LEICHTAG FOUNDATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

LEICHTAG FOUNDATION AND SUBSIDIARIES

Contents

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Leichtag Foundation and Subsidiaries

Report on the Audit of the Financial Statements

We have audited the consolidated financial statements of Leichtag Foundation and Subsidiaries (collectively, the "Foundation"), which comprise the consolidated statement of financial position as of September 30, 2023, 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

Other Matter – Correction of Errors

As the prior period financial statements have not been presented herein, the October 1, 2022 opening balances of the consolidated statement of financial position have been restated to correct a misstatement as discussed in Note B[1] to the financial statements. Our opinion is not modified with respect to this matter.

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 ("U.S. GAAP"), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal controls. 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 the Foundation'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.

EisnerAmper LLP

EISNERAMPER LLP
La Jolla, California
May 8, 2024

LEICHTAG FOUNDATION AND SUBSIDIARIES

Consolidated Statement of Financial Position
September 30, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	**$ 1,669,710**
Accounts receivable	**1,053,697**
Investments	**55,436,789**
Prepaid expenses	**43,597**
Total current assets	**58,203,793**
Noncurrent assets:	
Property and equipment, net	**23,323,428**
Total noncurrent assets	**23,323,428**
Total assets	**$ 81,527,221**
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	**$ 753,574**
Accrued expenses	**234,117**
Grants payable, current portion	**978,000**
Total current liabilities	**1,965,691**
Grants payable, net of current portion	**3,856,035**
Total liabilities	**5,821,726**
Commitments and contigencies (see Notes E and M)	
Net assets:	
Without donor restrictions	**75,705,495**
Total liabilities and net assets	**$ 81,527,221**

LEICHTAG FOUNDATION AND SUBSIDIARIES

Consolidated Statement of Activities
Year Ended September 30, 2023

Revenue and support without donor restrictions:	
Rental income	$ 2,271,743
Other revenue	196,104
Contributions	144,107
Memberships	78,800
Loss on disposal of property and equipment	(16,985)
Total revenue and support without donor restrictions	2,673,769
Net investment income:	
Net realized gain on investments	762,600
Net unrealized gain on investments	4,263,733
Interest and dividends	982,723
Investment expense	(401,989)
Total net investment income	5,607,067
Total revenue and support without donor restrictions and net investment income	8,280,836
Expenses:	
Program services:	
Grantmaking	5,007,920
Leichtag Commons	3,021,667
Other programs	851,740
Supporting services:	
Management and general	1,835,122
Total expenses	10,716,449
Change in net assets	(2,435,613)
Net assets without donor restrictions, beginning of year, as previously reported	78,663,815
Restatement (see Note B[1])	(522,707)
Net assets without donor restrictions, beginning of year, as restated	78,141,108
Net assets without donor restrictions, end of year	**$ 75,705,495**

LEICHTAG FOUNDATION AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services			Supporting Services	
	Grantmaking	Leichtag Commons	Other Programs	Management and General	Total
Expenses:					
Grants	$ 4,029,142	$ -	$ -	$ -	$ 4,029,142
Payroll and related expenses	975,820	1,208,115	524,907	1,169,053	3,877,895
Depreciation	-	870,664	-	-	870,664
Security	-	294,328	41,914	659	336,901
Repairs and maintenance	-	266,831	20,077	3,516	290,424
Other	-	351	26,641	234,701	261,693
Professional fees	-	147,327	-	101,439	248,766
Office	2,958	24,207	49,777	85,339	162,281
Taxes	-	64,506	-	76,743	141,249
Travel	-	1,499	97,815	37,537	136,851
Insurance	-	71,374	-	40,615	111,989
Consulting	-	18,826	42,968	39,669	101,463
Supplies	-	38,990	34,436	4,795	78,221
System support	-	5,580	10,455	31,311	47,346
Telephone and wireless	-	9,069	2,750	9,745	21,564
Total expenses	$ 5,007,920	$ 3,021,667	$ 851,740	$ 1,835,122	$ 10,716,449

LEICHTAG FOUNDATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows
Year Ended September 30, 2023

