

CONSOLIDATED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

MOISHE HOUSE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Moishe House
Encinitas, California

Opinion

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, 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Moishe House as of December 31, 2021, and the consolidated change 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Moishe House 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Moishe House'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Moishe House'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.

Report on Summarized Comparative Information

We have previously audited Moishe House's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



October 25, 2022

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,319,357	\$ 8,156,416
Investments	2,320,495	-
Contributions and grants receivable	2,318,340	2,299,566
Prepaid expenses and other assets	<u>532,958</u>	<u>354,422</u>
Total current assets	<u>15,491,150</u>	<u>10,810,404</u>
PROPERTY AND EQUIPMENT		
Buildings	555,400	555,400
Website	<u>102,533</u>	<u>102,533</u>
	657,933	657,933
Less: Accumulated depreciation and amortization	<u>(96,471)</u>	<u>(55,931)</u>
Net property and equipment	<u>561,462</u>	<u>602,002</u>
NONCURRENT ASSETS		
Beneficial interest in assets held by community federation	1,183,616	1,097,440
Contributions and grants receivable, net of current portion	<u>2,398,031</u>	<u>98,358</u>
Total noncurrent assets	<u>3,581,647</u>	<u>1,195,798</u>
TOTAL ASSETS	<u>\$ 19,634,259</u>	<u>\$ 12,608,204</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,027,960	\$ 750,425
Note payable	23,531	22,666
PPP loan payable	810,619	864,540
Refundable advance	<u>334,000</u>	<u>-</u>
Total current liabilities	<u>2,196,110</u>	<u>1,637,631</u>
NONCURRENT LIABILITIES		
Note payable, net of current portion	<u>398,123</u>	<u>421,654</u>
Total noncurrent liabilities	<u>398,123</u>	<u>421,654</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	3,668,019	3,250,671
Board designated	<u>3,439,306</u>	<u>3,189,306</u>
Total without donor restrictions	7,107,325	6,439,977
With donor restrictions	<u>9,932,701</u>	<u>4,108,942</u>
Total net assets	<u>17,040,026</u>	<u>10,548,919</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,634,259</u>	<u>\$ 12,608,204</u>

See accompanying notes to consolidated financial statements.

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 7,729,966	\$ 11,713,593	\$ 19,443,559	\$ 9,556,351
Meetings and events	77,786	-	77,786	18,600
In-kind contributions	164,454	-	164,454	123,164
Interest income	69,984	-	69,984	46,749
Investment loss, net	(20,978)	-	(20,978)	-
Change in value of beneficial interest	-	86,176	86,176	68,584
Rental income	20,655	-	20,655	9,049
Other	(20,234)	-	(20,234)	37,758
Extinguishment of debt	864,540	-	864,540	-
Net assets released from donor restrictions	<u>5,976,010</u>	<u>(5,976,010)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>14,862,183</u>	<u>5,823,759</u>	<u>20,685,942</u>	<u>9,860,255</u>
EXPENSES				
Program Services	<u>10,224,719</u>	<u>-</u>	<u>10,224,719</u>	<u>8,811,936</u>
Supporting Services:				
General and Administrative	2,146,609	-	2,146,609	1,785,860
Fundraising	<u>1,823,507</u>	<u>-</u>	<u>1,823,507</u>	<u>1,630,976</u>
Total supporting services	<u>3,970,116</u>	<u>-</u>	<u>3,970,116</u>	<u>3,416,836</u>
Total expenses	<u>14,194,835</u>	<u>-</u>	<u>14,194,835</u>	<u>12,228,772</u>
Change in net assets	667,348	5,823,759	6,491,107	(2,368,517)
Net assets at beginning of year	<u>6,439,977</u>	<u>4,108,942</u>	<u>10,548,919</u>	<u>12,917,436</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,107,325</u>	<u>\$ 9,932,701</u>	<u>\$ 17,040,026</u>	<u>\$ 10,548,919</u>

