

CONSOLIDATED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

MOISHE HOUSE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Moishe House
Encinitas, California

We have audited the accompanying consolidated financial statements of Moishe House and Moishe House UK (together, "Moishe House"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Moishe House as of December 31, 2020, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited Moishe House's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

July 14, 2021

MOISHE HOUSE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,156,416	\$ 9,070,876
Contributions and grants receivable	2,299,566	3,077,855
Prepaid expenses and other assets	354,422	387,421
Total current assets	10,810,404	12,536,152
PROPERTY AND EQUIPMENT		
Buildings	555,400	-
Computer equipment	-	1,180
Website	102,533	101,715
	657,933	102,895
Less: Accumulated depreciation and amortization	(55,931)	(34,295)
Net property and equipment	602,002	68,600
NONCURRENT ASSETS		
Beneficial interest in assets held by community federation	1,097,440	1,028,856
Contributions and grants receivable, net of current portion	98,358	236,872
Total noncurrent assets	1,195,798	1,265,728
TOTAL ASSETS	\$ 12,608,204	\$ 13,870,480
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Note payable	\$ 22,666	\$ -
Federal loan payable	434,430	-
Accounts payable and accrued liabilities	750,425	953,044
Total current liabilities	1,207,521	953,044
NONCURRENT LIABILITIES		
Note payable, net of current portion	421,654	-
Federal loan payable, net of current portion	430,110	-
Total noncurrent liabilities	851,764	-
NET ASSETS		
Without donor restrictions:		
Undesignated	3,250,671	2,121,470
Board designated	3,189,306	3,189,306
Total without donor restrictions	6,439,977	5,310,776
With donor restrictions	4,108,942	7,606,660
Total net assets	10,548,919	12,917,436
TOTAL LIABILITIES AND NET ASSETS	\$ 12,608,204	\$ 13,870,480

See accompanying notes to consolidated financial statements.

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 4,520,391	\$ 5,035,960	\$ 9,556,351	\$ 16,624,050
Meetings and events	18,600	-	18,600	245,415
In-kind contributions	123,164	-	123,164	59,400
Interest income	46,749	-	46,749	131,172
Change in value of beneficial interest	-	68,584	68,584	28,856
Rental income	9,049	-	9,049	-
Other revenue	37,758	-	37,758	9,954
Net assets released from donor restrictions	<u>8,602,262</u>	<u>(8,602,262)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>13,357,973</u>	<u>(3,497,718)</u>	<u>9,860,255</u>	<u>17,098,847</u>
EXPENSES				
Program Services	<u>8,811,936</u>	<u>-</u>	<u>8,811,936</u>	<u>10,950,487</u>
Supporting Services:				
General and Administrative	1,785,860	-	1,785,860	1,749,609
Fundraising	<u>1,630,976</u>	<u>-</u>	<u>1,630,976</u>	<u>1,578,896</u>
Total supporting services	<u>3,416,836</u>	<u>-</u>	<u>3,416,836</u>	<u>3,328,505</u>
Total expenses	<u>12,228,772</u>	<u>-</u>	<u>12,228,772</u>	<u>14,278,992</u>
Change in net assets	1,129,201	(3,497,718)	(2,368,517)	2,819,855
Net assets at beginning of year	<u>5,310,776</u>	<u>7,606,660</u>	<u>12,917,436</u>	<u>10,097,581</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,439,977</u>	<u>\$ 4,108,942</u>	<u>\$ 10,548,919</u>	<u>\$ 12,917,436</u>

