Hillel
San Diego

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hillel of San Diego
San Diego, California

Opinion

We have audited the financial statements of Hillel of San Diego (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hillel of San Diego as of June 30, 2022, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Hillel of San Diego 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.

Other Matter

As part of our audit of the June 30, 2022 financial statements, we also audited the adjustments described in Note 2 that were applied to restate the June 30, 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2021 financial statements of Hillel of San Diego other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Hillel of San Diego's ability to continue as a going concern for one year after the date that the financial statements are 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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

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

Lindsay & Brownell, LLP

Lindsay & Brownell, LLP

La Jolla, California
December 6, 2022

HILLEL OF SAN DIEGO

STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS		
Current Assets		
Cash and cash equivalents	$	725,931
Restricted cash		4,470,107
Current portion of pledges receivable, net		1,483,453
Prepaid expenses and deposits		31,060
Other receivables		127,655
Total Current Assets		6,838,206
Noncurrent Assets		
Investments		2,190,535
Pledges receivable, net, less current portion		306,532
Property and equipment, net		14,496,963
Operating lease right-of-use asset		9,891
Total Noncurrent Assets		17,003,921
Total Assets	$	23,842,127
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$	136,695
Accrued payroll		45,142
Deferred income		36,000
Refundable advance		50,000
Current portion of operating lease liability		3,552
Finance lease liability		9,815
Total Current Liabilities		281,204
Line of Credit		772,437
Operating Lease Liability, Less Current Portion		6,123
Total Liabilities		1,059,764
Net Assets		
Without donor restrictions		15,354,161
With donor restrictions		7,428,202
Total Net Assets		22,782,363
Total Liabilities and Net Assets	$	23,842,127

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

HILLEL OF SAN DIEGO

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and pledges	$ 948,279	$ 4,066,729	$ 5,015,008
Other income	81,134	-	81,134
Net assets released from restrictions	5,119,622	(5,119,622)	-
Total Revenue and Support	6,149,035	(1,052,893)	5,096,142
Net Investment Loss			
Interest and dividends	18,176	16,319	34,495
Net realized gain on investments	683	12,699	13,382
Net unrealized loss on investments	(146,792)	(151,586)	(298,378)
Investment expenses	(6,009)	(5,709)	(11,718)
Net assets released from restrictions	56,510	(56,510)	-
Net Investment Loss	(77,432)	(184,787)	(262,219)
Total Revenue, Support, and Net Investment Loss	6,071,603	(1,237,680)	4,833,923
Expenses			
Program Services	993,554	-	993,554
Supporting Services			
Management and general	382,201	-	382,201
Fundraising	129,121	-	129,121
Total Supporting Services	511,322	-	511,322
Total Expenses	1,504,876	-	1,504,876
Change in Net Assets	4,566,727	(1,237,680)	3,329,047
Net Assets, Beginning (As Restated)	10,787,434	8,665,882	19,453,316
Net Assets, Ending	$ 15,354,161	$ 7,428,202	$ 22,782,363

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

HILLEL OF SAN DIEGO

STATEMENT OF FUNCTIONAL EXPENSES
Fiscal Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Expenses				
Salaries and benefits	$ 471,271	$ 206,821	$ 81,054	$ 759,146
Program costs	317,477	-	-	317,477
Depreciation	111,468	13,933	13,933	139,334
Office	76,352	23,600	38,871	138,823
Professional fees	-	135,101	-	135,101
Advertising and promotion	-	-	39,743	39,743
Insurance	10,769	3,328	5,482	19,579
Bank fees	-	727	6,545	7,272
Information techology	3,959	1,224	2,016	7,199
Administration	-	3,883	-	3,883
Travel	2,258	-	-	2,258
Interest	-	87	-	87
Change in bad debt provision	-	(6,503)	(58,523)	(65,026)
Total Expenses	$ 993,554	$ 382,201	$ 129,121	$ 1,504,876