Cash flows from operating activities:	
Change in net assets	$ (2,435,613)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:	
Net realized gain on investments	(762,600)
Net unrealized gain on investments	(4,263,733)
Depreciation	870,664
Loss on disposal of property and equipment	16,985
(Increase) decrease in:	
Accounts receivable	(146,287)
Prepaid expenses	18,963
Increase (decrease) in:	
Accounts payable and accrued expenses	429,164
Accrued expenses	(87,036)
Grants payable	(367,326)
Net cash flows used in operating activities	(6,726,819)
Cash flows from investing activities:	
Proceeds from sales of investments	10,134,940
Purchases of investments	(3,081,418)
Purchases of property and equipment	(314,790)
Net cash flows provided investing activities	6,738,732
Net change in cash and cash equivalents	11,913
Cash and cash equivalents:	
Beginning of year	1,657,797
End of year	$ 1,669,710
Supplemental disclosure of noncash operating activities:	
Vehicle trade-in in exchange for reduction of customer accounts receivable	$ 22,465

NOTE A - THE ORGANIZATION AND NATURE OF ACTIVITIES

The Organization:

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 under the Leichtag Commons name. 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 consolidated financial statements (the "financial statements") include the consolidated financial position and operational activities of Leichtag and its wholly-owned subsidiaries, LF Encinitas and LF Manager (collectively referred to as the "Foundation").

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Restatement:

In preparing the financial statements as of and for the year ended September 30, 2023, management identified two multi-year grants that were unconditionally promised and therefore should have been accrued as grants payable as of September 30, 2022, as well as a miscalculation of present value on grants payable and related discount, in its previously issued financial statements as of and for the year ended September 30, 2022. Management has recorded an adjustment in the amount of $522,707; a $100,000 increase in grants payable and $422,707 decrease in the grant discount, with a corresponding increase to net assets without donor restrictions of $522,707 as of October 1, 2022. The cumulative impact of the correction of errors on the opening balances of the consolidated statement of financial position as of October 1, 2022 and consolidated statement of activities for the year ended September 30, 2023 is as follows:

	As Previously Reported October 1, 2022	Adjustment	As Restated October 1, 2022
Grants payable, net	$ 4,678,654	$ 522,707	$ 5,201,361
Total liabilities	$ 5,324,217	$ 522,707	$ 5,846,924
Net assets, without donor restrictions	$ 78,663,815	$ (522,707)	$ 78,141,108
Total liabilities and net assets	$ 83,988,032	$ (522,707)	$ 83,465,325

Management's corrections had no impact on the consolidated statement of functional expenses and cash flows for the year ended September 30, 2023.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Basis of accounting and consolidation:

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 ("U.S. GAAP"), as applicable to not-for-profit organizations. All material intra-entity transactions between Leichtag and its subsidiaries, LF Encinitas and LF Manager, have been eliminated in consolidation and balances adjusted to reflect the reporting requirements set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*.

[3] Use of estimates:

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

[4] Adopted accounting pronouncements:

The Foundation has implemented all applicable accounting pronouncements within the ASC that are in effect as of September 30, 2023, including the accounting pronouncement discussed below.

In February 2016, the FASB issued guidance, ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

Accordingly, the Foundation applied the guidance to each lease that had commenced as of the adoption date and also elected a package of practical expedients which included the following: no requirement to reassess (a) whether any expired or existing contracts are, or contain, leases, (b) the lease classification for any expired or existing leases, and (c) the recognition requirements for initial direct costs for any existing leases. The Foundation also elected a practical expedient to account for lease and non-lease components as a single lease component for all classes of underlying assets. The Foundation excluded short-term leases having initial terms of twelve months or less from the new guidance as an accounting policy election and recognizes rent expense for such leases on a straight-line basis over the lease term. In calculating the related lease liabilities at the time of adoption, the Foundation utilized historical experience when determining the noncancelable portion of the lease term and its incremental borrowing rate for operating leases and elected to use the risk-free rate as the discount rate for finance leases.

There was no impact on the financial statements as a result of adopting the above pronouncement.

[5] Cash and cash equivalents:

Cash and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less at the date of acquisition. The carrying value of cash approximates fair value because of the short maturities of those financial instruments.

[6] Accounts receivable:

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 based on historical collection experience and estimation of uncollectible balances. No allowance was considered necessary at September 30, 2023 because management believes all amounts are collectible.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Investments:

The Foundation records its marketable securities and alternative investments at fair value. Investments acquired by gift are recorded at their fair value at the date of gift. The fair value of investments in securities traded on national security exchanges, including mutual funds, equities, and real estate investment trusts, is based on the closing price on the last business day of the fiscal year. Investments which are not publicly traded consist primarily of alternative investments in hedge funds, and private equity investments, and are valued at the Foundation's fair value as reported by each respective fund at the valuation date. When provided by the fund, the Foundation uses net asset value ("NAV") to determine the fair value of the underlying investments which (a) do not have a readily determinable fair value, and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Depending on the underlying asset, NAV is determined by the underlying asset's manager through national exchange prices for securities with a readily determinable value or fund manager valuations and estimates.