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019		
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	General and Administrative	Fundraising			
Salaries	\$ 2,632,954	\$ 744,691	\$ 1,037,848	\$ 1,782,539	\$ 4,415,493	\$ 4,277,219
Benefits and taxes	531,124	150,282	208,952	359,234	890,358	853,916
Human resource management fees	125,283	41,931	49,081	91,012	216,295	178,965
Total personnel expenses	3,289,361	936,904	1,295,881	2,232,785	5,522,146	5,310,100
Rent subsidy	2,878,891	-	-	-	2,878,891	2,556,523
Resident and participant programs	1,339,141	-	-	-	1,339,141	2,224,140
Technology	271,309	122,331	106,506	228,837	500,146	178,322
Jewish educators	328,217	1,000	-	1,000	329,217	156,888
Staff travel, accommodations and food	87,621	38,017	33,540	71,557	159,178	486,732
Accounting	-	158,335	-	158,335	158,335	140,966
Rent	93,499	26,316	37,441	63,757	157,256	195,346
Recruitment and onboarding	100,558	42,237	290	42,527	143,085	16,294
Marketing	84,832	24,802	33,392	58,194	143,026	174,284
Donated rent and administrative services	38,040	70,415	14,709	85,124	123,164	59,400
Program supplies	95,395	1,979	-	1,979	97,374	57,929
Contract services	-	30,614	59,254	89,868	89,868	2,024
Evaluation	-	79,291	-	79,291	79,291	60,000
Retreat centers	76,530	-	-	-	76,530	304,175
Office supplies	408	51,660	16,622	68,282	68,690	137,987
Business operations and communications	38,207	10,832	14,990	25,822	64,029	127,233
Jewish learning fund	-	56,783	-	56,783	56,783	34,098
Bad debt	-	51,414	-	51,414	51,414	7,012
Insurance	29,531	8,157	11,624	19,781	49,312	62,413
Professional development	-	35,473	-	35,473	35,473	30,149
Participant transportation	34,276	-	621	621	34,897	211,832
Depreciation	12,166	5,061	4,799	9,860	22,026	20,732
Special budget	10,517	7,650	-	7,650	18,167	33,929
Bank fees	3,437	11,411	1,307	12,718	16,155	3,822
Legal	-	9,415	-	9,415	9,415	3,686
Interest	-	5,763	-	5,763	5,763	-
Meetings and events	-	-	-	-	-	1,682,976
Total operating expenses	5,522,575	848,956	335,095	1,184,051	6,706,626	8,968,892
TOTAL EXPENSES	\$ 8,811,936	\$ 1,785,860	\$ 1,630,976	\$ 3,416,836	\$ 12,228,772	\$ 14,278,992

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,368,517)	\$ 2,819,855
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	22,026	20,732
Change in value of beneficial interest	(68,584)	(28,856)
Contributions restricted in perpetuity	-	(1,000,000)
Change in discount on long-term receivables	(3,547)	(16,985)
Decrease (increase) in:		
Contributions and grants receivable	920,350	(1,330,806)
Prepaid expenses and other assets	32,999	(45,183)
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>(202,618)</u>	<u>5,679</u>
Net cash (used) provided by operating activities	<u>(1,667,891)</u>	<u>424,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(111,109)	(1,180)
Assets transferred to beneficial interest investment	<u>-</u>	<u>(1,000,000)</u>
Net cash used in investing activities	<u>(111,109)</u>	<u>(1,001,180)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from federal loan	864,540	-
Contributions restricted in perpetuity	<u>-</u>	<u>1,000,000</u>
Net cash provided by financing activities	<u>864,540</u>	<u>1,000,000</u>
Net (decrease) increase in cash and cash equivalents	(914,460)	423,256
Cash and cash equivalents at beginning of year	<u>9,070,876</u>	<u>8,647,620</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,156,416</u>	<u>\$ 9,070,876</u>

SUPPLEMENTAL INFORMATION:**SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS**

Mortgage Incurred for Purchase of Building	<u>\$ 444,320</u>	<u>\$ -</u>
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MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

In 2006, a group of Jewish young adults had a problem. They wanted to more actively engage in the Jewish community and were too old for Jewish life on campus and too young for the traditional young adult and family programming being offered. Fortunately for those young adults, Morris Squire, a philanthropist in Santa Barbara gave them the opportunity to create it for themselves. David Cygielman, now CEO of Moishe House, worked with Morris and young adult Jewish friends in the Bay Area to host a Shabbat dinner. That one Shabbat dinner turned into a wide variety of peer-led Jewish programs and from there, the first Moishe House was born. It was a simple concept: a group of young Jewish adults, living together in a house, hosting Jewish programming for their friends and community. From that one house, the model spread and expanded its scope. Now, 15 years after those first Shabbat dinners in Oakland, the Moishe House network spans 27+ countries and reaches more than 60,000+ unique young adults around the world every year.

As Moishe House continues to grow, the organization pilots innovative initiatives to meet the interests and needs of the young adults participating (and those not yet engaged). Over the years, Moishe House has provided training for these community builders through Jewish Learning Retreats and created a platform for former residents and other strong leaders to host Moishe House-style programs from their own homes (now Moishe House Without Walls or MHWOW).

