

MAZON: A JEWISH RESPONSE TO HUNGER

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
MAZON: A Jewish Response to Hunger
(A California Non-Profit Organization)
Los Angeles, California

Opinion

We have audited the accompanying financial statements of MAZON: A Jewish Response to Hunger (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MAZON: A Jewish Response to Hunger as of June 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.

Basis for Opinion

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

Adoption of Accounting Pronouncement

As described in Note 2 to the financial statements, MAZON: A Jewish Response to Hunger has adopted ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITORS' REPORT – Continued

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 MAZON: A Jewish Response to Hunger's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MAZON: A Jewish Response to Hunger's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MAZON: A Jewish Response to Hunger'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.

INDEPENDENT AUDITORS' REPORT – Continued

Report on Summarized Comparative Information

We previously audited MAZON: A Jewish Response to Hunger's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of MAZON: A Jewish Response to Hunger.

Vorlein, Hagen + Co.

Calabasas, California
October 12, 2023

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 413,404	\$ 1,845,967
Accounts receivable	175	86
Investments	8,833,340	8,219,544
Deposits and prepaid expenses	195,539	138,292
Right-of-use asset	800,480	-
Property and equipment, net	325,786	179,722
Total assets	\$ 10,568,724	\$ 10,383,611
LIABILITIES		
Accounts payable	\$ 23,797	\$ 59,371
Accrued payroll and related liabilities	158,568	144,055
Deferred rent	-	159,075
Deferred revenue	-	123,347
Right-of-use lease liability	904,914	-
Total liabilities	1,087,279	485,848
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions:		
Board designated - operating reserves	1,300,000	-
Undesignated	7,058,813	8,777,160
With donor restrictions	1,122,632	1,120,603
Total net assets	9,481,445	9,897,763
Total liabilities and net assets	\$ 10,568,724	\$ 10,383,611

See accompanying auditors' report and notes to financial statements.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE, SUPPORT AND RESTRICTIONS RELEASED				
Contributions and grants	7,775,400	185,000	7,960,400	8,961,758
Interest income	103,252	91,491	194,743	142,299
Realized and unrealized gain (loss) on investments, net of fees	490,871	6,432	497,303	(1,498,374)
Other income	75,000	-	75,000	-
Restrictions released	280,894	(280,894)	-	-
Total revenue, support and restrictions released	8,725,417	2,029	8,727,446	7,605,683
EXPENSES				
Program services	7,660,431	-	7,660,431	6,359,851
Support services	447,471	-	447,471	346,981
Fundraising	1,035,862	-	1,035,862	967,985
Total expenses	9,143,764	-	9,143,764	7,674,817
CHANGE IN NET ASSETS	(418,347)	2,029	(416,318)	(69,134)
NET ASSETS - beginning of year	8,777,160	1,120,603	9,897,763	9,966,897
NET ASSETS - end of year	\$ 8,358,813	\$ 1,122,632	\$ 9,481,445	\$ 9,897,763