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

HILLEL OF SAN DIEGO

STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2022

Cash Flows from Operating Activities		
Change in net assets	$	3,329,047
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Contributions		(171,067)
Depreciation		139,334
Net realized gain on investments		(13,382)
Net unrealized loss on investments		298,378
Gain on sale of fixed assets		(1,000)
Change in provision for uncollectible pledges		(65,026)
Amortization of finance lease right-of-use asset		2,508
Change in discount on pledges receivable		(22,258)
(Increase) decrease in:		
Pledges receivable, net		(352,420)
Prepaid expenses and deposits		(12,255)
Other receivables		(65,544)
Operating lease right-of-use asset		3,553
Increase (decrease) in:		
Accounts payable and accrued expenses		29,496
Accrued payroll		45,142
Deferred income		36,000
Refundable advance		(100,700)
Operating lease liability		(3,473)
Net Cash Flows Provided by Operating Activities		3,076,333
Cash Flows from Investing Activities		
Purchases of investments		(53,492)
Proceeds from sales of investments		146,570
Purchases of property and equipment		(4,414,405)
Net Cash Flows Used in Investing Activities		(4,321,327)
Cash Flows from Financing Activities		
Repayments of loans payable		(612,421)
Payments made on finance lease liability		(1,963)
Borrowings on line of credit		772,437
Net Cash Flows Provided by Financing Activities		158,053
Net Change in Cash and Restricted Cash		(1,086,941)
Cash and Restricted Cash		
Beginning		6,282,979
Ending	$	5,196,038

STATEMENT OF CASH FLOWS (CONTINUED)
Fiscal Year Ended June 30, 2022

Supplemental Disclosure of Cash Flow Information		
Cash paid for interest related to leases	$	87
Cash paid for interest capitalized in property and equipment, net	$	31,220
Supplemental Disclosure of Non-Cash Operating Activities		
Contributions	$	171,067
Right-of-use assets obtained in exchange for lease obligations:		
Operating lease	$	13,444
Finance lease	$	12,539

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

Note 1. Organization and Nature of Activities

Organization: Hillel of San Diego ("Hillel") is a private, non-profit 501(c)(3) organization founded in 1977 as the Jewish Campus Centers and incorporated in California in July 1992 as Hillel.

Hillel, accredited by Hillel: The Foundation for Jewish Campus Life, builds Jewish community on campuses in San Diego for more than 2,500 Jewish students each year. Students from all backgrounds are invited to participate in Jewish life on campus. Social, cultural, educational, religious, and community service programs provide opportunities for students to build relationships with each other and develop Jewish community. Hillel's mission is to be a vibrant Jewish campus presence and to involve the maximum number of university-age Jewish people in ways that foster a lasting commitment to Jewish life.

To further this mission, Hillel is committed to the following goals:

- Serving the needs of individual Jewish students.
- Creatively engaging and empowering Jewish students through personal interactions and compelling programs.
- Building a strong sense of belonging and Jewish identity.
- Nurturing intellectual and spiritual growth in a pluralistic community.
- Advocating for Jewish student needs on campus and in the community.
- Linking the campus community to the larger Jewish community locally and globally.
- Helping students cultivate a closer connection to Israel.
- Developing a campus and organizational culture in which the quality of the relationships attract involvement.

Note 2. Summary of Significant Accounting Policies

Accounting Principles: Hillel's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adopted Accounting Pronouncements: Hillel has implemented all applicable accounting pronouncements within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") that are in effect as of June 30, 2022, including the accounting pronouncement discussed below.

In February 2015, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*("ASC 842"), effective for periods beginning after December 15, 2021. ASC 842 requires lessees to recognize lease right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the statement of financial position for all leases with lease terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. In 2021, Hillel elected to adopt ASC 842 using the modified retrospective method.

Hillel does not believe there are any new ASUs issued by the FASB that might have a material impact on its financial position or results of activities.

Fair Value of Financial Instruments: Hillel's financial instruments consist principally of cash and cash equivalents, restricted cash, pledges receivable, investments, accounts payable and accrued expenses, accrued payroll, deferred income, and a refundable advance. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Restricted Cash: Cash and cash equivalents consists of cash and money market funds with original maturities of three months or less at the date of acquisition. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. Restricted cash on the statement of financial position represents cash received with donor-imposed restrictions.

