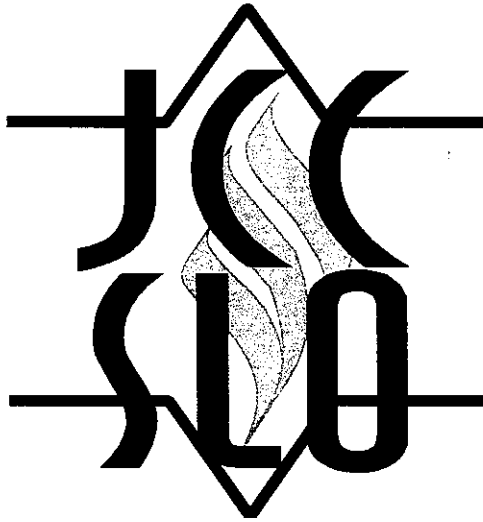


JEWISH COMMUNITY CENTER OF SAN LUIS OBISPO, INC.¹

**ANNUAL FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**



Financial statements like the ones you are looking at provide information used for a number of purposes, including, but not limited to, determining the credit-worthiness of an organization, the efficiency of an organization, and its overall financial health. If you are not familiar with financial statements, they can be misleading. These notes are presented to assist the user in understanding what some of the numbers mean in lay terms. JCCSLO is taking its best guess at anticipating questions about these statements in these notes. If you have further questions, please do not hesitate to contact us.

Statement of Financial Position — 2010²

ASSETS

Cash	<u>\$15,141</u>
Fixed Assets	
Land	\$220,000
Improvements	\$645,000
Accumulated Depreciation	(\$144,712)
Total Improvements	\$500,288
Total Fixed Assets ³	<u>\$720,288</u>
Other Assets	<u>\$352,000</u>
Total Assets	<u>\$1,087,429</u>

LIABILITIES & NET ASSETS

Long Term Liabilities	<u>(\$454,000)</u>
Net Assets	
Temporarily Restricted Net Assets ⁴	(\$6,871)
Other Net Assets	(\$626,558)
Total Net Assets	<u>(\$633,429)</u>
Total Liabilities & Assets	<u>\$1,087,429</u>

Statement of Cash Flows — 2010

OPERATING ACTIVITIES⁵

Income from Operating Activities	\$18,004	
Expenses from Operating Activities	(\$4,144)	
Net cash provided by Operating Activities	<u>\$13,860</u>	*

INVESTMENT ACTIVITIES

Net cash provided by Investment Activities	<u>\$29,294</u>	
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FINANCING ACTIVITIES

Net cash provided by Financing Activities	<u>(\$35,153)</u>	
Net cash increase for period	<u>\$8,001</u>	*
Cash at end of period	<u>\$15,141</u>	

Statement of Activities — 2010

ORDINARY REVENUE

Temporarily Restricted Income	\$6,871 ⁶
Memberships, Programs, and Event Income	\$11,133
Total Ordinary Income	\$18,004

INVESTMENT INCOME

Total Investment Income	\$29,294
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Total Income	<u>\$47,298</u>
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EXPENSES

Facilities and Equipment ⁷	(\$36,043)
Depreciation Expense	(\$16,538)
Operations/Administration	(\$1,493)
Insurance & Other Expenses	(\$1,045)
Travel & Conferences	(\$716)

Total Expenses	<u>(\$55,835)</u>
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Net Assets Begin	<u>\$643,158</u>
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Net Assets End	<u>\$634,621</u>
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Change in Net Assets	<u>(\$8,537)</u>
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\$ 2,000
\$ 50,000

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Numbers don't tell the story.