See accompanying auditors' report and notes to financial statements.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program Services	Support Services	Fund- Raising	2023 Total Expenses	2022 Total Expenses
Salaries and related expenses					
Salaries and wages	\$ 1,853,055	\$ 165,066	\$ 348,105	\$ 2,366,226	\$ 2,043,336
Payroll taxes	135,116	12,050	25,194	172,360	152,310
Employee benefits	<u>277,411</u>	<u>24,699</u>	<u>51,474</u>	<u>353,584</u>	<u>268,976</u>
	2,265,582	201,815	424,773	2,892,170	2,464,622
Other expenses					
Advertising	38,048	279	447	38,774	46,630
Bank charges	551	619	67,848	69,018	71,831
Conferences and meetings	19,791	496	2,600	22,887	14,985
Dues and subscriptions	100,273	4,810	49,815	154,898	145,136
Equipment maintenance and repairs	6,778	455	958	8,191	14,641
Grants to other organizations	3,660,000	-	-	3,660,000	2,976,000
Information technology	14,148	1,246	2,623	18,017	37,117
Insurance	21,845	1,749	3,681	27,275	26,632
Miscellaneous expenses	74	457	14	545	683
Office expenses	25,698	2,327	4,564	32,589	32,150
Outside services	608,728	29,702	131,457	769,887	729,060
Postage and delivery	12,907	640	55,294	68,841	78,196
Printing	44,581	281	134,061	178,923	144,714
Professional fees	70,795	37,641	11,568	120,004	108,086
Program expenses	60,979	-	-	60,979	425
Rent	531,695	27,195	57,237	616,127	606,389
Special events expense	-	-	68,317	68,317	-
Supplies - fundraising	-	-	-	-	900
Taxes, licenses and fees	-	8,270	-	8,270	8,088
Telephone	67,808	4,308	9,067	81,183	76,584
Travel	<u>110,150</u>	<u>60,864</u>	<u>11,538</u>	<u>182,552</u>	<u>63,504</u>
	7,660,431	383,154	1,035,862	9,079,447	7,646,373
Depreciation	<u>-</u>	<u>64,317</u>	<u>-</u>	<u>64,317</u>	<u>28,444</u>
Total expenses	<u>\$ 7,660,431</u>	<u>\$ 447,471</u>	<u>\$ 1,035,862</u>	<u>\$ 9,143,764</u>	<u>\$ 7,674,817</u>

See accompanying auditors' report and notes to financial statements.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (416,318)	\$ (69,134)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	64,317	28,444
Realized and unrealized gain (loss) on investments, net of fees	(497,303)	1,492,737
Donated stock	(101,506)	(90,943)
(Increase) decrease in:		
Accounts receivable	(89)	7,664
Deposits and prepaid expenses	(57,246)	(13,153)
Right-of-use asset	(800,480)	-
Increase (decrease) in:		
Accounts payable	(35,574)	46,247
Accrued payroll and related liabilities	14,513	433
Deferred rent	(159,075)	(36,676)
Deferred revenue	(123,347)	123,347
Right-of-use lease liability	<u>904,914</u>	<u>-</u>
 Total adjustments	 <u>(790,876)</u>	 <u>1,558,100</u>
 Net Cash Provided (Used) by Operating Activities	 (1,207,194)	 1,488,966
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(210,381)	(119,860)
Proceeds from sales of investments	3,704,582	3,538,888
Purchase of investments	(3,824,601)	(4,269,660)
Reinvested interest and dividends	<u>105,031</u>	<u>(76,664)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(225,369)</u>	 <u>(927,296)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (1,432,563)	 561,670
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>1,845,967</u>	 <u>1,284,297</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 413,404</u>	 <u>\$ 1,845,967</u>
 SUPPLEMENTAL NON-CASH INFORMATION:		
Donated stock	<u>\$ 101,506</u>	<u>\$ 90,943</u>

See accompanying auditors' report and notes to financial statements.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. ORGANIZATION

Inspired by Jewish values and ideals, MAZON: A Jewish Response to Hunger (the “Organization”) is a national nonprofit advocacy organization working to end hunger among people of all faiths and backgrounds in the United States and Israel.

For more than 37 years, the Organization has been committed to ensuring that vulnerable people have access to the resources they need to be able to put food on the table now, while working to develop and advance long-term solutions to hunger. The Organization is a leading voice on anti-hunger issues in the United States and in Israel.

The Organization works independently and in coalition with partners to engage policy makers to protect and strengthen vital government nutrition programs that help people put food on the table each day. It educates communities across the country about the realities of hunger and how they can get involved to help end it. It also provides funding, training, and resources to partner organizations to support their advocacy efforts in the most food insecure states in the United States, as well as in Israel. The Organization’s partners include a wide range of food banks, legal-service organizations, statewide coalitions, and advocacy groups.