Investment transactions are recorded on a trade-date basis. Dividend income is recorded as of the ex-dividend date and interest income is recorded as earned using the accrual basis. Net investment income (loss) includes realized and unrealized gains and losses on investments held or sold during the year. Realized gains or losses on the sale of share or unit based investments are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year, or since the acquisition date if acquired during the year, and are recorded as a component of net assets without donor restrictions.

[8] Property and equipment:

The Foundation's policy is to capitalize assets with a useful life greater than one year and a value of $2,000 or more. Property and equipment are recorded at cost, except for donated items, which are recorded at fair value at the date of donation. The costs of maintenance and repairs are recorded as an expense when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Description	Useful Live
Buildings and greenhouses	39 years
Furniture, fixtures and equipment	5 to 7 years

When assets are retired or otherwise disposed of, the cost and the accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized. The Foundation reviews its property and equipment when events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable or that the useful life of the assets are no longer appropriate. No impairment was recognized for the year ended September 30, 2023.

[9] Net assets:

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Net assets (continued):

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of 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 net assets with donor restrictions that were temporary or perpetual in nature for the year ended September 30, 2023.

[10] Grants:

Grant expenditures are recognized in the period the grant is approved and issued or communicated to the grantee, whichever is earlier. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in more than one year past the grant date are recorded at the net present value of expected future payments and discounted using a risk adjusted rate at each grant date for a commensurate period.

[11] 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.

Membership fees are recorded as revenue in the year to which the membership relates, usually one year. The performance obligation of providing members continuous access to coworking and event space offered by the Foundation is satisfied in the same year of purchase and is recognized ratably as services are simultaneously received and consumed by the members.

[12] Contributions:

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 consolidated statement of activities as net assets released from restrictions. Contributions to be received in future periods are discounted at a risk-adjusted rate. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Functional expense allocation:

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

Expense	Method of Allocation
Grants	Use of expense
Payroll and related expenses	Time and effort
Depreciation	Use of expense
Security	Use of expense
Repairs and maintenance	Use of expense
Other	Use of expense
Professional fees	Use of expense
Office	Use of expense
Taxes	Use of expense
Travel	Use of expense
Insurance	Use of expense
Consulting	Use of expense
Supplies	Use of expense
System support	Use of expense
Telephone and wireless	Use of expense

[14] Income taxes:

Leichtag is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and related sections of the California Revenue and Taxation Code. 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 of 1.39% on net investment income. Additionally, the Internal Revenue Code requires certain minimum distributions be made in accordance with a specified formula. The calculation of the minimum distribution is performed annually. LF Encinitas and LF Manager are non-taxpaying entities for federal income tax purposes, and thus no income tax has been recorded in the financial statements.

In accordance with FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, the Foundation evaluates annually any uncertain tax positions taken or expected to be taken in a tax return by applying a threshold of more likely than not for recognition. Management evaluated its tax positions and determined that it has no uncertain tax positions at September 30, 2023. There have been no related tax penalties or interest, which would be classified as tax expense in the consolidated statement of activities.

The Foundation provides for deferred federal excise taxes due on the total unrealized appreciation in fair value over the original basis of its investments. Deferred excise tax payable was determined to be $76,343 at September 30, 2023 and is reported in accrued expenses in the consolidated statement of financial position.

NOTE C - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of September 30, 2023, reduced by amounts not available for general use because of contractual obligations within one year:

Financial assets at year-end:	
Cash and cash equivalents	$ 1,669,710
Accounts receivable	1,053,697
Investments	55,436,789
	58,160,196
Less: Amounts not available to be used within one year	
Funds valued at NAV	(15,549,500)
Financial assets available to meet general expenditures over the next twelve months	$ 42,610,696

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 operates within a prudent range of financial soundness and stability and constantly maintains adequate liquid assets to fund near term operating needs. The Foundation maintains cash and cash equivalents, and liquid investment balances, which account for 51% of total assets as of September 30, 2023, to help manage unanticipated liquidity needs.

