need***

*Holocaust Survivor Program:* 184 survivors were served in 2023 with individual case management; compensation for home care and housekeeping services; assistance with restitution applications; emergency financial aid; and Café Europa, a series of social events; all through JFedOC's partnership with Jewish Family Service of San Diego, supported by JFedOC donors.

*Adults with Disabilities:* In 2023, 40 adults with disabilities were served through the Jeremiah Society, a monthly social and educational program; and through Jewish programming coordinated for residents of Mandel House and Horwitz Family House, group homes established by JFedOC in 2014 and 2017. The group homes were transferred to the Irvine Community Land Trust in 2021 and JFedOC continues to provide Jewish enrichment to the residents of the homes through Jeremiah Society and in-home Jewish holiday celebrations.

*Lifelines Assistance:* 455 Orange County households were served in 2023 with solution-focused case management, financial assistance for qualified clients, and resource referral services to aid clients in navigating the often complex network of government and nonprofit social service resources available to them.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 – Organization and Nature of Activities (Continued)

*Philanthropy and Leadership Development*

In 2023, 2,450 JFedOC's donors benefited from programs, events, volunteer opportunities, and leadership development as well as ongoing communications on local and global Jewish issues and achievements. The majority of JFedOC's donors benefiting from these services were members of the its Solomon Society and Women's Philanthropy.

Women's Philanthropy: In 2023, 10 new members were elected to the 43-member Women's Philanthropy (WP) Council. WP also launched The Circle in 2023 as a forum for career-focused Jewish women to build professional networks, learn about JFedOC, and develop leadership connections.

Solomon Society: A new 17-member Leadership Council was established in 2023 to enhance the impact of Solomon Society through outreach, social, and volunteer programs. The group launched 15 events throughout the year to engage like-minded men in service, leadership, and philanthropy.

*Grantmaking*

Israel Emergency Campaign: Launched in the immediate aftermath of the October 7, 2023 attacks on Israel, JFedOC's Israel Emergency Campaign engaged over 1,000 donors who contributed some \$1.04 million for humanitarian relief. By year-end, over \$530,000 had been distributed to nonprofit partners in Israel providing trauma and medical care, housing, and other critical services.

Teen Engagement & Wellness Initiative: 490 Orange County Jewish teens benefited from JFedOC's grants under this initiative to six innovative programs offered by JFedOC's community partners. The initiative also provided a series of programs to build a community of practice among all Jewish youth-serving professionals in Orange County.

Passport to Jewish Life: 93 Jewish students in grades 3-12 were assisted by JFedOC Passport grants to support their participation in Jewish summer camp, Maccabi Games, Israel-Poland experiential education trips, summer yeshivas, and other immersive Jewish summer programs.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

**NOTE 1 – Organization and Nature of Activities (Continued)**

***Grantmaking (Continued)***

Weissman Arts: 500+ community members participated in Celebrate Israel @ 75, a community arts and culture festival in May celebrating Israeli Independence Day, sponsored by a grant from JFedOC's Weissman Arts fund.

Rose Project: Grants from the Rose Project supported Hillel Orange County, Chabad at University of California, Irvine, and Chabad at Chapman University and California State University, Fullerton. Approximately 1,440 students at the university campuses and local community colleges benefited from regular programming provided by these Jewish campus organizations.

***Community Relations and Engagement***

Solidarity with Israel: Over 1,600 community members participated in a community gathering for Israel three days after the October 7, 2023 attack. Spearheaded by JFedOC, the assembly featured presenters from 16 Orange County Jewish institutions, the Consul General of Israel, and elected officials from county, state, and federal government. In December 2023, JFedOC's Annual Meeting speakers included an Israeli family whose loved ones were killed or kidnapped on October 7, 2023.

Rose Project: 3,698 students and educators in Orange County middle and high schools learned about Jewish life and culture through peer presentations by 54 Jewish teen ambassadors in the 2023 cohort of the Rose Project's Student to Student initiative.