The Organization raises funds through donations from the American Jewish community and others, and solicits grants from foundations, synagogues, and other organizations. The Organization has strong relationships with the organizing bodies of the Reform, Reconstructionist, and Conservative movements, as well as a broad spectrum of other Jewish and interfaith organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use. The Organization's net assets with donor restrictions at June 30, 2023 were \$1,122,632.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash and cash equivalents, except for certain money market account balances included in investments (see Note 3).

Accounts Receivable

Receivables consist of accounts receivable and are stated at the amount management expects to collect from outstanding balances. The Organization uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year-end and therefore no allowance for doubtful accounts was considered necessary at June 30, 2023.

Investments

Investments are composed of equities, common investment pool, fixed income & preferred, and alternatives and are carried at fair market value.

Deposits and Prepaid Expenses

Prepaid insurance, rent, deposits, and other expenses are expensed ratably over their respective terms of agreement.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment, Net

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Normal repairs and maintenance are expensed as incurred, whereas significant changes that materially increase values or extend useful lives are capitalized and depreciated over the estimated used lives of the related assets. All property and equipment with a cost greater than \$5,000 must be capitalized.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	7 years
Leasehold improvements	Shorter of estimated useful life or term of lease
Office equipment	3 – 5 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Work In Progress

At June 30, 2023, the Organization had a work in progress project underway relating to the new Hunger Museum. Related costs are included in work in progress in the Statement of Financial Position under property and equipment. All work in progress was completed and transferred to property and equipment at June 30, 2023.

Operating Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization is a lessee in several noncancellable operating leases, for office space and office equipment. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. As most of the Organization's leases do not provide an implicit rate, a risk-free rate is used based on the information available at commencement date in determining the present value of lease payments. The Organization's risk-free rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accrued Vacation

Accrued vacation benefits are accrued as earned. Regular full-time employees accrue vacation time based upon years of service to the Organization as follows:

Length of Service	Annualized Accrual
0 – 12 months	70 Hours (8.75 Days)
13 – 83 months	105 Hours (13.125 Days)
84+ months	140 Hours (17.5 Days)

Unused accrued vacation is paid at the time of termination. Total accrued vacation at June 30, 2023 was \$157,741.

Deferred Rent

Deferred rent consists of the difference between cash payments and the recognition of rent expense on a straight-line basis over the life of the lease (see Note 6). The Organization had no deferred rent at June 30, 2023.

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June, 30 2023. This is primarily composed of revenue for special events accrued in advance. The Organization had no deferred revenue at June 30, 2023.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributed Securities

The Organization receives contributed securities which are recognized at fair value upon receipt. Their policy is to sell securities within days after they have been contributed.

Classification of Revenues and Expenses

The Organization considers revenues and expenses in the statement of activities to be those revenues and expenses that result from exchange and non-exchange transactions or other activities that are connected directly to the Organization's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The Organization is required to pay an annual filing fee to the State of California and other states it operates in.

The Organization has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2023, the Organization had no material unrecognized tax benefits, tax penalties or interest.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2022, 2021, and 2020, are subject to examination by the IRS, generally for 3 years after they were filed.

The Organization's Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2022, 2021, 2020, and 2019, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The Organization allocated its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated accordingly. Advertising costs are charged to operations when incurred and are included in the Statement of Functional Expenses.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2022 comparative totals have been reclassified to conform with the 2023 reporting format.

Adopted Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new standard is effective for fiscal years beginning after December 15, 2021, and could have an impact on the Organization's reporting of leases. During the year ended June 30, 2023, the Organization adopted Accounting Standards Update, ASU 2016-02, *Leases (Topic 842)*.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Based on their evaluation, the Organization's management believes that the estimates and assumptions are reasonable; however, the actual results could differ from those estimates.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access on the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments. The equities, alternatives, common investment pool, fixed income and preferred, and money market accounts are valued at quoted market prices, which represent the net asset value of shares held by the Organization at year end.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

3. INVESTMENTS

The Organization measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Foundation to develop its own assumptions. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2023, are Level 1 and Level 2 inputs.