Pledges Receivable: Pledges receivable represent a donor's promise to give to Hillel and are reported at the amount Hillel expects to collect from outstanding balances. Management determines the reserve for uncollectible pledges by specific identification of delinquent accounts, history of collections, past write-offs, and estimated uncollectible balances. Pledges receivable are written off when deemed uncollectible. The balance at fiscal year-end reflects pledges due from donors and is expected to be fully collected within one year. Pledges that are expected to be collected in future years are recorded at the net present value of estimated future cash receipts. Pledges receivable are discounted using a risk adjusted rate of return. Conditional pledges are not reported as income until the conditions are substantially met. Pledges receivable are stated net of a reserve for uncollectible pledges of $182,000 as of June 30, 2022.

Investments: Hillel maintains its investments at the Jewish Community Foundation ("JCF") in investment pools. Hillel reports its investments in these pools at fair value based on the underlying assets as reported by the fund manager. Investment income, including realized and unrealized gains and losses from these investment pools, are reported in the statement of activities.

Property and Equipment: Hillel's policy is to capitalize assets with a useful life greater than one year and a value of $500 or more. Depreciation related to construction in progress begins when the asset is placed in service.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Description	Useful Life
Buildings	3 to 40 years
Furniture, fixtures and equipment	3 to 7 years
Vehicles	5 years

Leases: Hillel determines if an arrangement is a lease at inception in accordance with ASC 842. The lease term begins on the commencement date, which is the date Hillel takes possession of the property, and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

Right-of-use ("ROU") assets represent Hillel's right to use an underlying asset for the lease term and lease liabilities represent Hillel's obligation to make payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based upon the present value of lease payments over the lease term. ROU assets also include prepaid lease payments and exclude lease incentives received. Hillel estimates contingent lease incentives when it is probable that Hillel is entitled to the incentive at lease commencement. Hillel uses the risk-free rate at commencement date of each lease.

Note 2. Summary of Significant Accounting Policies (Continued)

Operating lease assets and liabilities are recognized for leases with lease terms greater than 12 months based on the present value of the future lease payments over the lease term at the commencement date. Leases with an initial term of twelve months or less are not recorded on the statement of financial position. Operating leases are included in operating lease right-of-use asset and operating lease liability on the statement of financial position. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Hillel will exercise such option. Operating lease expense is recognized on a straight-line basis over the lease term.

Finance lease assets and liabilities are recognized for leases with lease terms greater than 12 months based on the present value of the future lease payments over the lease term at the commencement date. Leases with an initial term of twelve months or less are not recorded on the statement of financial position. Finance leases are included in property and equipment, net and finance lease liability on the statement of financial position. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Hillel will exercise such option. Finance lease expense is recognized on a straight-line basis over the lease term.

Net Assets: Hillel 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 without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Hillel. These net assets may be used at the discretion of Hillel's management and the Board of Directors (the "Board").

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hillel or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2022, Hillel had net assets with donor restrictions of $7,428,202.

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

The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds (see Note 15).

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

Investments acquired by gift are recorded at fair value on the date of gift. Realized and unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Note 2. Summary of Significant Accounting Policies (Continued)

The reserve for uncollectible pledges receivable is recognized on the allowance method based on historical experience and management's evaluation of outstanding pledges receivable. The reserve for uncollectible pledges receivable and recoveries and provisions for uncollectible pledges consisted of the following as of and for the fiscal year ended June 30, 2022:

Reserve at Beginning of Year	$ (250,000)
Provision/net recovery for uncollectible pledges:	
Change in provision for uncollectible pledges	65,026
Total provision	(184,974)
Less: Write-offs of receivables against allowance	2,974
Reserve at End of Year	$ (182,000)

Bad debt expense recorded in the statement of activities for the fiscal year ended June 30, 2022 was $2,974.

