

Financial Statements and Independent Auditor's Report

San Francisco Hillel

For the years ended June 30, 2024 and 2023



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SAN FRANCISCO HILLEL

JUNE 30, 2024 AND 2023

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LANE GORMAN TRUBITT, LLC
Accountants & Advisors

Independent Auditor's Report

Board of Directors
San Francisco Hillel

Opinion

We have audited the accompanying financial statements of San Francisco Hillel ("SFH"), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 San Francisco Hillel as of June 30, 2024 and 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Francisco Hillel 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 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 San Francisco Hillel's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 San Francisco Hillel'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 San Francisco Hillel'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.

Lane Corman Trubitt, LLC

Dallas, Texas

December 11, 2024

San Francisco Hillel
STATEMENT OF FINANCIAL POSITION
June 30,

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 346,800	\$ 431,058
Contributions receivable, net	286,492	349,747
Investments	341,066	304,902
Prepaid expenses	5,887	-
Property and equipment, net	1,254,130	1,194,675
Total assets	\$ 2,234,375	\$ 2,280,382
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 14,437	\$ 21,467
Deferred Maccabee Task Force grant	-	120,002
Capital lease obligation	3,671	2,955
Line of credit	-	75,426
Total liabilities	18,108	219,850
NET ASSETS		
Without donor restrictions:		
Undesignated	1,482,248	1,368,732
With donor restrictions:		
Restricted by time or purpose	734,019	691,800
Total net assets	2,216,267	2,060,532
Total liabilities and net assets	\$ 2,234,375	\$ 2,280,382

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

San Francisco Hillel
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2024
(with comparative information for the year ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	2023
SUPPORT AND REVENUES				
Contributions	\$ 872,754	\$ 89,632	\$ 962,386	\$ 1,203,357
Program income	8,892	-	8,892	5,426
Investment gain	56,629	-	56,629	10,644
Net assets released from restrictions	<u>47,413</u>	<u>(47,413)</u>	<u>-</u>	<u>-</u>
Total support and revenue	985,688	42,219	1,027,907	1,219,427
EXPENSES				
Program services:				
Student enrichment	400,520	-	400,520	537,740
Supporting services:				
Management and general	249,748	-	249,748	229,355
Fundraising	<u>221,904</u>	<u>-</u>	<u>221,904</u>	<u>92,368</u>
Total supporting services expenses	<u>471,652</u>	<u>-</u>	<u>471,652</u>	<u>321,723</u>
Total expenses	<u>872,172</u>	<u>-</u>	<u>872,172</u>	<u>859,463</u>
NON-OPERATING INCOME				
Employee retention credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,263</u>
CHANGE IN NET ASSETS	113,516	42,219	155,735	499,227
Net assets at beginning of year	1,368,732	691,800	2,060,532	1,529,305
Prior period adjustment (See Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
Net assets at end of year	<u>\$ 1,482,248</u>	<u>\$ 734,019</u>	<u>\$ 2,216,267</u>	<u>\$ 2,060,532</u>

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

San Francisco Hillel
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 608,357	\$ 595,000	\$ 1,203,357
Program income	5,426	-	5,426
Investment loss	10,644	-	10,644
Net assets released from restrictions	-	-	-
Total support and revenue	624,427	595,000	1,219,427
EXPENSES			
Program services:			
Student enrichment	537,740	-	537,740
Supporting services:			
Management and general	229,355	-	229,355
Fundraising	92,368	-	92,368
Total supporting services expenses	321,723	-	321,723
Total expenses	859,463	-	859,463
NON-OPERATING INCOME			
Employee retention credit	139,263	-	139,263
CHANGE IN NET ASSETS			
Net assets at beginning of year	1,464,505	64,800	1,529,305
Prior period adjustment (See Note 11)	-	32,000	32,000
Net assets at end of year	\$ 1,368,732	\$ 691,800	\$ 2,060,532

