BIG BROTHERS BIG SISTERS
OF SAN DIEGO COUNTY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters of San Diego County, Inc.

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of San Diego County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Big Brothers Big Sisters of San Diego County as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers Big Sisters of San Diego County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Big Brothers Big Sisters of San Diego County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Big Brothers Big Sisters of San Diego County'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 Big Brothers Big Sisters of San Diego County'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.

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An accountancy corporation

September 23, 2024

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,378,133	$ 1,865,518
Investments (note 5)	1,483,552	726,317
Grant receivable	132,545	84,693
Pledges receivable (note 3)	28,091	44,038
Prepaid expenses	25,415	27,212
Other current assets	10,128	8,668
	3,057,864	2,756,446
FIXED ASSETS		
Property and equipment (note 7)	11,997	11,400
OTHER ASSETS		
Operating lease right-of-use asset (note 8)	119,141	257,062
Pledges receivable - long term (note 3)	-	10,000
Beneficial interests in foundations (note 4 and 5)	82,380	76,139
Beneficial interest in endowment funds (note 6)	3,202	3,085
	204,723	346,286
TOTAL ASSETS	3,274,584	3,114,132
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses (note 9)	163,465	139,784
Operating lease liability - current portion (note 8)	144,442	137,880
	307,907	277,664
LONG-TERM LIABILITIES		
Operating lease liability (note 8)	-	144,442
TOTAL LIABILITIES	307,907	422,106
NET ASSETS (note 14)		
Without donor restrictions	2,966,677	2,638,918
With donor restrictions	-	53,108
TOTAL NET ASSETS	2,966,677	2,692,026
TOTAL LIABILITIES AND NET ASSETS	$ 3,274,584	$ 3,114,132

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	$ 792,712	$ 11,000	$ 803,712
Special events, net of direct benefits to donors of $154,594 (note 13)	1,035,289	-	1,035,289
Grants (note 12)	321,915	473,719	795,634
Unrealized gain on beneficial interests in foundations	6,241	-	6,241
Net investment return	94,992	-	94,992
TOTAL SUPPORT AND REVENUE	2,251,149	484,719	2,735,868
NET ASSETS RELEASED FROM RESTRICTION (NOTE 14)			
Satisfaction of program restrictions	537,827	(537,827)	-
OPERATING EXPENSES			
Program services	1,861,170	-	1,861,170
Management and general	290,573	-	290,573
Fundraising expenses	309,474	-	309,474
	2,461,217	-	2,461,217
CHANGE IN NET ASSETS FROM OPERATIONS	327,759	(53,108)	274,651
NET ASSETS, BEGINNING	2,638,918	53,108	2,692,026
NET ASSETS, ENDING	$ 2,966,677	$ -	$ 2,966,677

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	$ 744,806	$ -	$ 744,806
Special events, net of direct benefits to donors of $258,055 (note 13)	1,116,705	-	1,116,705
Grants (note 12)	380,850	253,793	634,643
Unrealized gain on beneficial interests in foundations	(7,159)	-	(7,159)
Net investment return	19,502	-	19,502
TOTAL SUPPORT AND REVENUE	2,254,704	253,793	2,508,497
NET ASSETS RELEASED FROM RESTRICTION (NOTE 14)			
Satisfaction of program restrictions	204,516	(204,516)	-
OPERATING EXPENSES			
Program services	1,737,346	-	1,737,346
Management and general	207,326	-	207,326
Fundraising expenses	330,463	-	330,463
	2,275,135	-	2,275,135
CHANGE IN NET ASSETS FROM OPERATIONS	184,085	49,277	233,362
OTHER INCOME			
PPP loan forgiveness (note 11)	368,698	-	368,698
Employee retention credit (note 10)	304,546	-	304,546
Loss on disposal of assets	(3,728)	-	(3,728)
	669,516	-	669,516
CHANGE IN NET ASSETS	853,601	49,277	902,878
NET ASSETS, BEGINNING	1,785,317	3,831	1,789,148
NET ASSETS, ENDING	$ 2,638,918	$ 53,108	$ 2,692,026

