

**TAWONGA JEWISH  
COMMUNITY CORPORATION**

*(A California Nonprofit Public Benefit Corporation)*

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

TAWONGA JEWISH COMMUNITY CORPORATION  
*(A California Nonprofit Public Benefit Corporation)*  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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Board of Directors  
Tawonga Jewish Community Corporation  
San Francisco, California

ALEXIS H. WONG  
CHARLOTTE SIEW-KUN TAY  
CATHY L. HWANG  
RITA B. DELA CRUZ  
SCOTT K. SMITH  
CRISANTO S. FRANCISCO  
JOE F. HUIE  

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SHERMAN G. LEONG

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Tawonga Jewish Community Corporation, a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tawonga Jewish Community Corporation as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Tawonga Jewish Community Corporation adopted the new accounting guidance required by accounting principles generally accepted in the United States of America on revenue recognition. Our opinion is not modified with respect to this matter.

*Lindquist, von Huen and Joyce LLP*

July 21, 2022

TAWONGA JEWISH COMMUNITY CORPORATION  
*(A California Nonprofit Public Benefit Corporation)*  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,350,914	\$ 1,962,177
Receivables:		
Contributions – current (Note 3)	1,537,142	2,463,582
Program fees – net of allowance	502	1,734
Other	2,153	22,956
Prepaid expenses	201,011	67,176
Inventory	57,637	95,154
Investments – without donor restrictions (Note 4)	3,115,003	2,353,162
Investments – with donor restrictions (Note 4)	2,552,080	2,097,491
Total current assets	9,816,442	9,063,432
Contributions receivable – net of current portion (Note 3)	1,004,388	1,545,554
Beneficial interest in assets held by JCEF (Note 4)	878,069	810,473
Property and equipment – net (Note 5)	9,834,900	8,868,761
Other assets	13,613	13,613
Total assets	\$ 21,547,412	\$ 20,301,833
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 58,547	\$ 39,840
Construction payable	39,385	554,048
Accrued expenses	139,730	147,349
Deferred revenue	870,314	411,486
Total current liabilities	1,107,976	1,152,723
Paycheck protection program loan (Note 6)	541,000	-
Total liabilities	1,648,976	1,648,976
Net assets:		
Without donor restrictions:		
Board-designated (Note 7)	2,989,385	2,780,828
Undesignated	10,934,631	9,451,146
Total net assets without donor restrictions	13,924,016	12,231,974
With donor restrictions:		
Purpose restrictions (Note 8)	5,369,032	6,332,103
Perpetual in nature (Note 9)	605,388	585,033
Total net assets with donor restrictions	5,974,420	6,917,136
Total net assets	19,898,436	19,149,110
Total liabilities and net assets	\$ 21,547,412	\$ 20,301,833

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

## TAWONGA JEWISH COMMUNITY CORPORATION

*(A California Nonprofit Public Benefit Corporation)*

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions – Purpose Restrictions</i>	<i>With Donor Restrictions – Perpetual in Nature</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions – Purpose Restrictions</i>	<i>With Donor Restrictions – Perpetual in Nature</i>	<i>Total</i>
Public support:								
Contributions and grants	\$ 2,906,782	\$ 1,315,191	\$ 20,355	\$ 4,242,328	\$ 454,815	\$ 5,500,934	\$ 1,276	\$ 5,957,025
Revenue:								
Program service fees – net of discounts	425,910	-	-	425,910	4,708,971	-	-	4,708,971
Sales – net of cost of goods sold	(32,906)	-	-	(32,906)	18,231	-	-	18,231
Investment income	46,966	-	-	46,966	110,777	17,141	-	127,918
Net realized and unrealized gain (loss) on investments	288,949	88,013	-	376,962	372,432	113,878	-	486,310
Total revenue	728,919	88,013	-	816,932	5,210,411	131,019	-	5,341,430
Net assets released from restrictions (Note 8)								
Satisfaction of purpose restrictions	2,289,767	(2,289,767)	-	-	3,760,250	(3,760,250)	-	-
Satisfaction of time restrictions	76,508	(76,508)	-	-	41,157	(41,157)	-	-
Total net assets released from restrictions	2,366,275	(2,366,275)	-	-	3,801,407	(3,801,407)	-	-
Total revenue and support	6,001,976	(963,071)	20,355	5,059,260	9,466,633	1,830,546	1,276	11,298,455
Expenses								
Program services	3,204,833	-	-	3,204,833	5,023,237	-	-	5,023,237
Supporting services	410,872	-	-	410,872	730,630	-	-	730,630
Fundraising	694,229	-	-	694,229	664,220	-	-	664,220
Total expenses	4,309,934	-	-	4,309,934	6,418,087	-	-	6,418,087
Change in net assets	1,692,042	(963,071)	20,355	749,326	3,048,546	1,830,546	1,276	4,880,368
Net assets, beginning of year	12,231,974	6,332,103	585,033	19,149,110	9,183,428	4,501,557	583,757	14,268,742
Net assets, end of year	\$ 13,924,016	\$ 5,369,032	\$ 605,388	\$ 19,898,436	\$ 12,231,974	\$ 6,332,103	\$ 585,033	\$ 19,149,110