Moishe House is now the global leader in peer-led Jewish young adult engagement. Every year, thousands of young Jews experience innovative, engaging, exciting Jewish programming. All programming is planned and executed by their peers, creating countless opportunities for young adults to connect with their own Jewish identities, their friends and their wider communities. By 2020, Moishe House will dramatically extend its impact on Jewish young adults by scaling its community building programs, expanding alumni efforts and successfully experimenting with innovative programs that engage new segments of the young adult population. Moishe House is providing an important pathway for young adults to take part in -- and create -- Jewish homes and communities.

Principles of consolidation -

During 2012, Moishe House formed Moishe House UK. The objectives of Moishe House UK are to advance the Jewish faith, in particular, but not exclusively, amongst young adults, by encouraging them to explore and deepen their understanding, knowledge and practice of Judaism. Based on current structure, Moishe House maintains significant influence (and exercises control) over Moishe House UK. Accordingly, the accounts of Moishe House have been consolidated with Moishe House UK (together, "Moishe House") in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that controlled and financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than Moishe House mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

Moishe House considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Moishe House maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Moishe House maintained \$195,025 of cash and cash equivalents in financial institutions in the United Kingdom as of December 31, 2020. The majority of funds held in foreign bank accounts are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors in the accompanying Consolidated Statement of Activities and Change in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. Moishe House's policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Costs incurred in connection with developing the website have been capitalized and included in "Property and Equipment" in the accompanying Consolidated Statement of Financial Position. Capitalized website costs are amortized over five years. Costs incurred for the ongoing maintenance of the website are expensed as incurred. Depreciation expense for the year ended December 31, 2020 totaled \$22,026.

During the year ended December 31, 2020, Moishe House purchased a building located in Charlotte, North Carolina; the building will be used as office space for staff.

Income taxes -

Moishe House is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Moishe House is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2020, Moishe House has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue recognition -

The majority of Moishe House's revenue is received through awards from individuals, foundations, corporations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. Moishe House performs an analysis of each award to determine if the revenue streams follow the contribution rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Funds received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Awards qualifying as conditional contributions contain a right of return (or a right of release) and significant performance barriers. Revenue is recognized when the condition or conditions are satisfied. Accordingly, Moishe House recognizes revenue under conditional contributions when a barrier has been overcome. Funds received in advance under conditional awards are recorded as refundable advances.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition (continued) -

Revenue classified as an exchange transaction follows ASU 2014-09, *Revenue from Contracts With Customers*, and revenue is realized when the performance obligations are met; revenue is recorded directly to "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements.

In-kind contributions -

In-kind contributions consist of donated office space and administrative services. In-kind contributions are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to Moishe House; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

Foreign currency translation -

The U.S. Dollar is the functional currency for Moishe House's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Use of estimates -

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

Marketing -

Moishe House expenses marketing costs as incurred. Marketing expenses were \$143,026 for the year ended December 31, 2020.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Moishe House are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Fair value measurement -

Moishe House adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. Moishe House accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact Moishe House's operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. Moishe House plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. **BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FEDERATION**

Moishe House has transferred assets to the Jewish Federation of San Francisco (the "Federation"), and the Federation is holding those assets as an agency fund ("the Fund") for the benefit of Moishe House. Moishe House has granted the Federation variance power, which grants the Federation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Federation's investment and spending policies, and its agreement with the Federation calls for a distribution of a 4% annual payout calculated on the average balance of the Fund over 12 trailing quarters (or such shorter period of time as the Fund has been in existence), to be disbursed to Moishe House by January 31 of the following calendar year.

The change in beneficial interest, including interest earned and realized and unrealized gains totaled \$68,584 for the year ended December 31, 2020. See Note 12 for additional disclosures related to the beneficial interest.

3. **CONTRIBUTIONS AND GRANTS RECEIVABLE**

As of December 31, 2020, contributors to Moishe House have made written promises to give, of which \$2,398,049 remained due and outstanding. Amounts due beyond one year of the Consolidated Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using one to five year U.S. Treasury bill rates at December 31, 2020. Following is a schedule of amounts due, by year, as of December 31, 2020:

Less than one year	\$ 2,299,566
One to five years	<u>98,483</u>
Total	2,398,049
Less: Allowance to discount balance to present value	<u>(125)</u>
NET RECEIVABLES	<u>\$ 2,397,924</u>