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES:				
Advertising and recruiting	$ 17,954	$ 2,009	$ 22,110	$ 42,073
Bad debt expense	-	6,000	-	6,000
Bank and credit card fees	-	5,709	6,578	12,287
Conferences and meetings	16,711	2,593	2,116	21,420
Depreciation	-	3,457	-	3,457
Dues - National	30,925	3,460	3,635	38,020
Equipment rental and maintenance	-	1,329	-	1,329
Information and technology	7,978	1,097	897	9,972
Insurance	29,173	3,264	3,429	35,865
Lease cost	120,130	11,123	19,279	150,532
Office expense	39,473	37,257	8,047	84,777
Program expense	32,793	-	-	32,793
Professional services	113,590	71,153	13,350	198,093
Salaries	1,434,322	139,842	167,318	1,741,482
Travel	8,991	1,926	853	11,770
Utilities	9,130	355	938	10,423
Expenses before special events	1,861,170	290,573	248,550	2,400,293
Special events				
Food and beverage	-	-	114,949	114,949
Facilities and venue	-	-	73,099	73,099
Other event costs	-	-	27,470	27,470
	-	-	215,518	215,518
Costs of direct benefits to donors at special events	-	-	(154,594)	(154,594)
	-	-	60,924	60,924
TOTAL FUNCTIONAL EXPENSES	$ 1,861,170	$ 290,573	$ 309,474	$ 2,461,217
Percentage of total	76%	12%	12%	100%

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES:				
Advertising and recruiting	$ 28,130	$ -	$ -	$ 28,130
Bad debt expense	-	5,000	750	5,750
Bank and credit card fees	53	3,133	9,770	12,956
Conferences and meetings	445	5,155	-	5,600
Depreciation	-	5,555	-	5,555
Dues - National	34,335	1,333	3,528	39,196
Equipment rental and maintenance	6,765	507	666	7,938
Fundraising costs	-	-	11,736	11,736
Information and technology	33,118	4,358	3,826	41,302
Insurance	25,657	3,426	4,277	33,360
Lease cost	114,422	9,139	19,075	142,636
Office expense	18,981	34,007	1,117	54,105
Program expense	47,637	-	-	47,637
Professional services	104,119	83,197	-	187,316
Salaries	1,309,430	51,754	223,145	1,584,329
Travel	6,885	476	948	8,309
Utilities	7,369	286	757	8,412
Expenses before special events	1,737,346	207,326	279,595	2,224,267
Special events				
Facilities and venue	-	-	134,197	134,197
Food and beverage	-	-	152,265	152,265
Other event costs	-	-	22,461	22,461
	-	-	308,923	308,923
Costs of direct benefits to donors at special events	-	-	(258,055)	-
	-	-	50,868	50,868
TOTAL FUNCTIONAL EXPENSES	$ 1,737,346	$ 207,326	$ 330,463	$ 2,275,135
Percentage of total	77%	9%	14%	100%

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 274,651	$ 902,878
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	3,457	5,555
Amortization of operating lease	41	25,260
PPP loan forgiveness	-	(368,698)
Unrealized loss/(gain) from beneficial interest in foundations	(6,241)	7,159
Unrealized (gain) from Investments	-	(3,242)
Loss on disposal of fixed asset	-	3,728
Loss on write down of pledge receivable	6,000	5,750
Changes in operating assets and liabilities:		
Pledges receivable	25,947	147,750
Prepaid expenses and other current assets	1,797	(6,653)
Grant receivable	(47,852)	(84,693)
Other current assets	(1,460)	628
Beneficial interest in the SDF endowment funds	(117)	(137)
Accounts payable and accrued expenses	23,681	15,422
	5,253	(252,171)
NET CASH PROVIDED BY OPERATING ACTIVITIES	279,904	650,707
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(4,054)	-
Purchase of investments	(763,235)	(723,075)
	(767,289)	(723,075)
NET DECREASE IN CASH	(487,385)	(72,368)
CASH, BEGINNING OF YEAR	1,865,518	1,937,886
CASH, END OF YEAR	$ 1,378,133	$ 1,865,518
Supplemental disclosures:		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

