REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

LEICHTAG FOUNDATION AND SUBSIDIARIES

September 30, 2022 and 2021

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
Leichtag Foundation and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Leichtag Foundation and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Leichtag Foundation and Subsidiaries as of September 30, 2022, and the results of their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leichtag Foundation and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Leichtag Foundation and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Leichtag Foundation and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Leichtag Foundation and Subsidiaries' 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.

Other Matter

The consolidated financial statements of Leichtag Foundation and Subsidiaries, as of and for the year ended September 30, 2021, were audited by other auditors whose report, dated April 4, 2022, expressed an unmodified opinion on those financial statements.

Moss Adams LLP

San Diego, California
March 20, 2023

ASSETS

	September 30, 2022	September 30, 2021
CURRENT ASSETS		
Cash and cash equivalents	$ 1,657,797	$ 5,100,703
Accounts receivable	907,410	723,096
Investments	57,463,978	73,650,031
Prepaid expenses	62,560	190,745
Total current assets	60,091,745	79,664,575
PROPERTY AND EQUIPMENT, net of accumulated depreciation	23,896,287	24,217,635
Total assets	$ 83,988,032	$ 103,882,210

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts payable	$ 324,410	$ 444,107
Accrued expenses	321,153	305,799
Current portion of grants payable	1,000,000	1,000,000
Total current liabilities	1,645,563	1,749,906
GRANTS PAYABLE, net of current portion	3,678,654	4,127,126
Total liabilities	5,324,217	5,877,032
NET ASSETS WITHOUT DONOR RESTRICTIONS	78,663,815	98,005,178
Total liabilities and net assets	$ 83,988,032	$ 103,882,210

Leichtag Foundation and Subsidiaries
Consolidated Statements of Activities

	Years Ended September 30, 2022	2021
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Realized and unrealized (losses) gains, net	$ (12,689,558)	$ 12,512,390
Rental income	2,435,031	2,198,472
Interest and dividends	1,295,058	2,132,668
In-kind contributions	-	243,446
Memberships	171,761	25,794
Contributions	73,257	24,262
Gains (loss) on sale of property and equipment	7,515	(8,196)
Total revenue and support without donor restrictions	(8,706,936)	17,128,836
EXPENSES		
Program services		
Grantmaking	4,603,773	4,377,723
Other programs	1,435,564	1,171,483
Supporting services		
Management and general	1,717,596	1,650,819
Cost of real property operations	2,877,494	2,738,028
Total expenses	10,634,427	9,938,053
CHANGE IN NET ASSETS	(19,341,363)	7,190,783
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning	98,005,178	90,814,395
NET ASSETS WITHOUT DONOR RESTRICTIONS, ending	$ 78,663,815	$ 98,005,178

See accompanying notes.

	Year Ended September 30, 2022				
	Program Services		Supporting Services		
	Grantmaking	Other Programs	Management and General	Rental Operations	Total
Grants	$ 4,425,683	$ -	$ -	$ -	$ 4,425,683
Payroll and related expenses	173,624	1,157,238	1,218,722	1,222,266	3,771,850
Depreciation	-	-	(0)	842,814	842,814
Professional fees	525	-	58,331	108,472	167,328
In-kind contribution	-	-	-	-	-
Security	-	971	0	252,289	253,260
Consulting	-	50,953	144,462	13,795	209,210
Repairs and maintenance	-	15,592	3,672	206,213	225,477
Office	3,941	51,332	78,004	29,215	162,492
Taxes	-	-	90,450	78,976	169,426
Insurance	-	-	38,924	72,832	111,756
System support	-	10,633	28,811	6,815	46,259
Telephone and wireless	-	8,334	18,883	12,140	39,357
Travel	-	75,875	26,635	872	103,382
Other	-	32,024	4,398	79	36,501
Supplies	-	32,612	6,303	30,717	69,632
Total expenses	$ 4,603,773	$ 1,435,564	$ 1,717,596	$ 2,877,494	$ 10,634,427

Leichtag Foundation and Subsidiaries
Consolidated Statements of Functional Expenses (Continued)