PJ Library: In 2023, 1,773 children received free Jewish books (for ages 0 to 12) each month. In total, 20,244 books were distributed. Meaningful and exciting activities were also provided for families with their children as well as parent-only programs.

***Other Programs***

Throughout 2023, JFedOC had over 2,500 participants who benefited from JFedOC's various other programs, services, and grants.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies

*Basis of Accounting*

JFedOC prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

*Basis of Presentation*

JFedOC reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

- *Net assets without donor restrictions* – Net assets without donor restrictions are net assets that are available for use at the discretion of the Board of Directors and/or management for general operating purposes. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for a board-designated custodial fund. (See Note 9.)
- *Net assets with donor restrictions* – Net assets with donor restrictions are net assets resulting from contributions or other inflows of assets whose use by JFedOC is limited by donor-imposed restrictions that either expire with the passage of time or can be fulfilled and removed by actions of JFedOC pursuant to the restrictions. When a donor-specified restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. (See Note 10.)

*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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates. The significant items in these statements that are affected by management estimates include the valuation of beneficial interest in assets held by others and investments, depreciation, net realizable value and associated allowances of accounts receivable and pledges, and allocations of functional expenses.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Reclassifications***

Certain reclassifications have been made to the prior year financial statements to conform to the presentation of the current year financial statements.

***Prior-Period Comparative Information***

The financial statements include certain prior-period 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 U.S. GAAP. Accordingly, such information should be read in conjunction with JFedOC's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

***Cash and Cash Equivalents***

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources with an original maturity of three months or less when purchased.

From time to time, cash balances may exceed federally insured limits. JFedOC has not experienced any previous losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

***Contributions and Pledges Receivable***

Contributions and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until such time as the conditions on which they depend have been substantially met.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Contributions and Pledges Receivable (Continued)***

JFedOC holds an annual fund drive to support its various programs and services. Unconditional pledges are recorded at their net realizable value. Pledges receivable at December 31, 2023 are expected to be collected within the next fiscal year and, as a result, no discount on pledges receivable has been recorded. An allowance for uncollectible pledges has been established by JFedOC's management based on past collection experience. Allowance for uncollectible pledges receivable totaled \$34,691 at December 31, 2023. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no conditional promises at December 31, 2023.

***Investments***

JFedOC maintains the majority of its investments at the Jewish Community Foundation of Orange County ("the Foundation" or "JCFOC"), a portion of which are invested in an investment pool. The investments held at the Foundation are reported at fair value based on the fair value of the underlying assets as reported by the fund managers.

Investment purchases and sales are accounted for on a trade-date basis. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Fair Value Measurements*

JFedOC has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards. The inputs are categorized in the following levels:

- *Level 1:* Fair values are based on quoted prices in active markets for identical assets and liabilities.
- *Level 2:* Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset.
- *Level 3:* Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Certain financial instruments are carried at cost on the statement of financial position and thus, are not categorized. These instruments include cash and cash equivalents, contributions and pledges receivable, accounts payable, and accrued liabilities.

*Property and Equipment*

Property and equipment is stated at cost, if purchased, or at fair value at the date of the gift, if donated and material. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Property and Equipment (Continued)*

The cost of the property and equipment with an estimated useful life of more than one year is capitalized. Property and equipment is capitalized when total acquisition cost is \$5,000 or more. Repairs, maintenance, and minor acquisitions are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

|                         |           |
|-------------------------|-----------|
| Buildings               | 30 years  |
| Improvements            | 15 years  |
| Furniture and Equipment | 5-7 years |
| Vehicles                | 5 years   |
| Software                | 3 years   |

Leasehold improvements are amortized over the lesser of the estimated useful life or lease term.