See note 8 for cash flow transactions related to operating lease

NOTE 1 THE ORGANIZATION

Big Brothers Big Sisters of San Diego County, Inc. (the Organization) is a non-profit organization dedicated to helping children by creating and supporting one-to-one mentoring relationships with proven results. Funds for the Organization's operations are raised primarily through contributions from private donors, sponsors and special events.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles in the United States of America (GAAP).

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Basis of presentation – Under accounting standards on Financial Statements of non-profit Organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions - Consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

Net assets with donor restrictions – Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Cash and cash equivalents – The Organization considers all highly liquid investments available with a maturity date of three months or less to be cash equivalents. The Organization restricts investments of cash to financial institutions of high credit standing. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash equivalent funds are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000. The Organization has not experienced any loss in such accounts. As of December 31, 2023 and 2022, the uninsured balance is approximately $0 and $77,000, respectively. The Organization believes it is not exposed to any significant credit risks on its cash balances.

Pledges receivable - The pledges receivable consist of donor promises to give and reimbursement grants. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of December 31, 2023 and 2022, management considers all pledges collectible.

A discount on pledges receivable expected to be received over several years are computed using risk free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in donations revenue on the statements of activities and changes in net assets.

Property and equipment – Property and equipment are carried at cost when purchased or, if contributed, at the estimated fair market value at the date of donation. Donated property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three to fifteen years. Additions and betterments of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Investments – The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Beneficial interests in foundations – Beneficial interests in foundations are valued at their fair values on the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Fair value measurements – The Organization follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Revenue recognition – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met.

Deferred Revenue - Revenues received in advance of a special event are deferred. The revenues are recognized when the event occurs.

Donor-imposed restrictions – All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as with donor restrictions, increasing that net asset class. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as with donor restrictions and a release from restriction. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets with donor restrictions until the restriction is fulfilled.

Donated goods and services – The Organization has received substantial donations of goods, entertainment, food, beverage, and professional services. The Organization records donated goods with a fair value of $2,000 or more as contributions. In addition, the Organization recognizes the value of donated services by recording the donations at fair value. All donated services recognized create a non-financial asset or required specialized skills that would have been purchased if not donated.

	2023	2022
Marketing	$ 20,000	$ 12,500
Event venue	5,714	-
Professional	568	5,510
Event tickets	400	7,330
Event prizes	-	9,637
Other	2,228	5,008
	$ 28,910	$ 39,985

Dues to Big Brothers Big Sisters of America – Dues are payable to the Organization's National Affiliate (National). The calculation is based on a variable percentage of the prior year's adjusted expenditures.

Functional allocation of expenses - The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising costs – The Organization expenses advertising costs when incurred.

Leases – The Organization follows ASU 2016-02, Leases (Topic 842) and all related amendments. The new standard established a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months and disclose key information about the leasing arrangements. Options to renew a lease are only included in the lease term to the extent those options are reasonably certain to be exercised. Leases will be classified as either finance or operating. Operating lease liabilities and their corresponding ROU assets are initially recorded based on the present value of lease payments over the term of the lease. The rate implicit in lease contracts is typically not readily determinable and, as a result, the Organization utilizes the treasury yield rate to discount lease payments. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset of its estimated life. The Organization had no finance leases at December 31, 2023 and 2022.

Income taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, no provision has been made for federal income taxes in the accompanying financial statements.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. As of December 31, 2023 and 2022, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns with the Internal Revenue Service and the California Franchise Tax Board.