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

4. NOTE PAYABLE

During December 2020, Moishe House entered into a \$444,320 note payable for the purchase of office space in Charlotte, North Carolina. The note requires monthly payments of \$3,245 through the maturity date of December 2025. The last payment (due December 10, 2025) is estimated at \$326,732. The note bears interest of 3.75%, and is collateralized by a lien against the property purchased. As of December 31, 2020, the total outstanding balance of the note payable is due as follows:

Note payable, current portion	\$ 22,666
Note payable, noncurrent portion	<u>421,654</u>
TOTAL NOTE PAYABLE	<u>\$ 444,320</u>

Principal payments are due as follows, by year:

Year Ending December 31,

2021	\$ 22,666
2022	23,531
2023	24,429
2024	25,361
2025	348,333
2026 and Thereafter	<u>-</u>
	<u>\$ 444,320</u>

5. FEDERAL LOAN PAYABLE

On April 25, 2020, Moishe House received loan proceeds in the amount of \$864,540 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest (1%) payments amortized over the term of the promissory note with a deferral of payments for the first sixteen months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. Moishe House intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. Moishe House intends to apply for forgiveness before the deadline. If forgiveness is granted, Moishe House will record revenue from debt extinguishments during the period that forgiveness was approved. Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

Year Ending December 31,

2021	\$ 434,430
2022	<u>430,110</u>
	<u>\$ 864,540</u>

6. BOARD DESIGNATED NET ASSETS

Moishe House's Board of Directors established an operating reserve fund during the year ended December 31, 2018. As of December 31, 2020, net assets designated by the Board of Directors totaled \$3,189,306.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to expenditure for specified purpose	\$ 2,682,227
Subject to passage of time	329,275
Beneficial interest to be invested in perpetuity	<u>1,097,440</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>4,108,942</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished	\$ 4,844,331
Timing restrictions accomplished	<u>3,757,931</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>8,602,262</u>

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 8,156,416
Contributions and grants receivable	<u>2,299,566</u>
Subtotal financial assets available within one year	10,455,982
Less: Donor restricted funds	(4,108,942)
Less: Board-designated funds	(3,189,306)
Add: Beneficial interest to be invested in perpetuity	1,097,440
Add: Time restricted funds to be released within one year	<u>104,500</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>4,359,674</u>

Moishe House is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Moishe House must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Moishe House's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2020, Moishe House has financial assets equal to approximately four months of operating expenses.

9. LEASE COMMITMENTS

Moishe House leases office space in various locations. The majority of leases are short term (less than one year), including its principal office space in Encinitas, California.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

9. LEASE COMMITMENTS (Continued)

The lease agreement for office space in Charlotte, North Carolina required monthly payments of \$5,829. The lease for this space was effectively terminated upon purchase of the building in December 2020.

Rent expense for the year ended December 31, 2020 was \$157,256.

10. RETIREMENT PLAN

Moishe House provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. Moishe House provides a 100% match of each eligible employee's contribution, up to 3% of covered compensation. Contributions to the plan during the year ended December 31, 2020 totaled \$72,304.

11. CONCENTRATION OF REVENUE

Approximately 36% of Moishe House's revenue for the year ended December 31, 2020 was derived from two foundations. Moishe House has no reason to believe that relationships with these donors will be discontinued in the foreseeable future.

12. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Moishe House has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Moishe House has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2020. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2020.

- *Funds held by regional Jewish Federation* - The beneficial interest in assets held by the Jewish Federation of San Francisco has been valued at the fair value of the Moishe House's share of the Federation's investment pool as of the measurement date, utilizing valuations provided by the Federation. The Federation values securities and other financial instruments on a fair value basis of accounting. The beneficial interest in assets held at the Federation is not redeemable by Moishe House.

MOISHE HOUSE

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DECEMBER 31, 2020**

12. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, investments as of December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Moishe House Endowment Fund				
Held by Jewish Federation of				
San Francisco	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,097,440</u>	\$ <u>1,097,440</u>

The following table provides a summary of changes in fair value of Moishe House's financial assets for the year ended December 31, 2020:

	<u>Level 3</u> <u>Investments</u>
Beginning balance as of January 1, 2020	\$ 1,028,856
Realized and unrealized gains	101,671
Interest and dividends	10,390
Distributions and fees	<u>(43,477)</u>
BALANCE AS OF DECEMBER 31, 2020	\$ <u>1,097,440</u>

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Moishe House has evaluated events and transactions for potential recognition or disclosure through July 14, 2021, the date the consolidated financial statements were issued.