*Impairment of Long-Lived Assets*

JFedOC reviews long-lived assets for impairment periodically or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered impaired, the impairment recognized is the difference between the assets carrying amount and fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. JFedOC has determined that there has not been any impairment of its long-lived assets as of December 31, 2023.

*Contributed Assets, Materials, and Services*

JFedOC receives periodic donations of materials from local vendors and from the community, which are recorded at estimated fair market value at the date of donation, if significant. Donated equipment or improvements are recorded at the estimated fair value at the date of donation. Donated securities are held until they can be sold. A substantial number of volunteers have donated significant amounts of their time to JFedOC and its programs. The donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Functional Expense Allocation*

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated on a consistent basis among the program services and supporting services benefited. Significant expenses that are allocated include the following:

| <u>Expense</u>        | <u>Method of Allocation</u> |
|-----------------------|-----------------------------|
| Payroll expenses      | Time and effort             |
| Professional services | Time and effort             |
| Occupancy expenses    | Time and effort             |
| Depreciation expense  | Time and effort             |

*Income Taxes*

JFedOC is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (IRC) and the corresponding provision of the California Revenue and Taxation Code and is generally not subject to federal and state income taxes. However, JFedOC is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Codification (ASC) Topic No. 740, *Uncertainty in Income Taxes*, JFedOC recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2023, JFedOC performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status. JFedOC is subject to routine audits by the taxing jurisdictions. The statute of limitations for federal and California purposes is generally three and four years, respectively.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Grants to Other Organizations*

Grants made to other organizations during the year are approved by the Board at the end of the previous calendar year as part of the annual budgeting process. The organizations receiving the grants provide a broad range of services to the people of Orange County, across the United States of America, in Israel, and around the world. The actual payment of the grant may not necessarily occur in the year of authorization. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. Grants payable totalled \$296,598 as of December 31, 2023, and are included in accounts payable on the accompanying statement of financial position.

NOTE 3 – Investments

Investments consist primarily of custodial funds held and invested by the Foundation. Investments are intended to be set aside as an operating reserve and provide income to be used in JFedOC's programs. Several custodial funds are merged into the Foundation's pooled funds as permitted by the participation agreement.

Investments consisted of the following at December 31, 2023:

|                                |                     |
|--------------------------------|---------------------|
| Global constrained investments | \$ 2,657,273        |
| Pooled investments             | <u>1,896,847</u>    |
| Total                          | <u>\$ 4,554,120</u> |

The components of total investment return from investments are as follows:

|                              |                   |
|------------------------------|-------------------|
| Interest and dividend income | \$ 227,812        |
| Investment fees              | (46,733)          |
| Unrealized net gain          | <u>297,900</u>    |
| Total                        | <u>\$ 478,979</u> |

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Investments are managed by investment managers who have responsibility for investing the funds in various investment classes.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 3 – Investments (Continued)**

Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

**NOTE 4 – Property and Equipment**

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

|  |                  |
|--|------------------|
| Leasehold improvements                         | \$ 7,540         |
| Furniture, fixtures, and equipment             | 17,808           |
| Software implementation                        | <u>128,646</u>   |
|  | 153,994          |
| Less accumulated depreciation and amortization | <u>(142,021)</u> |
| Property and equipment (net)                   | <u>\$ 11,973</u> |

Depreciation and amortization expense totaled \$16,277 for the year ended December 31, 2023.

**NOTE 5 – Beneficial Interests in Assets Held by Others**

JFedOC has transferred funds to the Foundation to set up Perpetual Annual Campaign Endowment Funds (PACE), and several other special endowment funds. These funds are maintained by the Foundation and distributions are made annually to JFedOC in an amount that approximates 4-5% of the funds' average balance for the three preceding years.

The Sid Friedman Perpetual Trust (the Trust) is maintained by Bank of America. Distributions of 5% are made annually to JFedOC, and are calculated based on the fair market value of the Trust on the first business day of the year.