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

TAWONGA JEWISH COMMUNITY CORPORATION  
*(A California Nonprofit Public Benefit Corporation)*  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			
	<i>Program Services</i>	<i>Supporting Services</i>	<i>Fundraising</i>	<i>Total</i>
Payroll expenses:				
Salaries and wages	\$ 1,225,491	\$ 103,358	\$ 458,829	\$ 1,787,678
Employment and retirement benefits	259,218	73,100	91,251	423,569
Payroll taxes	79,098	21,192	26,454	126,744
Worker's compensation and unemployment insurance	29,480	7,898	9,859	47,237
Total payroll expenses	1,593,287	205,548	586,393	2,385,228
Operating expenses:				
Food and beverage	7,695	6,941	648	15,284
Outside service providers	165,063	13,790	-	178,853
Transportation	13,685	1,138	1,421	16,244
Insurance	585,777	16,385	-	602,162
Supplies	66,250	-	-	66,250
Computer expenses	4,096	9,145	10,081	23,322
Development consulting fees	-	-	44,691	44,691
Building occupancy (Note 12)	91,755	24,583	30,687	147,025
Utilities	53,182	2,239	2,795	58,216
Camp maintenance	38,099	-	-	38,099
Bank and payroll charges	1,246	40,418	2,261	43,925
Advertising	31,119	-	-	31,119
Recruitment and training	11,030	2,108	2,631	15,769
Accounting and legal fees	-	48,931	-	48,931
Telephone	32,545	915	1,143	34,603
Professional development	15,332	4,108	5,128	24,568
Equipment rental and maintenance	5,282	1,415	1,767	8,464
Auto expense	730	196	244	1,170
Office supplies	1,735	465	580	2,780
Accreditation, dues and subscriptions	7,390	-	-	7,390
Printing and publications	552	148	947	1,647
Postage	1,965	527	657	3,149
Miscellaneous	4,744	1,727	2,155	8,626
Total operating expenses	1,139,272	175,179	107,836	1,422,287
Total expenses before depreciation	2,732,559	380,727	694,229	3,807,515
Depreciation expense	472,274	30,145	-	502,419
Total expenses	\$ 3,204,833	\$ 410,872	\$ 694,229	\$ 4,309,934

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TAWONGA JEWISH COMMUNITY CORPORATION  
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 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019			
	<i>Program Services</i>	<i>Supporting Services</i>	<i>Fundraising</i>	<i>Total</i>
Payroll expenses:				
Salaries and wages	\$ 2,165,278	\$ 332,333	\$ 390,192	\$ 2,887,803
Employment and retirement benefits	243,671	63,566	45,909	353,146
Payroll taxes	152,957	23,476	27,563	203,996
Worker's compensation and unemployment insurance	90,643	13,912	16,334	120,889
Total payroll expenses	2,652,549	433,287	479,998	3,565,834
Operating expenses:				
Food and beverage	388,869	33,226	560	422,655
Outside service providers	353,809	-	-	353,809
Transportation	274,893	1,946	1,405	278,244
Insurance	218,589	24,304	8,124	251,017
Supplies	199,505	-	-	199,505
Computer expenses	9,437	9,362	15,875	34,674
Development consulting fees	-	-	108,820	108,820
Building occupancy (Note 11)	112,526	29,355	21,201	163,082
Utilities	134,860	-	-	134,860
Camp maintenance	94,054	-	-	94,054
Bank and payroll charges	1,417	102,062	1,882	105,361
Advertising	65,841	-	-	65,841
Recruitment and training	84,801	4,553	3,288	92,642
Accounting and legal fees	-	28,450	-	28,450
Telephone	27,523	1,116	806	29,445
Professional development	6,542	1,707	1,233	9,482
Equipment rental and maintenance	14,915	1,805	1,303	18,023
Auto expense	439	115	83	637
Office supplies	13,864	3,617	2,612	20,093
Accreditation, dues and subscriptions	10,301	52	-	10,353
Printing and publications	1,652	431	15,172	17,255
Postage	3,180	630	455	4,265
Bad debt	20,000	-	-	20,000
Miscellaneous	10,134	1,943	1,403	13,480
Total operating expenses	2,047,151	244,674	184,222	2,476,047
Total expenses before depreciation	4,699,700	677,961	664,220	6,041,881
Depreciation expense	323,537	52,669	-	376,206
Total expenses	\$ 5,023,237	\$ 730,630	\$ 664,220	\$ 6,418,087