	Year Ended September 30, 2021				
	Program Services		Supporting Services		
	Grantmaking	Other Programs	Management and General	Rental Operations	Total
Grants	$ 4,158,057	$ -	$ -	$ -	$ 4,158,057
Payroll and related expenses	211,719	778,632	1,229,606	1,137,369	3,357,326
Depreciation	-	-	-	802,413	802,413
Professional fees	-	2,633	64,973	238,049	305,655
In-kind contribution	-	243,446	-	-	243,446
Security	-	-	-	224,573	224,573
Consulting	6,475	26,415	140,247	-	173,137
Repairs and maintenance	-	4,652	(5,672)	173,215	172,195
Office	1,052	48,484	66,569	20,646	136,751
Taxes	-	670	55,970	49,909	106,549
Insurance	-	-	35,613	64,198	99,811
System support	420	15,783	18,368	11,700	46,271
Telephone and wireless	-	11,262	19,662	10,696	41,620
Travel	-	24,199	5,607	-	29,806
Other	-	8,797	17,693	126	26,616
Supplies	-	6,510	2,183	5,134	13,827
Total expenses	$ 4,377,723	$ 1,171,483	$ 1,650,819	$ 2,738,028	$ 9,938,053

	Years Ended September,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (19,341,363)	$ 7,190,783
Adjustments to reconcile change in net assets to net cash used by operating activities		
Net realized and unrealized (gains) losses on investments	12,689,558	(12,512,390)
Depreciation	842,814	802,413
(Gain) loss on sale of property and equipment	(7,515)	8,196
Changes in present value of grants payable	251,528	358,702
Changes in operating assets and liabilities		
Accounts receivable	(184,314)	97,921
Prepaid expenses	128,185	42,398
Accounts payable	(119,697)	178,309
Accrued expenses	15,354	5,045
Grants payable	(700,000)	(1,405,000)
Net cash used by operating activities	(6,425,450)	(5,233,623)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	14,007,056	25,246,709
Purchases of investments	(10,510,561)	(17,390,610)
Proceeds from sales of property and equipment	14,397	3,360
Purchases of property and equipment	(528,348)	(1,509,186)
Net cash provided by investing activities	2,982,544	6,350,273
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,442,906)	1,116,650
CASH AND CASH EQUIVALENTS, beginning	5,100,703	3,984,053
CASH AND CASH EQUIVALENTS, ending	$ 1,657,797	$ 5,100,703

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of activities – The Leichtag Foundation ("Leichtag") is a tax-exempt foundation created to honor the legacy of Lee and Toni Leichtag through igniting and inspiring Jewish life, advancing self-sufficiency, and stimulating social entrepreneurship in coastal North San Diego County and Jerusalem.

LF Encinitas Properties, LLC ("LF Encinitas") was formed for the purpose of engaging in the business of acquiring, owning, operating, financing, refinancing, leasing, holding for investment, and selling real property. LF Encinitas is a single-member limited liability company whose sole member is Leichtag.

LF Manager, LLC ("LF Manager") was formed for the purpose of managing its investment in aMoon 2 Fund, L.P. LF Manager is a single-member limited liability company whose sole member is Leichtag.

The Foundation provides key personnel and grant contributions to support Impact Cubed, which is an independent tax-exempt corporation that stimulates philanthropy and builds social sector capacity by providing guidance to donors, facilitating funder consortia, and engaging community groups.

Basis of consolidation – The assets, liabilities, net assets, revenues and expenses of Leichtag, LF Encinitas, and its subsidiary LF Manager have been consolidated as the Foundation. All significant intercompany transactions and balances have been eliminated.

Financial statement presentation – The consolidated financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classification:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation did not have any donor restrictions that were temporary or perpetual in nature for the years ended September 30, 2022 and 2021.

Use of estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents – Cash equivalents are highly liquid investments with an original maturity of 90 days or less from the date of purchase.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Accounts receivable – The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary at September 30, 2022 and 2021, because management believes all amounts are collectible.

Investments – The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair values in the consolidated statements of financial position. Investments acquired by gift are recorded at their fair value at the date of the gift. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer, and meaningful third-party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Realized and unrealized gains and losses are included in the changes in net assets in the consolidated statements of activities.

Property and equipment – Property and equipment are recorded at cost, except for donated items, which are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method based on the assets' estimated useful lives of 5 to 39 years. When assets are retired or otherwise disposed of, the cost and the accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The costs of maintenance and repairs are recorded as expense when incurred. Significant renewals and betterments of $2,000 or more are capitalized.

Grants payable – Unconditional grants payable are recorded at their net present value at the date the grant is made. Grants payable that are due within one year are recorded at face value. The present value of future cash flows is calculated using a discount rate commensurate with the risks involved. The Foundation has not elected to subsequently measure grants payable at fair value under the financial instruments standard of reporting.