Recent Accounting Pronouncements

In July 2016, FASB issued ASU 2016-13 Financial Instruments – Credit Losses (Topic 326). The new standard is effective for fiscal years beginning after December 15, 2022. The Organization adopted Topic 326 and all related amendments as of January 1, 2023. The standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to trading receivables, financing receivables, held-to-maturity debt securities, and receivables relating to repurchase agreements and securities lending agreements. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. The Organization has no significant financial assets subject to the guidance.

The Organization adopted ASC 326 using a modified retrospective transition approach. Under this approach, an entity records an adjustment to retained earnings for the cumulative effect of adopting the standard. The adjustment is made to opening retained earnings as of the start of the reporting period in which the ASU becomes effective. The Organization has performed a review of the new guidance as compared to its current accounting policies to determine the impact of this standard on their financial assets presentation. Upon completion of its review, the Organization has made a determination that there is no material impact to their financial assets presentation upon adoption of the new standard.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2023	2022
Gross pledges receivable	$ 28,091	$ 54,038
Less: unamortized discount	-	-
Less: reserve for uncollected	-	-
Pledges receivable, net	$ 28,091	$ 54,038
Amounts due:		
Within one year	$ 28,091	$ 44,038
Within two years	-	10,000
Within three years	-	-
Within four years	-	-
Pledges receivable, net	$ 28,091	$ 54,038

On an ongoing basis the Organization evaluates pledges based on facts and circumstances surrounding the gift and communication with its donors. During 2023 and 2022, management determined certain pledges to be uncollectible. Bad debt expense for the years ended December 31, 2023 and 2022 was $6,000 and $5,750, respectively.

An allowance for uncollectible pledges receivable has not been set up because the Organization's management considers all remaining pledge receivables to be collectible.

NOTE 4 BENEFICIAL INTERESTS IN FOUNDATIONS

In 2008, the Organization invested $25,000 in an endowment fund with the Jewish Community Foundation of San Diego. The investment will be held in perpetuity with the Jewish Community Foundation of San Diego and all distributions from the investment may be used at the discretion of the Organization.

In 2008, the Organization invested $25,000 in an endowment fund with the Rancho Santa Fe Foundation. The investment will be held in perpetuity with the Rancho Santa Fe Foundation and all distributions from the investment may be used at the discretion of the Organization.

NOTE 5 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

> Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
>
> Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
>
> Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets carried at fair value at December 31, 2023 and 2022 are classified in the following schedules in one of three categories described above.

The table below presents the balances of assets measured at fair value as of December 31, 2023 on a recurring basis:

Assets	Level 1	Level 2	Level 3	Total
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	$ -	$ -	$ 26,429	$ 26,429
Beneficial interest in Rancho Santa Fe endowment fund	-	-	55,951	55,951
Certificates of deposits	-	1,483,552	-	1,483,552
	$ -	$ 1,483,552	$ 82,380	$ 1,565,932

The table below presents the balances of assets measured at fair value as of December 31, 2022 on a recurring basis:

Assets	Level 1	Level 2	Level 3	Total
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	$ -	$ -	$ 25,599	$ 25,599
Beneficial interest in Rancho Santa Fe endowment fund	-	-	50,540	50,540
U.S. treasury notes	726,317	-	-	726,317
	$ 726,317	$ -	$ 76,139	$ 802,456

The investments in certificates of deposits and the U.S. treasury notes are measured at market prices in active markets and are classified level 1.

The investments in the Jewish Community Foundation of San Diego foundation endowment fund and the Rancho Santa Fe endowment fund are measured using values provided by these foundations. The values are based on the fair market value of the underlying cash, securities and other investments. Although the Organization classifies its investments in each foundation as Level 3, the investments held in each foundation are comprised of Level 1, 2, and 3 investments as reported by each foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods used to measure fair value at December 31, 2023 and 2022.