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



## TAWONGA JEWISH COMMUNITY CORPORATION

*(A California Nonprofit Public Benefit Corporation)*

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 749,326	\$ 4,880,368
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(376,962)	(486,310)
Depreciation	502,419	376,206
Donated stock	(1,426,777)	(235,771)
(Increase) decrease in assets:		
Accounts receivable	1,232	10,314
Contributions receivable	1,467,606	(2,270,760)
Other receivables	20,803	13,645
Prepaid expenses	(133,835)	11,551
Inventory	37,517	(9,512)
Increase (decrease) in liabilities:		
Accounts payable	18,707	(9,675)
Accrued expenses	(7,619)	8,611
Deferred revenue	458,828	47,932
Net cash provided by operating activities	1,311,245	2,336,599
Cash flows from investing activities:		
Purchase of property and equipment	(1,429,173)	(2,740,013)
Payment of construction payable	(554,048)	-
Proceeds from sale of investments	5,035,625	5,483,805
Purchase of investments	(4,536,329)	(4,277,116)
Net distributions from beneficial interest in assets held by JCEF	20,417	39,845
Net cash used in investing activities	(1,463,508)	(1,493,479)
Cash flows from financing activities:		
Proceeds from paycheck protection program loan	541,000	-
Net cash provided by financing activities	541,000	-
Net increase in cash	388,737	843,120
Cash, beginning of year	1,962,177	1,119,057
Cash, end of year	\$ 2,350,914	\$ 1,962,177
Supplementary information:		
Noncash investing activities:		
Transfer of development in progress to property and equipment	\$ 3,409,546	\$ 1,070,570
Property and equipment acquired with short term liabilities	\$ 39,385	\$ 554,048

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

TAWONGA JEWISH COMMUNITY CORPORATION  
(A California Nonprofit Public Benefit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Tawonga Jewish Community Corporation (“the Organization”), a California nonprofit public benefit corporation, was formed in 1995 and serves as a leader in the Jewish community by coordinating various educational and recreational programming for children, families and young adults at its residential camp (“Camp Tawonga”) located outside Yosemite National Park as well as in the San Francisco Bay Area. Camp Tawonga dates back to 1925. The Organization is dedicated to promoting a positive self-image and Jewish identification, sustaining a learning environment that provides a deep connection to nature, and creating cooperative communities through a social group work process.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting Method

The Organization uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.
- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

TAWONGA JEWISH COMMUNITY CORPORATION  
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YEARS ENDED DECEMBER 31, 2020 AND 2019

Revenue Recognition

Program Services Discounts and Scholarships:

The Organization provides discounts to families with more than one child, full-time staff of Camp Tawonga, staff and members of the Organization, board members, and doctors who donate their services during the summer. The discount is a set amount for each type. The Organization also provides scholarships to families and individuals under a specified set of criteria. Program revenue on the statements of activities is reported net of discounts and scholarships which totaling \$41,612 and \$933,925 in 2020 and 2019, respectively.

Contributions:

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. 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*. Contributions restricted for the purchase of long-lived assets, are reported as without donor restriction when the assets are placed in service.

Unconditional promises to give are recognized as contribution revenue in the period made by donors. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. An allowance for uncollectible promise, if deemed applicable, is estimated by management to reflect the amount of promises that are deemed uncollectible. There were no allowance for uncollectible promise as of December 31, 2020 and 2019.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. A portion of the Organization's revenue is derived from individuals or foundations, which are conditioned upon the accomplishment of certain fundraising goals or completion of certain capital project. Amounts received are recognized as revenue when the Organization has achieved the fundraising goals or completed the capital project. Amounts received prior to meeting conditions are generally reported as deferred revenue in the statements of financial position. As of December 31, 2020 and 2019, a total conditional contribution of \$557,940 and \$428,669 has not been recognized (see Note 11).