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

Expense	**Method of Allocation**
Salaries and benefits	Time and effort
Program costs	Use of expense
Depreciation	Use of expense
Office	Use of expense
Professional fees	Time and effort and use of expense
Advertising and promotion	Time and effort and use of expense
Insurance	Use of expense
Bank fees	Use of expense
Information technology	Use of expense
Administration	Time and effort and use of expense
Travel	Use of expense
Interest	Use of expense
Change in bad debt provision	Use of expense

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

Prior Period Adjustment: During the fiscal year ended June 30, 2022, management became aware of certain errors resulting in an overstatement and understatement of amounts previously reported as pledges receivable and property and equipment, net, respectively, on the statement of financial position. The beginning net assets on the statement of activities presented herein has been restated to correct the error. Management has recorded a prior period adjustment of $16,640 to pledges receivable, $424,326 to property and equipment, net, $(301,141) to net assets with donor restrictions, and $742,107 to net assets without donor restrictions.

Note 3. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 4. Availability and Liquidity of Financial Assets

The following represents Hillel's financial assets at June 30, 2022:

Financial assets at year-end:		
Cash and cash equivalents	$	5,196,038
Pledges receivable, net		1,789,985
Investments		2,190,535
Total Financial Assets		9,176,558
Less: Amounts not available to be used within one year		
Cash with donor restrictions		4,470,107
Pledges receivable with donor restrictions		1,891,600
Investments with donor restrictions		1,066,495
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	$	1,748,356

As part of Hillel'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. Hillel maintains cash without donor restrictions which account for 3% of total assets for the fiscal year ended June 30, 2022 to help manage unanticipated liquidity needs. At the Board's discretion, distributions may be made from the Quasi-Endowment to help manage unanticipated liquidity needs, but it is Hillel's intent to retain the Quasi-Endowment.

Note 5. Analysis of Investments and Net Investment Loss

Hillel maintains its investments at the JCF. The funds held at the JCF are invested in an investment pool, the Endowment Pool. The Endowment Pool invests in domestic and international equities, fixed income, real assets, and alternative investments consisting of commodities and hedge funds of funds. Hillel's investments as of June 30, 2022 total $2,190,535.

Note 5. Analysis of Investments and Net Investment Loss (Continued)

Net investment loss is classified as follows for the fiscal year ended June 30, 2022:

Dividends and interest	$	34,495
Net realized gain		13,382
Net unrealized loss		(298,378)
Investment fees		(11,718)
Total Net Investment Loss	$	(262,219)

Note 6. Fair Value Measurements

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

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

Level 1 - quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.

Level 3 - unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Hillel's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments held at JCF in the investment pool are considered Level 3 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, JCF.

- Pledges receivable are valued at the net present value of expected future cash inflows which approximates fair value and are classified within Level 3 as there is no market for these assets.

Note 6. Fair Value Measurements (Continued)

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

Assets at Fair Value as of June 30, 2022

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2022
Investments				
Endowment Pool				
Unrestricted Foundations Fund	$ -	$ -	$ 2,190,535	$ 2,190,535
Total Endowment Pool	-	-	2,190,535	2,190,535
Pledges Receivable, Net	-	-	1,789,985	1,789,985
Total	$ -	$ -	$ 3,980,520	$ 3,980,520

For the fiscal year ended June 30, 2022, purchases of Level 3 investments were $4,992,750. There were no transfers of Level 3 investments.

Note 7. Pledges Receivable, Net

Pledges receivable are valued at the net present value of expected future cash inflows which approximates fair value. In accordance with FASB ASC 820, *Fair Value Measurement,* pledges receivable due for payment in less than one year are considered short term and not discounted for present value purposes. Pledges receivable due for payment in greater than one year are discounted using the applicable discount rate.