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

San Francisco Hillel
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2024

	Program Services	Supporting Services		Total
	Student	Management	Fund Raising	
	Enrichment	and General		
Salaries and related expenses	\$ 285,514	\$ 139,892	\$ 192,993	\$ 618,399
Professional services	17,593	69,409	15,638	102,640
Depreciation	-	15,036	-	15,036
Travel and meeting expense	16,203	4,488	1,161	21,852
Facility expenses	2,981	5,611	2,410	11,002
Nonpersonal expense	42,097	8,420	3,088	53,605
Student programs	27,719	-	395	28,114
Other expenses	8,413	6,892	6,219	21,524
Total expenses	\$ 400,520	\$ 249,748	\$ 221,904	\$ 872,172

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

San Francisco Hillel
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	Program Services	Supporting Services		Total
	Student	Management		
	Enrichment	and General	Fund Raising	
Salaries and related expenses	\$ 461,784	\$ 61,405	\$ 54,380	\$ 577,569
Maccabee Task Force	14,191	-	-	14,191
Professional services	12,092	111,162	11,640	134,894
Depreciation	-	14,061	-	14,061
Travel and meeting expense	4,865	6,585	2,704	14,154
Facility expenses	34,052	11,966	13,205	59,223
Nonpersonal expense	3,020	12,645	73	15,738
Student programs	7,736	692	447	8,875
Other expenses	-	10,839	9,919	20,758
Total expenses	\$ 537,740	\$ 229,355	\$ 92,368	\$ 859,463

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

San Francisco Hillel
STATEMENT OF CASH FLOWS
Years Ended June 30,

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	.	
Change in net assets	\$ 155,735	\$ 499,227
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,036	14,061
Unrealized gain on investments	(32,092)	(5,194)
Noncash lease expense	716	-
Changes in operating assets and liabilities, net:		
Contributions receivable	63,255	(295,947)
Prepaid expenses	(5,887)	-
Accounts payable	5,520	(23,369)
Accrued payroll	(12,550)	(8,135)
Deferred revenue	(120,002)	25,912
Net cash provided by operating activities	69,731	206,555
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,072)	(4,080)
Purchase of property and equipment	(74,491)	(209,231)
Net cash used in investing activities	(78,563)	(213,311)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	(127,858)	(274,401)
Proceeds from line of credit - net	52,432	243,842
Net cash used in financing activities	(75,426)	(30,559)
Net decrease in cash and cash equivalents	(84,258)	(37,315)
Cash and cash equivalents at beginning of year	431,058	468,373
Cash and cash equivalents at end of year	\$ 346,800	\$ 431,058
Supplemental cash flow information:		
Cash paid for interest	3,687	6,240

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

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

NATURE OF OPERATIONS

San Francisco Hillel (“SFH”) is a California nonprofit corporation founded in 2006. SFH is considered a subordinate unit of Hillel: The Foundation for Jewish Campus Life (“FJCL”) as outlined in the affiliation agreement between SFH and FJCL. SFH provide inclusive, innovative, and fun Jewish experiences and programs for college students across San Francisco. With active communities at San Francisco State University, University of San Francisco, University of California – College of the Law, San Francisco, and University of California San Francisco, SFH helps students of all backgrounds cultivate connection, make meaning, pursue justice, and meet their basic needs as they author their adult identities and launch careers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied by San Francisco Hillel in the preparation of the accompanying financial statements is as follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that may or will be met either by actions of SFH and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by SFH. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. If a restriction is fulfilled in the same period in which the contribution is received, SFH reports the contribution as net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

SFH reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the SFH reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition

Revenue is recognized as SFH satisfies performance obligations under its contract, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods provided and the terms and conditions of the contract. Revenues are recorded net of any sales taxes charged.

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Performance obligations are determined based on the nature of the goods or services provided by SFH in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. SFH believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to customers at a single point in time and SFH does not believe it is required to provide additional goods or services related to that sale. SFH determines the transaction price based on standard charges for goods and services provided. SFH's revenue streams do not have significant financing components or contract costs.