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

In 2020, the Organization adopted the new accounting standard required by accounting principles generally accepted in the United States of America that affects the recognition of revenue. Analysis of various provisions of the new accounting standard resulted in no significant change in the way Tawonga Jewish Community Corporation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

TAWONGA JEWISH COMMUNITY CORPORATION  
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NOTES TO FINANCIAL STATEMENTS  
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Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. The Organization occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including restricted cash, was approximately \$2,131,000 as of December 31, 2020. The Organization has not experienced any losses in such accounts.

Accounts Receivable

The Organization records an allowance for doubtful collections based on a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful collections was \$-0- and \$1,761 as of December 31, 2020 and 2019, respectively.

Investments

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

GAAP establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs, if any, reflects the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

TAWONGA JEWISH COMMUNITY CORPORATION  
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Inventory

Inventory consists primarily of canteen items such as tee shirts, sweatshirts, song books, CDs and other camping items, and is stated at the lower of cost or market value, on a first-in, first-out basis.

Property and Equipment

Property and equipment is stated at cost of acquisition or construction, or fair value if donated. The costs of maintenance and repairs below \$1,500 that neither significantly add to the permanent value of property and equipment nor prolong its intended useful life are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Building and improvements	4.75 to 31.5 years
Furniture and equipment	4 to 20 years

Development in Progress

The Organization incurs costs during the development phase of construction projects undertaken. Such costs include governmental fees, legal and consulting fees, as well as construction costs. The Organization records these costs as assets (development in progress) until the project is placed in service. Development in progress is not depreciated until the completion of development.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal and state information returns for the years 2016 through 2019 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

Subsequent Events

Management has evaluated subsequent events through July 21, 2022, the date on which the financial statements were available to be issued. See additional details at Notes 6, 14, and 16.

Reclassification

Certain amounts previously reported in the 2019 financial statements were reclassified to conform to the 2020 presentation for comparative purposes.

## TAWONGA JEWISH COMMUNITY CORPORATION

(A California Nonprofit Public Benefit Corporation)

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are summarized as follows:

	2020	2019
Contributions without donor restrictions	\$ 345,337	\$ 30,715
Contributions with donor restrictions:		
Restricted for camperships	5,000	9,920
Restricted for programs	160,000	350,118
Restricted for capital	2,033,711	3,650,828
Gross contributions receivable	2,544,048	4,041,581
Less: unamortized discount	(2,518)	(32,445)
Net contributions receivable	<u>\$ 2,541,530</u>	<u>\$ 4,009,136</u>
Amounts due in:		
Less than one year	<u>\$ 1,537,142</u>	<u>\$ 2,463,582</u>
One to five years	<u>\$ 1,004,388</u>	<u>\$ 1,545,554</u>

Contributions due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 0.17% and 1.62% for 2020 and 2019, respectively.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Investments at December 31, 2020 and 2019 are summarized as follows:

	2020		2019	
	Cost	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	Cost	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>
Money market funds	\$ 2,048,025	\$ 2,048,025	\$ 1,080,520	\$ 1,084,378
Bond indexed funds	1,430,671	1,454,096	1,305,780	1,363,607
S&P mutual indexed funds	-	-	-	-
Total world stock indexed fund	1,704,952	2,161,775	1,800,792	1,997,774
Stock donations – in transit	3,187	3,187	5,028	4,894
Total investments	<u>\$ 5,186,835</u>	<u>\$ 5,667,083</u>	<u>\$ 4,192,120</u>	<u>\$ 4,450,653</u>

TAWONGA JEWISH COMMUNITY CORPORATION  
*(A California Nonprofit Public Benefit Corporation)*  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

Statements of financial position presentation for investments follow:

	2020	2019
Investments – without donor restrictions	\$ 3,115,003	\$ 2,353,162
Investments – with donor restrictions	2,552,080	2,097,491
Total investments	<u>\$ 5,667,083</u>	<u>\$ 4,450,653</u>

*Beneficial Interest In Assets Held by the Jewish Community Endowment Fund (JCEF)*

In October 2014, the Organization transferred selected permanently restricted and temporarily restricted funds to the JCEF (see Note 9) to establish the Camp Tawonga Endowment Fund (“the Fund”). Under the terms of the agreement, the Organization can request an annual payout from JCEF up to a limit set forth by the Board of Directors of JCEF (currently it is 5% annual payout calculated on the average balance of the Fund over 12 trailing quarters). The funds are held by JCEF as a component fund, and JCEF has the variance power to these funds. That power gives JCEF the right to distribute the investment income to another not-for-profit organization of its choice if the Organization ceases to exist or if the governance board of JCEF judges that such restrictions become unnecessary, incapable of fulfillment, or is inconsistent with the charitable purposes or needs served by JCEF.