Pledges receivable, net of allowance for doubtful accounts, consist of the following at June 30, 2022:

Description	
Receivables due in less than one year	$ 1,681,325
Receivables due in more than one year	306,532
Less: Discount on pledges receivable	(15,872)
Less: Reserve for uncollectible pledges	(182,000)
Pledges Receivable, Net	$ 1,789,985

Note 8. Property and Equipment, Net

Property and equipment, net of accumulated depreciation, consist of the following at June 30, 2022:

Description		
Construction in Progress	$	7,461,502
Buildings		4,586,718
Land		3,205,061
Furniture, fixtures and equipment		637,002
Vehicles		15,118
Right-of-use asset under finance lease - vehicle		10,031
		15,915,432
Less: Accumulated Depreciation		(1,418,469)
Total Property and Equipment, Net	$	14,496,963

Depreciation expense was $139,334 for the fiscal year ended June 30, 2022.

Note 9. Finance Lease

Hillel leases an automobile totaling $17,500 which is classified as a finance lease. The lease matures in November 2022.The present value of minimum lease payments is $9,815. Amortization related to the automobile was $2,508 at June 30, 2022. Interest expense related to the finance lease totaled $19 for the fiscal year ended June 30, 2022. The weighted average remaining lease term is .17 years and the weighted average discount rate is .17% at June 30, 2022.

Note 10. Operating Lease

Hillel leases office equipment under an operating lease. The lease is non-interest bearing and matures in April 2025. In accordance with FASB ASC 842, Hillel recognizes a right-of-use asset and lease liability in the statement of financial position related to the operating lease. The equipment lease expense is recognized on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as changes in the right-to-use asset and lease liability.

Note 10. Operating Lease (Continued)

Future minimum lease payments under the operating lease and the present value of the minimum lease payments at June 30, 2022 is as follows:

Fiscal years ended June 30,		
2023	$	3,552
2024		3,552
2025		2,664
Thereafter		-
Total	$	9,768
Less: Amount representing interest		(93)
Present value of minimum lease payments		9,675
Less: Current portion of operating lease		(3,552)
Operating Lease Liability, Non-Current Portion	$	6,123

Total equipment lease expense for the fiscal year ended June 30, 2022 was $3,630. The weighted average remaining lease term is 2.83 years and the weighted average discount rate is .68% at June 30, 2022.

Note 11. Line of Credit

Hillel has a line of credit with Endeavor Bank with a balance outstanding of $772,437 at June 30, 2022 due in September 2024 with an interest rate of 5.375%. Hillel paid interest in the amount of $23,417 during the fiscal year ended June 30, 2022 which is capitalized as Property and Equipment, Net on the statement of financial position. The line of credit is secured by the property held by Hillel at 8976 Cliffridge Avenue in San Diego, California.

Note 12. Employee Benefit Plan

Hillel offers employees who have completed two years of service the opportunity to participate in a retirement plan. Employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue Code. Hillel contributes 4% of employee contributions. Employees who contribution 2% or more of their salary to the pension plan will receive an additional employer contribution of 1% of their salary. Hillel contributed $12,613 to the plan for the fiscal year ended June 30, 2022.

Note 13. Government Grant

On April 5, 2021, Hillel received funds in the amount of $150,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for funds to qualifying entities for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying entity. Hillel has elected to treat PPP funds received as a conditional grant in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The funds may be recognized as contribution revenue if PPP funds are used for eligible purposes, which include payroll, benefits, rent and utilities expenses. Hillel must also maintain its payroll levels. On January 22, 2022, Hillel met all conditions of the grant and recognized $150,700 in contribution revenue which is recorded in contributions and pledges in the accompanying statement of activities.

Note 14. Net Assets

Net assets without donor restrictions at June 30, 2022 are as follows:

Board Restricted - Quasi-Endowment	$	1,098,405
Undesignated		14,255,756
Total Net Assets without Donor Restrictions	$	15,354,161

Net assets with donor restrictions at June 30, 2022 are as follows:

Capital campaign	$	6,277,384
Program services		84,323
Funds held at JCF subject to spending policy and appropriation		1,066,495
Total Net Assets with Donor Restrictions	$	7,428,202

Net assets released from net assets with donor restrictions during the fiscal year ended June 30, 2022 are as follows:

Capital campaign	$	4,532,750
Program services		586,872
Funds held at JCF subject to spending policy and appropriation		56,510
Total Net Assets Released from Donor Restrictions	$	5,176,132

Note 15. Endowment Net Assets

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Hillel's endowment consists of three individual funds with such restrictions.