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021				2020	
	Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		General and Administrative	Fundraising			
Salaries	\$ 3,015,159	\$ 958,299	\$ 1,128,879	\$ 2,087,178	\$ 5,102,337	\$ 4,415,493
Benefits and taxes	634,399	202,062	237,815	439,877	1,074,276	890,358
Human resource management fees	121,902	38,599	45,087	83,686	205,588	216,295
Total personnel expenses	<u>3,771,460</u>	<u>1,198,960</u>	<u>1,411,781</u>	<u>2,610,741</u>	<u>6,382,201</u>	<u>5,522,146</u>
Rent subsidy	2,900,063	-	-	-	2,900,063	2,878,891
Resident and participant programs	1,708,194	-	-	-	1,708,194	1,414,091
Technology	159,472	49,164	61,492	110,656	270,128	500,146
Jewish educators	503,562	(2,625)	-	(2,625)	500,937	329,217
Staff travel, accommodations and food	180,650	67,440	21,144	88,584	269,234	159,178
Accounting	-	186,159	-	186,159	186,159	158,335
Occupancy	41,044	33,200	13,802	47,002	88,046	157,256
Recruitment and onboarding	9,450	126,151	-	126,151	135,601	143,085
Marketing	113,045	35,748	41,523	77,271	190,316	143,026
Donated rent and administrative services	61,231	78,495	24,728	103,223	164,454	123,164
Program supplies	255,779	-	-	-	255,779	97,374
Contract services	214,168	131,542	203,730	335,272	549,440	89,868
Evaluation	7,500	-	-	-	7,500	79,291
Retreat centers	108,721	(12,500)	-	(12,500)	96,221	76,530
Office supplies	263	77,380	11,145	88,525	88,788	68,690
Business operations and communications	33,617	10,619	12,342	22,961	56,578	64,029
Bad debt	-	45,231	-	45,231	45,231	51,414
Insurance	33,461	10,641	12,128	22,769	56,230	49,312
Professional development	15,000	46,977	-	46,977	61,977	35,473
Participant transportation	75,933	-	-	-	75,933	34,897
Depreciation	23,931	7,564	9,045	16,609	40,540	22,026
Bank fees	6,081	32,599	-	32,599	38,680	16,155
Legal	2,094	8,960	647	9,607	11,701	9,415
Interest	-	14,904	-	14,904	14,904	5,763
Total operating expenses	<u>6,453,259</u>	<u>947,649</u>	<u>411,726</u>	<u>1,359,375</u>	<u>7,812,634</u>	<u>6,706,626</u>
TOTAL EXPENSES	<u>\$ 10,224,719</u>	<u>\$ 2,146,609</u>	<u>\$ 1,823,507</u>	<u>\$ 3,970,116</u>	<u>\$ 14,194,835</u>	<u>\$ 12,228,772</u>

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,491,107	\$ (2,368,517)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	40,540	22,026
Change in value of beneficial interest, net of distributions and fees	(86,176)	(68,584)
Unrealized loss on investments	19,234	-
Realized gain on sales of investments	(2,008)	-
Change in discount on long-term receivables	12,673	(3,547)
Extinguishment of PPP loan debt	(864,540)	-
(Increase) decrease in:		
Contributions and grants receivable	(2,331,120)	920,350
Prepaid expenses and other assets	(178,536)	32,999
Increase (decrease) in:		
Accounts payable and accrued liabilities	277,535	(202,618)
Refundable advance	<u>334,000</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>3,712,709</u>	<u>(1,667,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(111,109)
Purchases of investments	(2,376,068)	-
Proceeds from sale of investments	<u>38,347</u>	<u>-</u>
Net cash used in investing activities	<u>(2,337,721)</u>	<u>(111,109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP loan proceeds received	810,619	864,540
Payments on mortgage note payable	<u>(22,666)</u>	<u>-</u>
Net cash provided by financing activities	<u>787,953</u>	<u>864,540</u>
Net increase (decrease) in cash and cash equivalents	2,162,941	(914,460)
Cash and cash equivalents at beginning of year	<u>8,156,416</u>	<u>9,070,876</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 10,319,357</u>	<u>\$ 8,156,416</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 14,904</u>	<u>\$ 5,764</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Mortgage Incurred for Purchase of Building	<u>\$ -</u>	<u>\$ 444,320</u>

See accompanying notes to consolidated financial statements.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Moishe House envisions a world where young adulthood is one of the most exciting and vibrant stages of Jewish life.