JFedOC granted the Foundation and Bank of America the funds, and specified themselves as the beneficiary in perpetuity, allowing JFedOC to recognize the beneficial interest in the assets held by others.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 5 – Beneficial Interests in Assets Held by Others (Continued)**

The value of the beneficial interests as of December 31, 2023 and distributions received, which are included in net assets released from restrictions on the accompanying statement of activities, are as follows as of and for the year ended December 31, 2023:

|   | <u>Fund Value</u> | <u>Distributions</u> |
|---|-------------------|----------------------|
| Perpetual Annual Campaign Endowment Funds     | \$ 1,995,351      | \$ 98,076            |
| Special Endowment Fund – LOJE                 | 75,516            | 3,804                |
| Special Endowment Fund – JFOC                 | 561,578           | 26,936               |
| Special Endowment Fund - Zechter Music Center | 432,854           | 17,255               |
| Special Endowment Fund – Other                | 172,427           | 7,261                |
| Sid Friedman Perpetual Trust                  | 1,828,801         | 89,573               |
| PJ Library OC Endowment Fund                  | 103,467           | -                    |
| Weissman Arts Endowment Fund                  | 764,918           | 40,162               |
| <br>Totals                                    | <br>\$ 5,934,912  | <br>\$ 283,067       |

JFedOC also received contributions of \$66,667 and \$730,957 that were transferred to the PJ Library OC Endowment Fund and the Weissman Arts Endowment Fund, respectively, in 2023.

In addition to the beneficial interests discussed above, the Foundation maintains other funds that have been contributed by various donors to the Foundation for the benefit of JFedOC. These funds are not included as assets of JFedOC because it does not have unconditional rights to distributions from these funds and has no remainder interest in these funds because either the donor is still living or the established fund benefits multiple recipient organizations, of which JFedOC is one. The earnings from these funds typically are paid to JFedOC each year in accordance with the Foundation’s spending policy, although the Foundation has the right to withhold distributions or pay them to another organization. For the year ended December 31, 2023, JFedOC received distributions of \$134,432, which are recorded as contributions in the accompanying statement of activities.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 6 – Fair Value Measurements**

The following table presents information about JFedOC’s assets that are measured at fair value on a recurring basis at December 31, 2023 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

|                               | <b>Fair Value Measurements at Reporting Details</b> |                |                |                |
|-------------------------------|---|----------------|----------------|----------------|
|                               | <b>Fair Value</b>                                   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
| Measured on a recurring basis |   |                |                |                |
| Global Constrained Fund       | \$ 2,657,273  | \$ -           | \$ -           | \$ 2,657,273   |
| Investment in JCFOC           |   |                |                |                |
| Pooled Fund                   | 1,896,847   | -              | -              | 1,896,847      |
| Total investments             | 4,554,120   | -              | -              | 4,554,120      |
| Beneficial interest in assets |   |                |                |                |
| held by others                | 5,934,912   | -              | -              | 5,934,912      |
| Total recurring fair value    |   |                |                |                |
| measurements                  | \$ 10,489,032                                       | \$ -           | \$ -           | \$ 10,489,032  |

The level 3 investments in the Global Constrained Fund, the JCFOC Pooled Fund, and beneficial interests in assets held by others are valued based on the fair value of the underlying assets as reported by the fund managers.

**NOTE 7 – Paycheck Protection Program Loan Advance**

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they employed throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

JEWISH FEDERATION OF ORANGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

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(WITH COMPARATIVE TOTALS FOR 2022)

**NOTE 7 – Paycheck Protection Program Loan Advance (Continued)**

In February 2021, JFedOC received a loan in the amount of \$359,355 through the PPP. To the extent it is not forgiven, the loan bears interest at a rate of 1% over a period of two years. Monthly payments commence ten months after the date of the loan, with a final installment due in February 2026. In February 2023, JFedOC received a notification from the Small Business Administration (SBA), that \$359,355 of the PPP loan advance was forgiven. JFedOC recognized the forgiveness as income on the statement of activities for the year ended December 31, 2023.