NOTE D - INVESTMENTS

The Foundation's investments consisted of the following as of September 30, 2023:

	Carrying Value	Market Value
Mutual funds:		
Large cap - domestic	$ 3,396,251	$ 2,427,714
Fixed income - domestic	14,267,837	11,834,190
Large cap - international	7,806,355	10,585,070
Total mutual funds	25,470,443	24,846,974
Equities	12,614,672	14,669,016
Real estate investment trusts	413,492	371,299
Funds valued at NAV:		
Private equity funds	11,171,869	15,195,956
Hedge funds	274,000	353,544
Total funds valued at NAV	11,445,869	15,549,500
Total investments	$ 49,944,476	$ 55,436,789

NOTE E - INVESTMENTS IN INVESTMENT FUNDS VALUED AT NAV

The Foundation may periodically liquidate its investments in hedge funds (subject to lock-up periods, if applicable), depending on the provisions of the respective fund's offering documents and any negotiated liquidity agreements between the Foundation and the fund. There are no redemptions allowed in its investments in private equity funds. Additionally, funds in which the Foundation invests may restrict the transferability of the Foundation's interest. In light of such restrictions imposed, an investment in these funds should be viewed as illiquid and subject to liquidity risk.

The Foundation's investments in investment funds are subject to the terms of the respective funds' agreements, private placement memoranda and other governing agreements. The investments are also subject to annual management fees, ranging from 0.0% to 1.5% as specified in such funds' agreements.

Due to the limited liquidity of the Foundation's investments in the funds and the inherent uncertainty of the valuation of certain investments held by the funds, the values that the respective investment managers have attributed to their funds may differ from the values that would have been used had a ready market existed. Such values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investment.

The Foundation's investments in the funds are subject to the market and credit risk of those financial instruments held or sold short by the funds. The funds in which the Foundation invests utilize a variety of financial instruments in their trading strategies, which contain varying degrees of off-balance-sheet risk. The Foundation's risk of loss related to any one fund is generally limited to its investment in such fund.

The Foundation's hedge fund and private equity investments valued at NAV as of September 30, 2023 are classified as follows:

Description	Fair Value	Unfunded Commitments	Redemption Frequency	Redemtion Notice Period
Private equity funds [a]	$ 15,195,956	$ 1,973,000	N/A	N/A
Hedge fund of funds [b]	$ 353,544	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 F - FAIR VALUE MEASUREMENTS

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

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

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

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

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

The Foundation endeavors to utilize the best available information in measuring fair value. Investments are reported at fair value and assigned a hierarchy based on the inputs to valuation techniques used to measure fair value. The Foundation measures fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Mutual funds, equities and real estate investment trusts that trade on an active exchange are valued using quoted market prices and are classified within Level 1.

The investments in hedge funds and private equity funds are valued at the Foundation's net equity position as reported by each respective fund at the valuation date which approximates fair value. When provided by the fund manager, the investment funds are valued at NAV as a practical expedient to measuring fair value and are not required to be classified within the fair value hierarchy. For investments valued at the Foundation's net equity position, in which NAV is not provided by the fund manager, the fair value measurement classifications are based on the Foundation's ability to redeem the investments as of the measurement date and the underlying investments. If a fund's underlying investments are classified at Level 1 or 2 and the investment can be redeemed at the Foundation's net equity position (or its equivalent) as of the measurement date or can be redeemed within the near term, they are classified as Level 2. If the Foundation does not have the ability to redeem the investment in the near term or does not have the ability to redeem the investment, and thereby does not know when the investment can be redeemed, they are classified as Level 3.

The following is a summary as of September 30, 2023 of the Foundation's assets carried at fair value within the fair value hierarchy:

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2023
Mutual funds:				
Large cap - domestic	$ 2,427,714	$ -	$ -	$ 2,427,714
Fixed income - domestic	11,834,190	-	-	11,834,190
Large cap - international	10,585,070	-	-	10,585,070
Total mutual funds	24,846,974	-	-	24,846,974
Equities	14,669,016	-	-	14,669,016
Real estate investment trusts	371,299	-	-	371,299
Funds valued at NAV*:				
Private equity funds	-	-	-	15,195,956
Hedge funds	-	-	-	353,544
Total funds valued at NAV	-	-	-	15,549,500
Total	$ 39,887,289	$ -	$ -	$ 55,436,789