While JCEF is the legal owner of all assets held in the Fund, and the Organization cannot withdraw any portion of the amount transferred nor any appreciation on those transferred assets; however, for reporting purposes, this fund has been reported as an asset of the Organization in conformity with GAAP. In the statements of financial position,

- the portion of the assets transferred to JCEF with the donor restrictions is presented under the net assets with donor restriction – perpetual in nature (see Note 9), and
- the portion of the assets transferred by decision of the Board of Directors of the Organization is presented as net assets without donor restrictions.

The beneficial interest in assets held at JCEF has been valued, as a practical expedient, at the fair value of the Organization’s share of JCEF’s investment pool as of the measurement date, utilizing valuations provided by the investment funds. JCEF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of JCEF, which includes private placements and other securities for which prices are not readily available, are determined by the management of JCEF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The beneficial interest in the assets held by JCEF is valued at Level 2 measurements.

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The following tables present a roll-forward of activity for assets held by JCEF at fair value using significant other observable inputs (Level 2) as of:

<i>December 31, 2020</i>	
Balance as of December 31, 2019	\$ 810,473
Additions	22,530
Distributions	(39,041)
Fees	(3,906)
Net realized/unrealized gain (loss)	88,013
Balance as of December 31, 2020	<u>\$ 878,069</u>

  

<i>December 31, 2019</i>	
Balance as of December 31, 2018	\$ 736,440
Additions in 2019	72
Additions for 2019 recognized in 2018	1,240
Distributions	(37,245)
Fees	(3,912)
Net realized/unrealized gain (loss)	113,878
Balance as of December 31, 2019	<u>\$ 810,473</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows:

	2020	2019
Land	\$ 99,878	\$ 99,878
Buildings and improvements	11,857,029	8,516,311
Furniture, fixtures and equipment	1,805,250	1,789,193
Development in progress	637,869	2,582,856
	<u>14,400,026</u>	<u>12,988,238</u>
Less: accumulated depreciation	<u>(4,565,126)</u>	<u>(4,119,477)</u>
Total property and equipment	<u>\$ 9,834,900</u>	<u>\$ 8,868,761</u>



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Development in progress consists of the following:

	2020	2019
Dining Hall	\$ -	\$ 1,067,871
Electric Underground	-	972,999
Camper Cabins	-	449,518
Infirmery	444,342	-
Road work	52,215	-
Manzanita	44,101	-
Golden Triangle	32,824	32,824
Teen Village	17,227	13,971
Waterline through Wetlands	13,639	13,640
Canteen	13,087	-
Others	20,434	32,033
Total development in progress	<u>\$ 637,869</u>	<u>\$ 2,582,856</u>

**NOTE 6 – PAYCHECK PROTECTION PROGRAM**

On April 2<sup>nd</sup>, 2020, the Organization received loan proceeds of \$541,000 from a promissory note issued by CFR Small Business Loan Company LLC, under the Paycheck Protection Program (“PPP”) which was established under the CARES Act and the PPP Flexibility Act (the Acts) and is administered by the U.S. Small Business Administration (the SBA). The term on the loan is two years, and the annual interest rate is 1%. Payments of principal and interest are deferred for the first six months of the loan. Under the terms of the Acts, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the PPP loan. Such forgiveness will be determined based on the use of the loan proceeds for eligible payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. Any unforgiven balance would bear interest at 1% and be due by April 2022.

The proceeds from the PPP loan received in 2020 was outstanding as of December 31, 2020 because the request for forgiveness has not been submitted and approved as of December 31, 2020. The Organization applied for forgiveness in June 2021, and the SBA forgave the loan in full in October 2021.

In February 2021, the Organization requested and received a second PPP loan in amount of \$878,600 from CRF Small Business Loan Company, LLC, a program authorized under the Acts, to support ongoing operations and to retain workers and maintain payroll. Loan funds are guaranteed by the SBA and eligible for forgiveness if used on eligible costs during cover period as defined in the Acts, including the requirement to maintain staff and compensation levels as described in the Acts. Loan payments are deferred to either the date that the SBA remits the loan forgiven amount to the lender or 10 months after the end of the Organization’s loan forgiveness covered period if the Organization does not apply for loan forgiveness. Any unforgiven balance will bear interest at 1% and will be due by February 2026.