SFH has revenue streams that are accounted for as exchange transactions. Because SFH's performance obligations relate to contracts with a duration of less than one year, SFH has elected to apply the optional exemption provided in GAAP, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Contributions – revenue is recognized in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions are considered available for unrestricted purposes unless restricted by the donor for specific purposes.

Program Income - revenues are reported at the amount that reflects the consideration to which SFH expects to be entitled in exchange for providing services to the customer and generally recognized upon delivery of the services to the customer. Revenues are deferred and recognized as performance obligations are satisfied, which is at a point in time. Revenues received for which services have not yet been provided are reported as deferred revenues.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. SFH maintains its cash balances in financial institutions located in San Francisco, California, which at times may exceed federally insured limits. SFH has not incurred any losses in these accounts and does not believe that they are exposed to any significant risks on cash and cash equivalents.

Contributions Receivable

Contributions are recorded at estimated net realizable value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions are considered to be available for general purposes unless restricted by the donor for specific purposes.

An allowance for uncollectible contributions receivable is estimated by SFH's management based on past due amounts, prior collection history, type of contribution, the nature of the fundraising activity, and other available information regarding the current status of individual accounts and current economic conditions. Such amounts will be written off if and when they are deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to SFH is the outstanding contributions receivable balance at the date of nonperformance.

Advertising Costs

Advertising costs are expensed as incurred. Advertising and marketing costs for the years ended June 30, 2024 and 2023 were \$815 and 2,690, respectively.

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Purchased investments are initially recorded at their cost and donated investments are recorded at fair value on the date they are received as a donation. Subsequent to their acquisition, investments are adjusted to their fair values as of the date of the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends) is included in the accompanying statement of activities and changes in net assets. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or market values as of the end of the financial statement period. Interest income is recorded on the accrual basis. Purchases and sales of investments are recorded on the trade-date basis. Dividends are recorded on the ex-dividend date.

SFH has investments with different investment strategies. These investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Risks and Uncertainties

Investments are exposed to various risks, such as interest rate, credit, active management, and overall market volatility risks. Market risks include global events, which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Market conditions have resulted in an unusually high degree of volatility and increased the risks and may affect the short-term liquidity associated with certain investments held by SFH which could impact the value of investments after the date of these financial statements. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

Property and Equipment

Property and equipment are carried at cost as of the date of acquisition or fair market value as of the date of donation, less accumulated depreciation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets over their estimated useful lives on a straight-line basis. Depreciation is provided over the estimated useful lives of the respective assets as follows:

- Building 27.5 years
- Capital improvements 15 - 20 years (from 2024)
- Furniture, Fixtures and Equipment 7 years
- Capital lease assets 5 years

SFH's policy is to expense repairs and maintenance and all items under \$2,000.

In-kind Contributions

Contributions of services are recognized in the accompanying financial statements if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Any services that meet the criteria for recognition under GAAP are recorded in the accompanying statement of activities and changes in net assets at the estimated fair value of the services received.

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued)

In addition, numerous volunteers contributed significant time and effort to SFH's program and fundraising events during the years ended June 30, 2024 and 2023. However, no amounts have been reflected in the financial statements since the fair market value of these services is not readily determinable, and these services do not meet the criteria for revenue recognition under GAAP.

Impairment of Long-Lived Assets

SFH reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that it may be impaired or that the depreciation or amortization period may need to be changed. If circumstances indicate the long-lived asset will not be recoverable, based upon undiscounted cash flows of the long-lived asset over the remaining life, the carrying value of the long-lived asset will be reduced by the estimated shortfall of discounted cash flows. No impairment losses were recorded to the years ended June 30, 2024 and 2023.