Non-profit financial 2010

Important transition year financially

- Better reporting & transparency
- Grant-seeking
- Donors
- 990 Form

¹ Jewish Community Center of San Luis Obispo, Inc. ("JCCSLO") seeks to foster a united community on the Central Coast through programs offering spiritual, educational, social and recreational activities based on Jewish principles. JCCSLO is an independent non-profit, tax-exempt organization serving all of San Luis Obispo County with programs for all ages based on Jewish principles. We host our programs in various venues, including private homes, local synagogues, and Cal Poly State University. JCCSLO is a Network Community within the Jewish Federations of North America. As such, each year a portion of our funds will go toward helping Jewish communities internationally through the Federation system. For example, the Federation supports the American Joint Distribution Committee to help struggling Jews throughout the world. It also supports a number of programs in Israel, including ones that help Ethiopian Jews assimilate to Israeli society, Magen David Adom, and community garden projects. However, the larger portion of funds raised for the JCCSLO goes toward local services, programs, and special events. JCCSLO offers many recreational and educational programs, as well as a number of special events. In 2010, JCCSLO co-hosted a speaking event with Holocaust Survivor Sarah Moses, coordinated the public Menorah lighting at Mission San Luis Obispo, among other special events and programs. JCCSLO's goal is to connect the Central Coast community, and we encourage affiliated and secular Jews to come together to celebrate their shared cultural heritage. In 2010, JCCSLO spent no money on special fundraising expenses. All income was derived from memberships, programming, special events, or through volunteers' solicitations. Less than 6% of JCCSLO's expenses in 2010 were spent on administration and other overhead. As set forth in more detail in footnote 5, JCCSLO included the expenses related to producing programming and events in its administration costs because there was insufficient volunteer time to do otherwise. JCCSLO estimates that only approximately 4% of expenses related to overhead.

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- Net Asset Increase
- Operating Income

² JCCSLO uses the calendar year for its fiscal year. We believe this is appropriate for an organization that is largely dependent on income-tax-deductible donations. In fiscal year 2009, JCCSLO used cash basis accounting for simplicity sake. Starting in 2010, JCCSLO began accounting on the accrual basis. This transition has no meaningful impact on the accuracy of our financial statements.

³ In financial statements, organizations report the value of assets like real estate with what is called "book value." In short, book value is the value JCC paid for the asset, minus the amount the law tells us to subtract over time (misleadingly called depreciation). Non-residential real estate improvements are depreciated on a

straight-line basis over 39 years. For purposes of this statement, the building was deemed in service as of April 2002. Accordingly, this statement reports the value of the JCC's land and building at \$720,288. This is not the market value. With the caution that while JCC makes no representation as to the market value of the property, we believe it to be substantially higher than the book value at this time.

Yet we would caution that even a skilled appraisal of the current market value could be somewhat misleading. The property is subject to use restrictions, permitting requirements, and other terms that make it unique. Likewise, the utility of using such a value for determining the availability of secured credit is questionable given the relatively small cash flows of JCCSLO. Only a bona fide purchase offer in the context of a bona fide sale would reliably indicate market value. Most importantly, this value **should not** be used to evaluate **any future transactions on the land** involving third-party users, tenants, or partners. ★

⁴ Under standards set forth in the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-605, entitled "Not-for-Profit Entities – Revenue Recognition"), grants and contributions are recorded as either unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of donor restrictions. When a restriction expires, either when a condition is met or the time expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

⁵ For fiscal year 2010, JCCSLO did not account separately for routine business expenses used by different programs, special events, and administration, nor did it account separately for the purpose of donations (e.g., memberships versus simple donations) except in the case of funds restricted by donors to certain purposes. JCCSLO's fiscal year 2011 budget likewise does not break out expenses by program or event (again, except in the case of temporarily restricted funds), but does account for revenue broken down in the case of certain events. This is not the standard practice in the nonprofit sector, but given that JCCSLO has no paid staff, the resources were not available for bookkeeping in further detail. However, fiscal year 2011 financial reports (as opposed to the forward-looking budget) will present these results. Because of the foregoing, JCCSLO is unable to present a Statement of Functional Expenses for 2010. ★ Important transition year.

⁶ In 2010, JCCSLO received two temporarily restricted contributions. One was received from a private donor in the amount of \$5000 for activities related to the

JCCSLO Speakers' Bureau. The second temporarily restricted contribution was a grant from the City of San Luis Obispo for promotions and other activities related to the 1st Annual Jewish Film Festival. None of these restricted contributions were for use in 2010.

⁷ JCCSLO is the owner and mortgagor of the property located at 875 Laureate Lane, including the building, improvements, and the 10-acre parcel. Temple Ner Shalom ("TNS") is its only current tenant (though TNS may, from time to time, have subtenants). The agreement between the parties provides that TNS shall pay a percentage of the monthly mortgage based on the percentage of the principal in the note that was used for improvements on the Property. JCCSLO pays the balance. According to the terms of the arrangement, the cash from TNS is not available for other uses between its payment by TNS and its application to the mortgage account.