**NOTE 8 – Commitments and Contingencies**

*Legal Proceedings*

In the normal course of business, JFedOC may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of JFedOC as of December 31, 2023.

*Other Contingencies*

JFedOC has received funds for specific purposes that are subject to review and audits by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursements will not be material.

**NOTE 9 – Net Deficit Without Donor Restrictions**

Net deficit without donor restrictions consist of undesignated and board-designated amounts for the following purposes at December 31, 2023:

|   |                     |
|---|---------------------|
| Undesignated  | \$ (635,476)        |
| Board-designated lifelines and emergency custodial fund | <u>48,710</u>       |
| Total net deficit without donor restrictions            | <u>\$ (586,766)</u> |

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 9 – Net Deficit Without Donor Restrictions (Continued)**

The Board set aside certain funds without donor restrictions to serve as an emergency custodial fund for JFedOC. The fund is held by the Foundation and the spending of the fund is subject to approval by the Board. There were no distributions from the board-designated funds for the year ended December 31, 2023.

JFedOC has a \$586,766 deficit in its net assets without donor restrictions. The Board and management are aware of the deficit and are closely monitoring JFedOC’s financial performance. (See Note 13.)

**NOTE 10 – Net Assets with Donor Restrictions**

Net assets with donor restrictions and related releases from net assets with donor restrictions consisted of the following as of and for the year ended December 31, 2023:

|  | <u>December 31,</u><br><u>2022</u> | <u>Additions</u>    | <u>Investment</u><br><u>Gain</u> | <u>Releases</u>       | <u>December 31,</u><br><u>2023</u> |
|--|------------------------------------|---------------------|----------------------------------|-----------------------|------------------------------------|
| Subject to the Passage of Time:  | \$ 180,350                         | \$ 346,259          | \$ -                             | \$ (180,350)          | \$ 346,259                         |
| Subject to expenditure for<br>specified purpose:                               |                                    |                     |                                  |                       |                                    |
| Israel Programs  | 4,990,571                          | 1,055,180           | 152,920                          | (755,778)             | 5,442,893                          |
| Weissman Arts Fund   | 851,055                            | 40,162              | 77,758                           | (10,000)              | 958,975                            |
| Rose Project   | 565,077                            | 251,150             | 6,548                            | (186,233)             | 636,542                            |
| Holocaust Survivors  | 7,071                              | 104,129             | -                                | (111,200)             | -                                  |
| Lifelines Social Services  | 440,844                            | 55,038              | 6,868                            | (138,112)             | 364,638                            |
| Imagining Our Future   | 117,686                            | -                   | 2,157                            | -                     | 119,843                            |
| Other programs   | <u>228,195</u>                     | <u>376,689</u>      | <u>11,147</u>                    | <u>(413,853)</u>      | <u>202,178</u>                     |
| Total subject to expenditure<br>for specified purpose                          | 7,380,849                          | 2,228,607           | 257,398                          | (1,795,526)           | 8,071,328                          |
| Subject to Spending Policy<br>Beneficial interests in assets<br>held by others | <u>4,834,252</u>                   | <u>797,623</u>      | <u>586,104</u>                   | <u>(283,067)</u>      | <u>5,934,912</u>                   |
| Total net assets with donor<br>restrictions                                    | <u>\$ 12,215,101</u>               | <u>\$ 3,026,230</u> | <u>\$ 843,502</u>                | <u>\$ (2,078,593)</u> | <u>\$ 14,006,240</u>               |

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 11 – Retirement Plan**

JFedOC has a defined contribution retirement plan under IRC Section 403(b) in which all eligible employees may participate. The benefits are based on years of service and the employee compensation during the year. JFedOC matches up to 4% of employee contributions. Total plan expense for the year ended December 31, 2023 was \$41,232.