Leases

SFH determines whether to account for its leases as operating or capital leases depending on the underlying terms of the lease agreement. This determination of classification requires significant judgement relating to certain information, including the estimated fair value remaining economic life of the leased assets, minimum lease payments and other lease terms.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

SFH is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code (the "Code"), except to the extent it has unrelated business income. In addition, SFH has been classified as a public charity under the Code. Should SFH engage in activities unrelated to the purpose for which it was created, taxable income could result. For the years ended June 30, 2024 and 2023, SFH had no net unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing SFH's financial statements and tax return to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. SFH is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding the uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

Tax positions taken related to SFH's tax exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken would more likely than not be sustained by examination.

SFH recognizes interest and penalties, if any, related to uncertain tax positions as general and administrative expenses. SFH's informational returns filed with the Internal Revenue Service are generally subject to examination for three years after the later of the due date or date of filing.

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Specific expenses that are readily identifiable to a single program or supporting services are charged directly to that function. However, expenses may relate to more than one function. Accordingly, certain costs have been allocated among the programs and supporting services. These costs are allocated on the basis of square footage or time and effort estimates made by SFH.

2. LIQUIDITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are as follows:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 346,800	\$ 431,058
Contributions receivable	286,492	349,747
Investments	341,066	304,902
Total financial assets at year-end	974,358	1,085,707
Less those unavailable for general expenditures with one year:		
Donor restricted funds	(734,019)	(691,800)
Financial assets available for general expenditures within one year	\$ 231,339	\$ 393,907

SFH regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purpose of analyzing resources available to meet general expenditures over a 12-month period, SFH considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As part of SFH's liquidity management, it operates with a balanced budget and in addition to financial assets available to meet general expenditures over the next 12 months, SFH anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted funds.

In the case of any unanticipated or emergency funds, SFH has spendable agency funds at the Jewish Community Federation and Endowment Fund that the board can request disbursements from.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at June 30:

	2024	2023
Contributions receivable	\$ 299,650	\$ 362,905
Less unamortized discount	(13,158)	(13,158)
Contributions receivable, net	\$ 286,492	\$ 349,747

Pledges are expected to be collected as follows during the years ended June 30:

2025	83,250
2026	132,733
2027	77,733
2028	5,934
Thereafter	-
	\$ 299,650

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

3. CONTRIBUTIONS RECEIVABLE (Continued)

Unconditional promises to give are reflected at the present value of future cash flows using market rates ranging from 2.73% to 4.46% in 2024.

Conditional promises to give for the years ended June 30, 2024 and 2023 were \$1,156,000 and 1,125,000, respectively.

4. FAIR VALUE MEASUREMENTS

SFH records its investments at fair value. Fair value is 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. SFH utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of SFH. Unobservable inputs reflect SFH's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to observable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Fair value for Level 1 investments is based on unadjusted quoted prices in active markets for identical assets or liabilities that SFH has the ability to access at the measurement date. The types of investments included in Level 1 include listed mutual and exchange-traded funds.

Level 2: Fair value for Level 2 investments is based on inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Fair value for Level 3 investments is determined by using inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Accordingly, the degree of judgment exercised by SFH in determining fair value is greatest for measurements categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurements.

A description of the valuation techniques applied to SFH's major categories of assets measured at fair value on a recurring basis follows.

Pooled funds - Pooled funds are comprised of assets such as distressed opportunity funds, offshore funds, and U.S. equity funds. Valued at the net asset value ("NAV") of units held by the Trust, which is a market approach based on the quoted market prices of the underlying securities or quoted market prices using pricing information from various sources including pricing vendors, investment managers, and market conditions.

The determination of fair value using these methodologies takes into account consideration of a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financial transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of judgment by management. Future events could affect the estimates of fair value and could be material to the financial statements.

San Francisco Hillel
NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS (Continued)

Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. For the years ended June 30, 2024 and 2023 there were no significant transfers among levels 1, 2 and 3.

The following table represents the fair value hierarchy or NAV for those assets reported on the statement of financial position at their fair value or NAV on a recurring basis as of June 30, 2024 by level:

<u>Investments:</u>	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Total investments in fair value hierarchy	\$ -	\$ -	\$ -	\$ -
Pooled funds (a)	<u>341,066</u>			
Total investments	<u>\$ 341,066</u>			

(a) These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy.