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**NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Board of Directors of the Organization has several standing board policies that affect the presentation of board designated net assets. Bequests without donor restrictions are designated for long-term investment. Additionally, the Board of Directors has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. Board designated net assets are summarized as follows:

	2020			
	<i>December 31, 2019</i>	<i>Additions</i>	<i>Deletions</i>	<i>December 31, 2020</i>
Reserve principal	\$ 1,674,011	\$ -	\$ -	\$ 1,674,011
Reserve investments	1,106,816	208,558	-	1,315,374
Total	\$ 2,780,827	\$ 208,558	\$ -	\$ 2,989,385

  

	2019			
	<i>December 31, 2018</i>	<i>Additions</i>	<i>Deletions</i>	<i>December 31, 2019</i>
Reserve principal	\$ 1,539,033	\$ 134,978	\$ -	\$ 1,674,011
Groesberg Estate – capital	14,648	352	(15,000)	-
Reserve investments	659,658	447,158	-	1,106,816
Other designations	12,834	-	(12,834)	-
Total	\$ 2,226,173	\$ 582,488	\$ (27,834)	\$ 2,780,827

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are for the following purposes or periods:

	2020			
	<i>December 31, 2019</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>	<i>December 31, 2020</i>
Camperships	\$ 16,419	\$ 293,013	\$ (49,090)	\$ 260,342
Capital	5,683,362	821,177	(2,093,350)	4,411,189
Program	406,845	159,821	(147,327)	419,339
Endowment	225,477	129,193	(76,508)	278,162
Total	\$ 6,332,103	\$ 1,403,204	\$ (2,366,275)	\$ 5,369,032

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	2019			
	<i>December 31, 2018</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>	<i>December 31, 2019</i>
Camperships	\$ 92,456	\$ 487,270	\$ (563,307)	\$ 16,419
Capital	3,889,624	4,657,937	(2,864,199)	5,683,362
Program	366,721	372,868	(332,744)	406,845
Endowment	152,756	113,878	(41,157)	225,477
Total	<u>\$ 4,501,557</u>	<u>\$ 5,631,953</u>	<u>\$ (3,801,407)</u>	<u>\$ 6,332,103</u>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL RESTRICTIONS (ENDOWMENT FUNDS)**

Net assets with perpetual restrictions held by JCEF are summarized as follows:

	2020	2019
The Susselman Fund for the Well-Being of the Child	\$ 101,800	\$ 101,800
Colvin Campership Fund	63,607	63,607
Tawonga Endowment Fund	76,486	57,027
Newbrun-Mintz Endowment Fund	50,558	50,558
Dobbs Family Endowed Arts Program Fund	50,000	50,000
Ruben Nordson Fund	50,000	50,000
Gershik Family Endowment Fund	50,000	50,000
Kramarz Family Endowment Fund	46,144	46,144
Legacy Society Campership Fund	41,000	41,000
Jane Semel Memorial Music Endowment Fund	35,192	34,332
Chizen family Campership Fund	25,000	25,000
Ralph Coffman Fund	11,091	11,055
Liz Nestel Fund	4,510	4,510
Total	<u>\$ 605,388</u>	<u>\$ 585,033</u>

The Organization's perpetual restricted net assets shown above consists of 13 donor-restricted endowment funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization classifies as perpetual restricted net assets the original value of gifts donated to the permanently endowment. The remaining portion of the endowment fund that is not classified in perpetual restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure.

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Interpretation of Relevant Law

The Board of Directors of Tawonga Jewish Community Corporation has interpreted the State Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as with donor restrictions – perpetual in nature restricted net assets (1) the original value of any gifts donated to the permanent endowment, (2) the original value of any subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – perpetual in nature, is classified as net assets with donor restrictions – purpose restricted, until these accounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence of UPMIFA.

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

- a. The duration and preservation of the fund.
- b. The purposes of the organization and the donor-restricted endowment fund.
- c. General economic conditions.
- d. The possible effect of inflation and deflation.
- e. The expected total return from income and the appreciation of investments.
- f. Other resources of the organization.
- g. The investment policies of the organization.

