



REPORT OF INDEPENDENT AUDITORS AND
FINANCIAL STATEMENTS

IMPACT CUBED

September 30, 2022

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Report of Independent Auditors

The Board of Directors
Impact Cubed

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Impact Cubed, which comprise the statement of financial position as of September 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Impact Cubed as of September 30, 2022, 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 (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 Impact Cubed and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Impact Cubed's 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 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 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 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 Impact Cubed'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 Impact Cubed'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.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Diego, California
September 8, 2023

Impact Cubed
Statement of Financial Position

ASSETS		September 30, 2022
ASSETS		
Cash		\$ 1,598,460
Accounts receivable		<u>28,291</u>
Total assets		<u><u>\$ 1,626,751</u></u>
 LIABILITIES AND NET ASSETS 		
LIABILITIES		
Accounts payable		\$ 11,337
Accrued expenses		<u>5,701</u>
Total liabilities		17,038
 NET ASSETS		
Without donor restrictions		159,239
With donor restrictions		<u>1,450,474</u>
Total net assets		<u>1,609,713</u>
Total liabilities and net assets		<u><u>\$ 1,626,751</u></u>

Impact Cubed Statement of Activities

	September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 3,117,889	\$ 513,328	\$ 3,631,217
Consulting service income	24,800	-	24,800
In-kind contributions	709,334	-	709,334
	<u>3,852,023</u>	<u>513,328</u>	<u>4,365,351</u>
EXPENSES			
Program services			
Programs	3,170,076	-	3,170,076
Supporting services			
Management and general	451,734	-	451,734
Fundraising	17,910	-	17,910
	<u>3,639,720</u>	<u>-</u>	<u>3,639,720</u>
CHANGE IN NET ASSETS	212,303	513,328	725,631
NET ASSETS, BEGINNING OF YEAR	<u>(53,064)</u>	<u>937,146</u>	<u>884,082</u>
NET ASSETS, END OF YEAR	<u>\$ 159,239</u>	<u>\$ 1,450,474</u>	<u>\$ 1,609,713</u>

Impact Cubed Statement of Functional Expenses

	Year Ended September 30, 2022			
	Program Services	Supporting Services		Total
		Programs	Management and General	
Grants	\$ 2,399,045	\$ -	\$ -	\$ 2,399,045
In-kind donated services	485,098	224,236	-	709,334
Consultants	34,777	191,524	5,500	231,801
Visitor professor fees	103,422	-	-	103,422
Travel	52,910	188	9,547	62,645
Other program expenses	53,000	-	-	53,000
Marketing	20,621	129	207	20,957
Bank charges and fees	1,615	13,799	120	15,534
IT expenses	12,128	1,168	1,643	14,939
Payroll and related expenses	-	4,901	-	4,901
Professional memberships	125	3,934	-	4,059
Insurance	-	4,021	-	4,021
Office expenses	865	2,825	-	3,690
Legal and professional fees	-	3,565	-	3,565
Gifts	1,141	1,183	715	3,039
Community events	2,707	-	-	2,707
Speaker honorariums	1,800	-	-	1,800
Website	796	-	-	796
Publications	26	36	178	240
Taxes and licenses	-	225	-	225
Total expenses	\$ 3,170,076	\$ 451,734	\$ 17,910	\$ 3,639,720

Impact Cubed

Statement of Cash Flows

	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 725,631
Changes in operating assets and liabilities	
Accounts receivable	(27,791)
Prepaid expenses	9,989
Accounts payable	(19,808)
Accrued expenses	(36,895)
	<hr/>
Net cash provided by operating activities	651,126
CASH, beginning of year	<hr/> 947,334
CASH, end of year	<hr/> <hr/> \$ 1,598,460

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of activities – Impact Cubed stimulates philanthropy and builds social sector capacity by providing guidance to philanthropists and impact investors; facilitating funder consortiums; providing technical consulting and advice on nonprofit capacity; and stimulating philanthropy education initiatives.

Some initiatives consist of Jerusalem Philanthropic Initiatives (JPI) and The Murray Galinson San Diego-Israel Initiative (MGSDII). JPI works with civil society organizations, partner funders and other stakeholders to create Jerusalem-based programming, develop the capacity of organizational leaders, forge new cross-sector partnerships, and curate immersive experiences in Jerusalem. MGSDII seeks to strategically support and catalyze knowledge discourse and interaction on the modern state of Israel through scholarship, engagement, and collaboration.

Financial statement presentation – The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles, which require the Organization 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 Organization. These net assets may be used at the discretion of the Organization'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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

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, because management believes all amounts are collectible.

Income taxes status – The Organization is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes it has appropriate support for any tax positions taken, and as such, it does not have any material unrecognized tax benefits or liabilities as of September 30, 2022.

Revenue recognition – The Organization 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 Organization expects to be entitled in exchange for those goods or services.

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Notes to Financial Statements

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

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 increase net assets without donor restrictions.

Functional allocation of expenses – The 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 off time and effort. All other expenses are broken out by accounts and can be directly charged to the appropriate function based on actual expenses.

In-kind contributions – In-kind contributions of donated non-financial assets and services are measured on a nonrecurring basis and recorded at fair value in the period received. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. No non-financial assets were monetized during the year ended September 30, 2022. In-kind contributions consisted of the following for the year ended:

	2022	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Professional Services	\$ 709,334	Programs and Management and general	No associated donor restrictions	Estimated fair value based on actual amounts paid by Leichtag Foundation

Recent accounting standard – In July 2020, the Financial Accounting Standards Board issued 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.

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

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

The Organization has evaluated subsequent events through September 8, 2023, which is the date the financial statements were available to be issued.

Note 2 – Concentrations

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

Accounts receivable – During the year ended September 30, 2022, the Organization has four major customers with over 10% of the total accounts receivable balance. Management believes that the Organization is not exposed to any significant concentration of risk in the near term.

Note 3 – Liquidity and Availability

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

Cash	\$ 1,598,460
Accounts receivable	<u>28,291</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,626,751</u>

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

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

Note 4 – Contingencies

From time to time, the Organization 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 Organization's statement of financial position, results of operations, or liquidity.

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Notes to Financial Statements

Note 5 – Net Assets

Net assets at September 30, 2022, are comprised of:

Subject to expenditure for a specific purpose	
Community Security Initiative	\$ 19,262
MGSDII	1,167,873
SD Gives	43,181
Ukraine Relief	217,330
Net assets with donor restriction	
Other (JOC and JPI)	<u>2,828</u>
Net assets with donor restriction	1,450,474
Unrestricted	<u>159,239</u>
Total net assets	<u><u>\$ 1,609,713</u></u>