The following table represents the fair value hierarchy or NAV for those assets reported on the statement of financial position at their fair value or NAV on a recurring basis as of June 30, 2023 by level:

<u>Investments:</u>	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Total investments in fair value hierarchy	\$ -	\$ -	\$ -	\$ -
Pooled funds (a)	<u>304,902</u>			
Total investments	<u>\$ 304,902</u>			

(a) These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Building	\$ 340,000	\$ 340,000
Capital improvements	38,509	26,153
Capital lease assets	5,563	3,297
Furniture, fixtures and equipment	12,738	-
Less accumulated depreciation	<u>(227,315)</u>	<u>(210,386)</u>
	169,495	159,064
Land	510,000	510,000
Construction in progress	<u>574,635</u>	<u>525,611</u>
Total property and equipment, net	<u>\$ 1,254,130</u>	<u>\$ 1,194,675</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$15,036 and 14,061, respectively.

6. LINE OF CREDIT

SFH entered into a line of credit agreement dated May 13, 2022, with First Republic Bank. The remaining outstanding principal balance and unpaid interest on the line of credit was paid and the line of credit was closed during fiscal year 2024.

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7. NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors are as follows for the year ended June 30:

	2024	2023
Program restricted	\$ 1,368	\$ -
Capital campaign administration	46,045	-
	\$ 47,413	\$ -

8. RESTRICTIONS ON NET ASSETS

Donor restricted net assets consist for the following purposes as of June 30:

	2024	2023
Program restricted	\$ 29,132	\$ -
Capital campaign	704,887	691,800
	\$ 734,019	\$ 691,800

9. COMMITMENTS, CONCENTRATIONS AND CONTINGENCIES

Grant Agreements

Grants are subject to periodic review and assessment by related agencies. SFH believes the ultimate outcome of these matters will not have a material effect on its financial position, results of operations, or cash flows.

During fiscal years 2023, SFH received grant funds from agencies subject to certain limits and requirements for expenditures. Funds received but not appropriated for expenditure during the year are to be returned to the granting organization or utilized in future periods based on the approval of SFH's future grant requests. At June 30, 2024 and 2023, SFH held \$- and \$120,002, respectively, of these funds.

Concentrations

The majority of funding for SFH is derived from contributions from community members, parents and alumni to provide enriching Jewish experiences on campuses across the San Francisco Metropolitan area. Therefore, results of operations and collectability of receivables are subject to economic conditions of the area. Continuation of such funding at current levels in future periods is subject to various factors such as economic conditions, compliance with grant restrictions and potential new legislation.

At June 30, 2024, 77% of contributions receivable are due from three donors. At June 30, 2023, 69% of contributions receivable was due from two donors.

Two donors represent 23% and 42% of contributions revenue for the years ended June 30, 2024 and 2023.

10. RELATED PARTY TRANSACTIONS

SFH recorded contributions revenues from members of the Board of Directors of approximately \$20,300 and \$88,800 during the years ended June 30, 2024 and 2023, respectively.

11. PRIOR PERIOD ADJUSTMENT

During 2023, financial statement errors were discovered that caused an understatement of the previously reported contribution receivable and contribution revenue of \$32,000. As a result of this error, an adjustment was recorded to net assets with donor restrictions at June 30, 2023 in the amount of \$32,000.

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12. SUBSEQUENT EVENTS

In November of 2024, SFH received a \$2,500,000 conditional matching gift to support the renovation and expansion of the San Francisco Hillel building. Payment of the contribution is subject to the following conditions: i) setting and reporting the total cost that will be required for the renovations; ii) receiving or raising funds from sources independent from the donor equal to the total cost less \$2,500,000 prior to June 30, 2025.

Management has evaluated subsequent events through December 11, 2024, the date the financial statements were available to be issued.