The Organization’s policy is to recognize transfers of investments into and out of level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2023 and 2022, there were no significant transfers of investments into or out of level 3.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2023:

Balance at December 31, 2022	$ 76,139
Change in value	6,241
Distribution	-
Balance at December 31, 2023	$ 82,380

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2022:

Balance at December 31, 2021	$	83,298
Change in value		(7,159)
Distribution		-
Balance at December 31, 2022	$	76,139

NOTE 6 BENEFICIAL INTEREST IN ENDOWMENT

The San Diego Foundation (SDF) maintains two endowment funds for the benefit of the Organization. Under the terms of the agreement, distributions of principal and interest from the fund are at the discretion of SDF and administrative fees are charged annually in an amount which is the greater of $100 per fund or 0.5% - 2% of the fair value of the respective fund as of June 30th each year.

When the endowment funds were established, the Organization granted variance power to SDF and gives SDF the right to distribute the investment income to another non-profit organization of its choice if the Organization ceases to exist or if the governing board of SDF votes that support of the Organization (a) is no longer necessary or (b) is inconsistent with the needs of the San Diego community.

At December 31, 2023 and 2022, the distributable balance receivables in SDF totaled $3,202 and $3,085, respectively, which is reported in the statement of financial position as beneficial interest in endowment funds. During 2023 and 2022, the Organization received $6,235 and $5,983, respectively, in distributions from the two endowment funds.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023		2022	
Office equipment	$	91,093	$	87,039
Furniture and fixtures		28,525		28,525
		119,618		115,564
Accumulated depreciation		(107,621)		(104,164)
	$	11,997	$	11,400

Depreciation expense was $3,457 and $5,555 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 LEASES

Operating Lease

The Organization leases its office under an operating lease with four one-year extensions at the Organization's option. The lease is scheduled to end on December 31, 2024. The exercise of the renewal option is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

Supplemental cash flow information related to the operating lease for the year ended December 31, 2023 is as follows:

	2023	2022
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 392,786

Weighted average lease term and discount rate as of December 31, 2023 were as follows:

Weighted average remaining lease term	1 year
Weighted average discount rate	1.67%

Lease costs for the years ended December 31 consisted of the following:

	2023	2022
Operating lease cost	$ 150,532	$ 142,636

Future minimum undiscounted lease payments related to the operating lease liability for the years ended December 31 are as follows:

2024	$ 146,853
Total undiscounted lease payments	146,853
Less: interest	(2,411)
Total lease liability	$ 144,442

NOTE 9 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at December 31:

	2023	2022
Accounts payable	$ 23,784	$ 28,820
Accrued payroll expenses	58,051	53,515
Accrued vacation	71,783	55,520
Other accrued expenses	9,847	1,929
	$ 163,465	$ 139,784

NOTE 10 EMPLOYEE RETENTION CREDIT

The Organization has filed for the Employee Retention Credit (ERC) with the credits totaling $304,546. Laws and regulations concerning government programs, including the ERC established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization. As of December 31, 2022, the Organization has received a total refund of $304,546.

NOTE 11 RETIREMENT PLAN

The Organization maintains a 403(b) plan, which provides employees an opportunity to defer a portion of their compensation through salary reduction. The Organization matches employee contributions. The Organization match begins at 1-year (1,000 hours minimum) and matches 50% of employee contribution up to 3% of gross pay. Plan costs consists of nominal administrative fees.

While the Organization expects to continue the plan indefinitely, it has reserved the right to modify, amend, or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries

NOTE 12 GRANTS

The Organization receives grants for financial assistance from various government agencies and foundations. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Organization. In the opinion of the Organization's management, no material reimbursement of funds will be required as a result of expenditures allowed.