Income taxes – Leichtag is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the consolidated financial statements do not reflect a provision for federal income taxes related to Leichtag. However, Leichtag remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to their exempt purpose. Leichtag is subject to federal excise tax. LF Encinitas and LF Manager are nontaxpaying entities for federal income tax purposes, and thus no income tax has been recorded in the consolidated financial statements.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the consolidated statement of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at September 30, 2022 and 2021, and therefore no amounts have been accrued.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

The Foundation files income tax returns in the United States and various state and local jurisdictions.

Revenue recognition – The Foundation recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services.

The Foundation recognizes revenue from rent, tenant reimbursements, late fees, and other revenue as amounts become due and collection is probable. The Foundation's leases are classified as operating leases and are month to month through 10 years. Rental payments are made, and revenue from rent is recognized, on a straight-line basis. Prepaid rents are deferred until earned.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as support without donor restrictions and increased net assets without donor restrictions.

Functional allocation of expenses – The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Payroll and related expenses and in-kind consulting services are allocated based on time and effort. All other expenses are broken out by accounts and can be directly charged to the appropriate function based on actual expenses.

Fair value measurements – The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Investments that do not have readily determinable fair value are measured using the net asset value (NAV) per share (or its equivalent) practical expedient and are not classified on the fair value hierarchy. Financial instruments are considered valued at NAV when the investment is valued at NAV based on capital statements provided by entities that calculate fair value using NAV per share or its equivalent.

Recent accounting pronouncement – In July 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.* The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Future accounting standard – In February 2016, the FASB issued ASU 2016-02, *Leases.* The primary change in GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the consolidated statements of financial position a liability to make lease payments (“lease liability”) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, although there are optional practical expedients that entities may elect to apply. The Foundation is evaluating the effect that the provisions of ASU 2016-02 will have on its consolidated financial statements and related disclosures.

Reclassifications – Certain reclassifications were made to the fiscal year 2021 amounts to conform to the fiscal year 2022 presentation. These reclassifications have no effect on the net assets and are not material to the consolidated financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Foundation recognizes in the consolidated financial statements the effects of all significant subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

The Foundation has evaluated subsequent events through March 20, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2 – Concentrations

Cash and cash equivalents – The Foundation maintains cash accounts at various financial institutions. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to $250,000.

Accounts receivable – The Foundation had three and four major customers with over 10% of the total accounts receivable balances for the years ended September 30, 2022 and 2021, respectively. Management believes that the Foundation is not exposed to any significant concentration of risk in the near term.

Lease income – The Foundation had four and three major tenants with over 10% of the total lease income balances for the years ended September 30, 2022 and 2021, respectively. Management believes that the Foundation is not exposed to any significant concentration of risk in the near term.

Note 3 – Liquidity and Availability

The following reflects the Foundation's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the consolidated statements of financial position date as of September 30, 2022 and 2021:

	2022	2021
Cash	$ 1,657,797	$ 5,100,703
Accounts receivable	907,410	723,096
Investments	57,463,978	73,650,031
Less illiquid investments – private equity funds	(16,817,839)	(17,304,887)
Financial assets available to meet cash needs for general expenditures within one year	$ 60,029,185	$ 79,473,830

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities to be general expenditures.

The Foundation manages its liquidity and reserves through maintaining and reviewing budget to actual amounts and forecasted cash flows on a regular basis. The Foundation also within a prudent range of financial soundness and stability and constantly maintains adequate liquid assets to fund near term operating needs.

Note 4 – Investments and Fair Value Measurement

The fair value of investments is categorized as follows as of September 30, 2022:

Description	Level 1	Level 2	Level 3	NAV	Total
Mutual funds					
Large cap – domestic	$ 2,836,142	$ -	$ -	$ -	$ 2,836,142
Fixed income – domestic	13,139,039	-	-	-	13,139,039
Large cap – international	12,500,202	-	-	-	12,500,202
Equities	12,064,850	-	-	-	12,064,850
Real estate investment trusts	307,334	-	-	-	307,334
Alternative investments					
Private equity funds	-	-	-	16,430,254	16,430,254
Hedge fund of funds	-	-	-	186,157	186,157
	$ 40,847,567	$ -	$ -	$ 16,616,411	$ 57,463,978

The fair value of investments is categorized as follows as of September 30, 2021:

Description	Level 1	Level 2	Level 3	NAV	Total
Mutual funds					
Large cap – domestic	$ 19,830,041	$ -	$ -	$ -	$ 19,830,041
Fixed income – domestic	17,573,552	-	-	-	17,573,552
Large cap – international	14,934,903	-	-	-	14,934,903
Mid cap – international	2,027,213	-	-	-	2,027,213
Small cap – domestic	1,793,278	-	-	-	1,793,278
Alternative investments					
Private equity funds	-	-	-	17,304,887	17,304,887
Hedge fund of funds	-	-	-	186,157	186,157
	$ 56,158,987	$ -	$ -	$ 17,491,044	$ 73,650,031

The value of the private equity funds and hedge funds classified as alternative investments are reflected at fair value, which is determined by the fund managers and defined as the price agreed to in an orderly transaction between market participants to sell an asset or transfer a liability. The fair value of the funds is based on the NAV of the funds.