Investments consist of the following at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Alternatives	\$ 40,773	\$ -	\$ 40,773
Common investment pool	-	4,287,973	4,287,973
Equities	1,845,251	-	1,845,251
Fixed income & preferred	<u>2,659,344</u>	-	<u>2,659,344</u>
Total investments	<u>\$ 4,545,368</u>	<u>\$ 4,287,973</u>	<u>\$ 8,833,341</u>

At June 30, 2023, the Organization did not have any investments measured using Level 3 inputs.

The composition of the investment return reported in the statement of activities is follows:

	<u>Amount</u>
Balance, at July 1, 2022	\$ 8,219,544
Purchases of investments	3,926,107
Proceeds from sales of investments	(3,704,582)
Reinvested interest and dividends	(105,031)
Net realized and unrealized gains (loss) on investments	571,286
Investment management fees	<u>(73,983)</u>
Balance, at June 30, 2023	<u>\$ 8,833,341</u>

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30, 2023:

	<u>Amount</u>
Furniture and fixtures	\$ 88,801
Leasehold improvements	39,415
Office equipment	<u>400,918</u>
	529,134
Accumulated depreciation	<u>(203,348)</u>
Total property and equipment, net	<u>\$ 325,786</u>

Total depreciation expense for the year ended June 30, 2023 was \$64,317.

5. RETIREMENT PLAN

The Organization has an IRC Section 401(k) defined contribution plan (“the Plan”) covering substantially all of its employees with one year of services or more who meet all eligibility requirements of the Plan. Participants may make salary deferrals to their individual accounts up to the maximum allowable deferral amounts for deferred compensation plans. These participant contributions vest immediately. The Organization matches 100% of the first 3% of participant plus 50% of the next 2% of participant contributions. Matching contributions vest over a two-year period. Retirement plan matching contributions for the year ended June 30, 2023 was \$140,414.

6. LEASE COMMITMENTS

The Organization has obligations as a lessee for office space and equipment with initial noncancelable terms in excess of one year. The Organization classified these leases as operating leases. These leases generally contain renewal options for periods ranging from one to two years. Fixed payments are due under these leases. The Organization records short term leases (those less than 12 months in duration) as operating expenditures in the period in which the lease obligations are incurred.

The components of lease cost for the year ended June 30, 2023 were as follows:

Operating lease cost	\$ 594,403
Operating cash flows from operating leases	\$ 800,480
Operating lease liability	\$ 904,914

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LEASE COMMITMENTS – Continued

Other information related to leases at June 30, 2023 was as follows:

Supplemental cash flow information -

Cash paid for amount included in the measurement of lease liabilities:	
Operating cash flow from operating leases	\$ 594,403
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 1,361,137
Reductions to ROU assets resulting from reductions to lease obligations:	
Operating leases	\$ 560,657
Weighted average remaining lease term	25 months
Weighted average discount rate (risk-free rate)	2.834%

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new lease, lease modifications or reassessments.

Maturities of lease liabilities under noncancellable operating leases as of June 30, 2023, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	\$ 663,725
2025	<u>258,972</u>
Total undiscounted lease payments	922,697
Less present value discount	<u>(17,783)</u>
Lease liability balance	<u><u>\$ 904,914</u></u>

Rent expense for the year ended June 30, 2023 related to the office leases and equipment rental, including the amortization of deferred rent, totaled \$590,430.