NOTE 13 SPECIAL EVENTS

Special events revenues and expenses are directly related to fundraising and consist of the following:

	2023	2022
Revenue:		
Gourmet Dinner	$ 645,851	$ 823,408
Golf Marathon	304,773	294,236
Golf Jet Away	73,406	170,515
Poker Tournament	68,285	44,657
Third Party Event	56,158	22,676
General Fundraising	17,863	10,279
Young Professionals Committee	23,547	8,989
	1,189,883	1,374,760
Expenses:		
Food and beverages	114,949	152,265
Facilities and venue	73,099	134,197
In-kind and other event costs	27,470	22,461
	215,518	308,923
	$ 974,365	$ 1,065,837

NOTE 14 NET ASSETS

Net assets consist of the following at December 31:

	2023	2022
Without donor restrictions:		
Undesignated and unrestricted	$ 2,966,677	$ 2,638,918
With donor restrictions:		
Subject to expenditure for specific purpose:		
Community Mentoring	-	26,600
Capacity Building	-	26,508
	-	53,108
	$ 2,966,677	$ 2,692,026

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or events specified by donors during fiscal years ended December 31 are as follows:

	2023	2022
Purpose restrictions accomplished:		
Cal VIP Grant	$ 262,219	$ 84,693
Capacity Building	126,508	70,492
Operation Bigs	91,000	45,500
Community Mentoring	58,100	-
Bigs with Badges	-	3,831
	$ 537,827	$ 204,516

NOTE 15 LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contributions with donor restrictions. Contributions and expenses are monitored on a monthly basis by the Organization's management and a committee of the Board of Directors. The level of assets are monitored on an annual basis. The Organization's long-term strategic goals are to achieve six (6) months or more of expenses in Reserves. The Organization has established unrestricted reserve funds to be used as an Operating Reserve and a Risk & Opportunity Reserve. The Organization will utilize its best efforts to maintain a minimum of three (3) months of expenses as an Operating Reserve and at least three (3) months of expenses as a Risk and Opportunity Reserve, as defined below. Reserves beyond six months of expenses will accrue to the Organization's investments and be used as Risk & Opportunity Reserves. As of December 31, 2023 and 2022, the Organization has over six months operating expenses available in cash reserves. The Organization continues to build reserve funds for both risk management and growth opportunities.

Operating Reserve – held in cash in the Organization's checking account(s), used to manage cash flow and ensure sufficient cash on hand to meet monthly operating expenses and/or short term, timing related income shortfalls.

Risk & Opportunity Reserve – held as investments, used to respond to risk or crisis as well as pursue opportunities for growth and innovation. The Risk & Opportunity Reserve may be used to cover cash needs associated with a revenue shortfall or unexpected/unbudgeted expense; new capacity costs associated with growth or expansion; transition costs associated with a new work environment or operating plan; and/or new infrastructure, capital purchases (i.e.; a building, vehicle), equipment and systems associated with growth or change.

The Organization currently has a line of credit established with a national bank. The line of credit ensures short-term financial ability of the Organization to pay general expenditures.

As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization manages its liquidity following three guiding principles: operating within a prudent range of financial stewardship and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient funds to provide reasonable assurance that long-term obligations will be discharged.

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2023	2022
Financial assets, at year-end:		
Cash	$ 1,378,133	$ 1,865,518
Investments	1,483,552	726,317
Grant receivable	132,545	84,693
Pledges receivable	28,091	54,038
Total financial assets	3,022,321	2,730,566
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restictions:		
Restricted for specific programs	-	(53,108)
Restricted by time	-	(10,000)
Total amounts not available to be used within one year	-	(63,108)
Financial assets available to meet general expenditures within one year	$ 3,022,321	$ 2,667,458

NOTE 16 LEGAL CONTINGENCIES

During 2023, the Organization became involved in litigation stemming from the actions of a volunteer in the early 1980's. The outcome of this litigation is subject to significant uncertainty and is not presently determinable. The Organization intends to vigorously defend itself and it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position. As such, management has not recorded contingent liability as of December 31, 2023.

NOTE 17 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 23, 2024, the date which the financial statements were available to be issued. There were no other material subsequent events which affected the amounts or disclosures in the consolidated financial statements.