Hillel has interpreted the enacted version of the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Hillel classifies as net assets with donor restrictions (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 applicable donor gift instrument at the time of the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by Hillel in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

1. The duration and preservation of the fund,
2. The purpose of Hillel 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 Hillel, and
7. The investment policies of Hillel.

Note 15. Endowment Net Assets (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 Hillel to retain as a fund of perpetual duration. There were no deficiencies of this nature identified as of June 30, 2022.

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

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

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

Hillel expects its endowment funds overtime to provide an average rate of return of approximately 5% annually.

Hillel has a policy of appropriating for distribution each fiscal year an amount up to 5% of the fair value on March 31 to be applied to the following fiscal year's operating budget; however, disbursements shall be limited to the extent it would reduce the fund balances below the amounts required to be held in perpetuity. Actual returns in any given year may vary from this amount. During the fiscal year ended June 30, 2022, $56,510 was distributed from the endowment fund balances.

Hillel's Board voted to earmark a portion of net assets without donor restrictions as a board designated quasi-endowment. The earmarked funds are to be invested with earnings available for unrestricted use by Hillel.

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

During the fiscal year ended June 30, 2022, the Board released $57,577 from the quasi-endowment to operations.

Endowment composition by type of fund as of June 30, 2022:

Board Restricted - Quasi-Endowment	$	1,098,405
Donor Restricted Endowment Funds		1,066,495
Total Endowment Net Assets	$	2,164,900

Note 15. Endowment Net Assets (Continued)

Changes in endowment net assets at June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at June 30, 2021	$ 1,288,034	$ 1,251,282	$ 2,539,316
Investment Return			
Interest and dividends	16,798	16,319	33,117
Net realized gains	683	12,699	13,382
Net unrealized losses	(146,792)	(151,586)	(298,378)
Investment expenses	(5,877)	(5,709)	(11,586)
Total Net Investment Loss	(135,188)	(128,277)	(263,465)
Transfers			
Board designated transfers	(57,577)	-	(57,577)
Appropriation of endowment net assets	-	(56,510)	(56,510)
Endowment Net Assets at June 30, 2022	$ 1,095,269	$ 1,066,495	$ 2,161,764

Note 16. Related Party Transactions

During the fiscal year ended June 30, 2022, pledges totaling $721,312 were recognized from twenty-five Board members. Pledges receivable from Board members totaled $376,853 as of June 30, 2022 and consist of balances from sixteen Board members.

Note 17. Risks and Uncertainties

Hillel invests in an investment pool which is exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with the investment pool, it is at least reasonably possible that changes in the value of the investment pool will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

In March 2020, the World Health Organization declared COVID-19 a pandemic. Given the ongoing and dynamic nature of the virus and the worldwide response related thereto, it is difficult to predict the full impact of COVID-19 on Hillel's operations. Management is continuing to evaluate the potential disruptions of COVID-19 to areas of the business including employees, vendors, and Hillel's overall financial position.

Hillel maintains its cash balance at three financial institutions which are secured by the Federal Deposit Insurance Corporation up to $250,000. As of June 30, 2022, uninsured cash totaled $4,683,331. Hillel has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on its cash deposit accounts.

Note 18. Subsequent Events

Hillel has evaluated subsequent events through the date these financial statements were available to be issued. In compliance with Hillel's grant agreement with the Maccabee Task Force which ends subsequent to fiscal year end on August 31, 2022, Hillel calculated the amount of unexpended funds after the conclusion of the grant period and recorded the amount as a liability at fiscal year end. The total amount of unexpended funds is $24,443.38 and is included in accounts payable and accrued expenses on the statement of financial position. Other than the aforementioned subsequent event, there were no material subsequent events that required recognition or disclosure in the financial statements.