The amounts appropriated for expenditures during 2020 and 2019 were \$39,041 and \$37,245, respectively. Changes in net assets with perpetual restrictions for the years ended December 31, 2020 and 2019 are as follows:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Perpetual Restrictions</i>	<i>Total</i>
December 31, 2018	\$ -	\$ 152,683	\$ 583,757	\$ 736,440
Contribution received in 2019 <sup>(1)</sup>	-	-	1,276	1,276
Investment income (loss), net of expenses and appropriations/distributions	-	72,757	-	72,757
December 31, 2019	-	225,440	585,033	810,473
Contribution received in 2020 <sup>(1)</sup>	-	-	20,355	20,355
Investment income (loss), net of expenses and appropriations/distributions	-	47,241	-	47,241
December 31, 2020	\$ -	\$ 272,681	\$ 605,388	\$ 878,069

<sup>(1)</sup> There is a timing difference between the receipt of contributions and investment income by the Organization and the recognition of the contributions and investment income by the JCEF due to different fiscal reporting years for the JCEF and the Organization.

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Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported as a decrease in net assets with restrictions. These deficiencies can result from unfavorable market fluctuations or other market conditions. There were no such deficiencies for both 2020 and 2019.

Return Objectives and Risk Parameters

The Endowment Account is intended to accumulate as much principal as possible, with the eventual goal of helping to support the Organization's ongoing operations while leaving the accumulated principal intact. Given this objective, investments assume a moderate degree of risk with diversification among different asset classes as a means of reducing risk. Investment decisions are primarily the responsibility of the JCEF.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Tawonga Jewish Community Corporation seeks to hold endowment assets and their related earnings for investment and capital accumulation whenever possible. In years where the level of support and revenue received by the Organization is insufficient to cover the operating expenditures of the Organization, the Organization reserves the right to make distributions from its investment accounts sufficient to cover these costs.

**NOTE 10 – DEFINED CONTRIBUTION RETIREMENT PLAN**

The Organization established a defined contribution plan effective January 1, 2008. This plan allows all employees, excluding certain designated employees, with at least one hour of service to contribute through payroll deductions. Under this plan, the Organization provides a 4% non-elective contribution for all eligible employees, plus a maximum matching contribution of 3% of the participant's compensation. The Organization's contributions to the plan totaled \$113,200 and \$123,123 for 2020 and 2019, respectively.

**NOTE 11 – CONDITIONAL PROMISES TO GIVE**

During 2016, the Organization received four (4) multi-year conditional contributions with donor restriction that would provide funding up to \$4,500,000 through December 31, 2021, of which \$221,794 and \$657,722 was recognized as contribution income in 2020 and 2019, respectively. Certain donors have made advance payments comparing to the payment schedule for the respective pledge. The Organization deemed those payments received as unconditional contributions since no refund is expected by donors as the fundraising goal has not been met when payments were received. Therefore, those advance payments have been recognized as unconditional contributions upon receipt of payments. As of 2020 and 2019, a total of \$4,392,725 and \$4,170,931, respectively, has been recognized as contribution income. The balance of \$107,275 and \$329,069 has not been recognized at December 31, 2020 because not all required fundraising goal has not been achieved.

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During 2020 and 2019, the Organization was also awarded conditional contributions with donor restriction that would provide additional funding to various programs and capital projects, which have not been recognized at December 31, 2020 and 2019 because the conditions were not met. Details as follows:

	<u>2020</u>	<u>2019</u>
Capital projects:		
Four (4) multi-year contributions as noted above	\$ 107,275	\$ 329,069
Jewish Community Federation	99,600	99,600
Programs:		
Foundation for Jewish Camp	230,000	-
State of California Governor's Office of Emergency Services	86,065	-
Rodan Family Foundation	<u>35,000</u>	<u>-</u>
Total	<u>\$ 557,940</u>	<u>\$ 428,669</u>

**NOTE 12 – LEASE COMMITMENTS**

The Organization's office premises are leased from the Jewish Community Federation under a five-year agreement. In September 2016, the five-year agreement was amended to extend the terms of the office lease to September 2021 and expand the premises of the office starting January 2017. Office rent expense for 2020 and 2019 totaled \$147,024 and \$163,082, respectively. The base rent and additional rent as defined in the lease agreement for October and November 2020 were waived as a result of the effect on the Organization's operations due to COVID-19 pandemic.

The Organization has two equipment operating leases that expire in 2022 and 2023, respectively.