7. EMPLOYMENT CONTRACT

The Organization has an employment contract with its Chief Executive Officer that provides for salary and benefits through June 30, 2027. As of June 30, 2023, the total remaining commitment for this contract was approximately \$1,186,747.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

8. SPECIAL EVENT REVENUE

The Organization conducted a virtual fundraising activity during the year. The revenue and expenses from fund development activities for the year ended June 30, 2023 were as follows:

<u>Event</u>	<u>Contributions</u>	<u>Expenses</u>	<u>Net Revenue</u>
Hunger Museum	<u>\$ 130,529</u>	<u>\$ (68,317)</u>	<u>\$ 62,212</u>

9. BOARD DESIGNATIONS

The Board of Directors of the Organization has designated \$1,300,000 of net assets without donor restrictions to be earmarked for additional grants and other program initiatives.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Net assets with donor restrictions at June 30, 2023, consist of amounts restricted by donor-imposed stipulations; the activity for the year ended is as follows:

<u>Grant</u>	<u>Balance at 6/30/2022</u>	<u>Income</u>	<u>Expenditures</u>	<u>Balance at 6/30/2023</u>
Israel Advocacy	\$ 162,133	\$ -	\$ (162,133)	\$ -
Israel Grants	-	50,000	(50,000)	-
Military and Veterans	28,582	110,000	(841)	137,741
Rural/Tribal Hunger	-	25,000	(25,000)	-
Unappropriated earnings on permanent endowment	71,488	97,923	(42,920)	126,491
Permanent endowment	<u>858,400</u>	<u>-</u>	<u>-</u>	<u>858,400</u>
Total	<u>\$ 1,120,603</u>	<u>\$ 282,923</u>	<u>\$ (280,894)</u>	<u>\$ 1,122,632</u>

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

11. ACCOUNTING FOR ENDOWMENTS

Interpretation of Relevant Law

The Board of Directors of the Organization have interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the principal balance of the donor restricted endowment fund absent explicit donor stipulations to the contrary. Earnings from the donor restricted endowment fund are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the endowment fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds classified as net assets with donor restrictions. Under this policy, as approved by the board of directors, the Organization diversifies its investments by investing in the Jewish Community Foundation Common Investment Pool (the "CIP")(see Note 3). Generally, the CIP permits additional investments and withdrawals on a quarterly basis. However, the CIP is a pooled fund with a large portfolio and a portion of the Organization's investment in the CIP is illiquid due to the restriction of specified investments within the CIP. The Organization has no commitment to invest additional funds into the CIP.

Spending Policy

Under the current policy adopted by the board of directors, the Organization appropriates 5% of the total endowment for operations during the first quarter of each calendar year, based on the average of the endowment balances at the end of each calendar quarter during the preceding calendar year.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

11. ACCOUNTING FOR ENDOWMENTS - Continued

Endowment Composition

The net asset composition of the endowment as of June 30, 2023, is as follows:

Type of endowment fund	With Donor Restrictions
Donor restricted funds:	
Permanent endowment	\$ 858,400
Total	\$ 858,400

The changes in endowment net assets for the year ended June 30, 2023, are as follows:

	With Donor Restrictions
Endowment net assets, July 1, 2022	\$ 929,888
Investment return:	
Net investment return	97,923
Total investment return	1,027,811
Expenditures	(42,920)
Endowment net assets, June 30, 2023	\$ 984,891

12. CONCENTRATION RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts.

The majority of the Organization’s contributions and grants are received from corporations, foundations, and individuals and from agencies located throughout the state of California. As such, the Organization’s ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization’s services.

The Organization’s investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization’s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

MAZON: A JEWISH RESPONSE TO HUNGER
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

13. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Organization at June 30, 2023 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	June 30, 2023
Financial assets:	
Cash and cash equivalents	\$ 413,404
Accounts receivable	175
Investments	8,833,341
Total financial assets	9,246,920
Less donor-imposed restrictions:	
Net assets with donor restrictions	(1,122,632)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,124,288

In addition to existing financial assets available to meet general expenditures within one year the Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses and has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets at 90 to 180 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended June 30, 2023 the level of liquidity and reserves was managed within the policy requirements.

14. CONTINGENCIES

COVID-19

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.

15. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2023, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 12, 2023, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.