**NOTE 12 – Payments to Affiliates**

JFedOC is affiliated with Jewish Federations of North America (JFNA), the national umbrella organization of the federation system. All federations, including JFedOC, are required to pay an annual Fair Share grant into the system; this grant is calculated by the JFNA Board as a percentage according to federation size, which percentage is applied to an average of campaign revenue during the preceding three years. In addition, JFedOC is required to make an annual Israel & Overseas grant into the system, which funds the collective federation support, through JFNA, of the Jewish Agency for Israel, the Joint Distribution Committee, ORT, and the Ethiopian National Project.

In 2020, JFedOC held all payments to JFNA as the two parties were negotiating a hardship relief program. In 2021, JFedOC and JFNA came to an agreement whereby the unpaid amounts owed to JFNA would be reduced by 50%, and JFedOC would make payments over seven years at the rate of approximately \$22,000 per year, beginning in 2021. As of December 31, 2023, JFedOC owed \$159,972 to JFNA, included in accounts payable on the statement of financial position.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 13 – Liquidity and Availability of Financial Resources**

The total financial assets held by JFedOC at December 31, 2023 and the amounts of those financial assets that could be made available for use in general operations within one year of the date of the statement of financial position are summarized in the following table:

|  |                       |
|--|-----------------------|
| Financial Assets at December 31, 2023  |                       |
| Cash and cash equivalents  | \$ 2,896,246          |
| Investments  | 4,554,120             |
| Contributions and pledge receivables, net  | 520,761               |
| Beneficial interest in assets held by others   | <u>5,934,912</u>      |
| <br>Total financial assets at December 31, 2023  | <br>13,906,039        |
| <br>Less amounts not available to be used within<br>one year, due to donor-imposed restrictions: | <br>(14,006,240)      |
| <br>Board-designated custodial fund  | <br>(48,710)          |
| <br>Distributions from beneficial interest in assets<br>held by others subsequent to year end    | <br><u>350,507</u>    |
| <br>Financial assets available for use in<br>general operations within one year                  | <br><u>\$ 201,596</u> |

JFedOC currently has a deficit in unrestricted net assets with limited financial assets available for use in general operations within one year. However, JFedOC experienced an increase in unrestricted net assets of \$717,935 during the year ended December 31, 2023, reducing the deficit to \$586,766 at December 31, 2023.

JFedOC has experienced improvements by reducing operating expenses and increasing contribution revenue without donor restrictions, resulting in a balance in financial assets available for use in general operations within one year of \$201,596 for the year ended December 31, 2023. As a result of its improved financial position, JFedOC has been able to put more funds into the community by increasing its program spending and decreasing its spending on supporting services.

**JEWISH FEDERATION OF ORANGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

**NOTE 13 – Liquidity and Availability of Financial Resources (Continued)**

As of the date of this report, management believes that JFedOC will continue to operate for the next 12 months based on the following factors:

- (a) JFedOC continues to build a forward-looking management and lay leadership team, welcoming a new treasurer in 2023, focused on strong fiscal responsibility and increasing revenue going forward.
- (b) JFedOC has reduced its non-programmatic operating expenses in 2023 and cut costs in the areas of outsourced consultants and temporary staff. JFedOC passed a balanced budget for the fiscal year 2024, and overall expenses are under budget thus far.
- (c) JFedOC migrated to a new donor database system in 2024, which has improved fundraising efforts to attract new donors and retain current donors. It also creates efficiencies in the workflow, which will lead to reduced costs in the future.
- (d) JFedOC continues to reassess organizational structure, staffing needs, and contracts with outside vendors to ensure that JFedOC is operating as cost-effectively as possible.

**NOTE 14 – Subsequent Events**

JFedOC evaluated all events and transactions through August 7, 2024, the date the financial statements were available to be issued. Management believes that no event occurred subsequent to December 31, 2023 that is required to be disclosed in the financial statements.