The future minimum lease payments are estimated as follows:

	<u><i>Year Ending December 31,</i></u>
2021	\$ 175,349
2022	143,407
2023	<u>4,212</u>
	<u>\$ 322,968</u>

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**NOTE 13 – ENDOWMENT FUNDS**

Endowment funds were established for the benefit of the Organization at the JCEF in 2002 and 2015 and at the Jewish Community Foundation of the Greater East Bay (JCF) in 2006. These are deemed as part of the net assets of JCEF and JCF, respectively. The Organization receives an annual distribution from the respective fund as determined by JCEF and JCF, if a request for distribution is made, which were reflected as part of gifts and grants revenue on the statements of activities. The details of endowment funds are as follows:

	JCEF	JCF
Balance as of December 31, 2020	\$ 1,151,189	\$ 28,913
Distribution during 2020	47,770	-
Balance as of December 31, 2019	1,083,722	28,017
Distribution during 2019	45,660	1,219

**NOTE 14 – COMMITMENTS, CONTINGENCIES AND OTHER MATTERS**

Construction Contract Commitments

In 2020, the Organization entered into contracts to replace the existing health center, at a total estimated cost of approximately \$1,343,000. Approximately \$444,000 has been recorded as construction cost of this project as of December 31, 2020, and the balance of \$899,000 was incurred in 2021.

Line of Credit

In February 2018, the Organization obtained a revolving line of credit in the amount of \$2,000,000 to support any additional cash needs for capital improvements at Camp Tawonga. Advances on the line of credit are payable monthly bearing a variable interest rate with an initial interest rate of 4.5% per annum, which in no event shall be less than 4%. The line of credit is secured by various assets of the Organization as specified in the commercial security agreement and originally matured in February 2020, which was extended to March 15, 2022 and currently bears a variable interest rate of 4.25% and in no event shall the interest rate be less than 3.75%. The line of credit had no outstanding balance at December 31, 2020 and 2019.

The line of credit was amended on June 9, 2021 to extend the maturity date to July 1, 2023, with a variable interest rate of 3.25% and an interest rate floor of 3.75%.

**NOTE 15 – LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments and has various sources of liquidity at its disposal, including cash and cash equivalents, and highly liquid investments. The Organization receives significant contributions and promises to give restricted by donors which are generally not available for general expenditures. Financial assets sourced from programs which are ongoing, major and central to the Organization's annual operations are considered available to meet cash needs for general expenditures. The Organization also has a \$2,000,000 line of credit for use in case of emergencies. The Organization did not need to use this line of credit, and no amounts were outstanding at December 31, 2020 and 2019.

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For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization strives to maintain liquid financial assets sufficient to cover between six (6) to 12 months of payroll expenses. As of December 31, 2020 and 2019, financial assets available for general expenditures covered approximately two years of payroll expenses for year-round staff.

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position dates because of contractual restrictions. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditure, that is without donor or other restriction limiting their use, within one year of the statements of financial statements, comprise the following:

	2020	2019
Financial assets at end of year available within one year:		
Cash and cash equivalents	\$ 2,350,914	\$ 1,962,177
Contributions receivable	1,537,142	2,463,582
Accounts receivable	2,655	24,690
Investments	5,667,083	4,450,653
	<u>9,557,794</u>	<u>8,901,102</u>
Less financial assets not available for general expenditures:		
Contributions receivable for specific purpose	(1,537,142)	(2,463,582)
Cash and investments for specific purpose	(2,552,080)	(2,097,491)
	<u>(15,026,366)</u>	<u>(4,561,073)</u>
Financial assets available for general expenditures within one year	<u>\$ 5,468,572</u>	<u>\$ 4,340,029</u>

**NOTE 16 – SUBSEQUENT EVENTS**

COVID-19 Pandemic

The emergence and spread of the coronavirus (COVID-19) beginning in the first quarter of 2020 has affected businesses and economic activities in the U.S. and beyond. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the effects on supply chains, service providers, and business partners, and changes in business practices, all of which are uncertain and cannot be determined at this time.

Note Payable

In July 2021, the Organization executed a program related loan agreement in favor of Foundation for Jewish Camp, Inc., in the maximum amount of \$1,000,000. The note is non-interest bearing and requires quarterly principal payments in the amount of \$50,000 commencing on January 1, 2022. The note is secured by an irrevocable standby letter of credit and matures by October 1, 2026.



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Irrevocable Standby Letter of Credit

In connection with the above note payable, in June 2021, the First Republic Bank issued an irrevocable standby letter of credit (SBLOC) for the Organization in favor of Charitable Associates, LLC (the Beneficiary). The irrevocable SBLOC is in the initial aggregate amount not to exceed \$1,000,000 decreasing to \$950,000 on July 1, 2022 and by another \$200,000 annually commencing July 1, 2023 through July 1, 2026. The irrevocable SBLOC expires initially on June 9, 2022 and shall automatically be extended annually thereafter through March 31, 2027. The irrevocable SBLOC is transferrable subject to written notification of the original beneficiary.