* Certain investments measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

NOTE G - PROPERTY AND EQUIPMENT, NET

Property and equipment, net of accumulated depreciation as of September 30, 2023, consisted of the following:

Description	Amount
Buildings and greenhouses	$ 17,186,860
Land	9,932,732
Machinery and equipment	774,637
Technology	262,863
	28,157,092
Less: Accumulated depreciation	(5,607,926)
	22,549,166
Construction in progress	774,262
	$ 23,323,428

Depreciation expense was $870,664 for the year ended September 30, 2023 and is included in the accompanying consolidated statement of functional expenses. During fiscal year 2023, the Foundation disposed of $45,520 of property and equipment that was no longer in use and recognized a loss on disposal of $16,985.

NOTE H - 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. Grants scheduled to be paid in future years are as follows:

Years Ending September 30,	Amount
2024	$ 978,000
2025	1,070,176
2026	500,000
2027	500,000
2028	500,000
Thereafter	2,000,000
Total	5,548,176
Less: discount on grants payable	(714,141)
Grants payable	4,834,035
Less: current portion	(978,000)
Grants payable, net of current portion	$ 3,856,035

The applicable U.S. Treasury rate was used as the discount rate and ranged from 3.49% to 4.33%.

NOTE I - 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, buildings and greenhouses held for lease as of September 30, 2023:

Description	Amount
Land	$ 4,281,555
Buildings and greenhouses	8,932,152
	13,213,707
Less: Accumulated depreciation	(1,549,730)
Total property and equipment, net	$ 11,663,977

Minimum future lease income expected to be received under noncancelable leases as of September 30, 2023, is as follows:

Years Ending September 30,	Amount
2024	$ 1,240,013
2025	871,154
2026	519,629
2027	346,613
2028	326,444
Thereafter	-
Total	$ 3,303,853

The Foundation provided the use of land to Coastal Roots Farm for no cost during the year. The value of the free rent is approximately $516,118 (see Note L[3]).

NOTE J - EMPLOYEE BENEFIT PLAN

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 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 $333,395 for the year ended September 30, 2023.

NOTE K - RISKS AND UNCERTAINTIES

[1] 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. The Foundation has historically not experienced any losses in such accounts.

[2] Accounts receivable

The Foundation had three major customers with over 10% of the total accounts receivable balances as of September 30, 2023. Management believes that the Foundation is not exposed to any significant concentration of risk in the near term.

[3] Lease income

The Foundation had two major tenants with over 10% of the total lease income for the year ended September 30, 2023. Management believes that the Foundation is not exposed to any significant concentration of risk in the near term.

NOTE L - RELATED PARTY TRANSACTIONS

[1] Impact Cubed

During fiscal year 2023, a board member of the Foundation was a board member for Impact Cubed, and an officer of the Foundation was an officer for Impact Cubed. The Foundation provided Impact Cubed with in-kind contributions of $784,965 related to professional services and a grant totaling $17,000 during the year ended September 30, 2023.

[2] LFAM2 LLC

The Foundation is invested in an investment fund held by LFAM2 LLC ("LFAM2"). As of September 30, 2023, the Foundation has receivables of $159,505 due from LFAM2, which are included in accounts receivable in the accompanying consolidated statement of financial position.

[3] Coastal Roots Farm

During fiscal year 2023, two of the Foundation's board members served as board members for Coastal Roots Farm ("CRF"). The Foundation provided CRF in-kind contributions of $568,373, which was comprised of free rent of $516,118 and rental property expenses of $52,255 and grants totaling $842,166 for the year ended September 30, 2023.

NOTE M - COMMITMENTS AND CONTINGENCIES

FASB ASC 450, *Contingencies* ("ASC 450"), requires that an estimated loss from a loss contingency be accrued if it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. During fiscal year 2023, the Foundation was involved in litigation with a former tenant. On January 1, 2024, the trial court issued judgment in favor of the former tenant. Based on these circumstances, the Foundation determined that a loss of $230,000 was both probable and reasonably estimable. The Foundation recorded a $230,000 liability in accordance with ASC 450 and it is included in accrued expenses in the accompanying consolidated statement of financial position.

NOTE N - SUBSEQUENT EVENT

The Foundation evaluated subsequent events through May 8, 2024, the date these financial statements were available to be issued. With the exception of the matter described in Note M, there were no material subsequent events that required recognition or disclosure in the financial statements.