Note 4 – Investments and Fair Value Measurement (continued)

Commitments and redemption schedules for those investments valued based on net asset value are as follows as of September 30, 2022:

	2022			
Description	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds [a]	$16,817,839	$ 862,500	N/A	N/A
Hedge fund of funds [b]	$ 186,157	None	Quarterly	90 days

[a] Private equity funds are investment in funds organized as limited partnerships which invest in media companies, technology companies (excluding biotech), mezzanine capital, secondaries, and buyouts.

[b] The hedge fund of funds employs a variety of strategies including absolute return, diversified arbitrage, investment in distress strategies, and various long/short strategies.

Note 5 – Property and Equipment

Property and equipment as of September 30, 2022 and 2021, consisted of the following:

	2022	2021
Buildings	$ 16,810,104	$ 15,756,219
Land	9,932,732	9,932,732
Machinery and equipment	561,771	524,091
Technology	238,345	238,345
	27,542,952	26,451,387
Less: accumulated depreciation	(4,743,331)	(3,914,327)
	22,799,621	22,537,060
Construction in progress	1,096,666	1,680,575
	$ 23,896,287	$ 24,217,635

Note 6 – Grants Payable

The Foundation makes grants to recipient organizations whose mission is similar to that of the Foundation in igniting and inspiring Jewish life, advancing self-sufficiency, and stimulating social entrepreneurship in coastal North San Diego County and Jerusalem. The discount on grants payable is 5.50%.

Note 6 – Grants Payable (continued)

Future minimum grant obligations are as follows:

Years Ending September 30,	
2023	$ 1,000,000
2024	985,176
2025	500,000
2026	500,000
2027	500,000
Thereafter	2,500,000
	5,985,176
Less: discount on grants payable	(1,306,522)
	4,678,654
Less: current portion	(1,000,000)
	$ 3,678,654

Note 7 – Property Leased to Others

The Foundation is the lessor of property on long-term operating leases and short-term rentals. The long-term operating leases are for land and various greenhouses and other buildings constructed on the land.

The following is a summary of land and greenhouses held for lease as of September 30, 2022 and 2021:

	2022	2021
Land and land improvements	$ 4,210,703	$ 4,059,351
Greenhouses and buildings	8,872,658	8,044,611
	13,083,361	12,103,962
Less: accumulated depreciation	(1,206,751)	(881,392)
	$ 11,876,610	$ 11,222,570

Note 7 – Property Leased to Others (continued)

Minimum future lease income to be received under noncancelable leases as of September 30, 2022, is as follows:

Years Ending September 30,	
2023	$ 1,812,000
2024	1,003,000
2025	661,000
2026	306,000
2027	141,000
Thereafter	133,000
	$ 4,056,000

The Foundation provided land to Coastal Roots Farms for no cost during the year. The value of the rent is approximately $377,000.

Note 8 – Federal Excise Tax

The Foundation is subject to federal excise tax imposed on private foundations at 1.39% if certain conditions are met. The excise tax is imposed on net investment income, as defined under federal law, which includes realized gains on the sale of investments. Federal excise tax expense consists of the current provision on realized net investment income.

Federal excise tax expense was $88,000 and $158,000 for the years ended September 30, 2022 and 2021, respectively.

Note 9 – Retirement Plans

The Foundation provides a 401(k) profit-sharing plan (the “Plan”), which is administered by Newport Group as of January 2016. The Plan covers substantially all the Foundation’s full-time employees. The Foundation makes nonelective contributions equal to 3% of compensation for the Safe Harbor contribution, 4% of compensation up to $30,000, and an additional 4.3% of compensation in excess of $30,000 to the profit-sharing plan. The Foundation also makes matching contributions for eligible employees equal to the lesser of 50% of the participants’ contributions during the plan year up to 3% of the participants’ eligible compensation.

Retirement plan expense was $330,530 and $293,119 for the years ended September 30, 2022 and 2021, respectively.

Note 10 – Contingencies

From time to time, the Foundation is subject to various litigation as a result of its ongoing business activities. Management believes that the outcome of any such litigation would not have a material adverse effect on the Foundation's statements of financial position, results of operations, or liquidity.