Founded in 2006, Moishe House launched when four Jewish 20-something began hosting shabbat dinners in Oakland, California for their friends and networks. Fueled by enormous demand for peer-led, home-based programming from young adults and their Jewish communities, Moishe House has become the global leader of Jewish life for young adults. With 800+ community builders planning more than 12,000 total programs each year, Moishe House's models train, support and empower young Jewish leaders as they create meaningful experiences in their local communities for themselves and their peers.

Moishe House provides opportunities for young adults to be community builders and engage their peers in Jewish life, Jewish education and community service on a regular basis, increasing young adults' connections to Jewish community and life. The programs take place primarily in homes, but also in other public space and retreat locations. This year, Moishe House engaged nearly 60,000 unique young adults in Jewish life. For much of 2020 restrictions on in-person gatherings related to Covid-19 required the suspension of in-person programs.

On February 29, 2012, Moishe House registered Moishe House UK as a UK charity (a company limited by guarantee and not having share capital), governed by the UK Companies House (under the Companies Act of 2016). 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.

Principles of consolidation -

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.

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.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Basis of presentation (continued) -

- **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.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Moishe House's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

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 \$372,808 of cash and cash equivalents in financial institutions in the United Kingdom as of December 31, 2021. Bank deposits are insured by the Financial Services Compensation Scheme (FSCS) up to a limit of GBP 85,000 (approximately \$100,000 as of the date of this report) per eligible entity.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment loss, 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.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Contributions and grants receivable (continued) -

Amortization of the discounts is included in grants and contributions 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.

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.

During the year ended December 31, 2020, Moishe House purchased a building located in Charlotte, North Carolina; the building is currently used as office space for its staff. The building is depreciated on a straight-line basis over the estimated useful life of 27.5 years.

Depreciation expense for the year ended December 31, 2021 totaled \$40,540.

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.

Moishe House UK is a charity registered a company limited by guarantee and not having share capital, and is governed by the UK Companies House (under the Companies Act of 2016).

Uncertain tax positions -

For the year ended December 31, 2021, 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.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Revenue recognition (continued) -

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".

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. During the year ended December 31, 2021, Moishe House received \$634,000 of conditional assistance from a donor, of which \$334,000 has not yet been recorded in the accompanying consolidated financial statements as revenue (and therefore is classified as a refundable advance).

Revenue classified as exchange transactions (i.e. rental income and other non-assistance transactions) follow ASU 2014-09, *Revenue from Contracts With Customers*. Such revenue is realized when the performance obligations are met, and is recorded directly to "without donor restrictions". The transaction price is based on the criteria stipulated in the related revenue contracts.

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 \$190,316 for the year ended December 31, 2021.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

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

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.

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 Consolidated Statement 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 with fiscal years 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.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

Moishe House plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying consolidated financial statements.

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. INVESTMENTS

Investments consisted of the following as of December 31, 2021:

	Cost	Fair Value
Mutual Funds	<u>\$ 2,339,729</u>	<u>\$ 2,320,495</u>

Included in net investment loss are the following:

Unrealized loss on investments	\$ (19,234)
Realized gain on sales of investments	2,008
Investment management fees	(3,752)
TOTAL INVESTMENT LOSS, NET OF INVESTMENT EXPENSES	<u>\$ (20,978)</u>

3. 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.

As of December 31, 2021, the fair value of the beneficial interest aggregated \$1,183,616. The change in beneficial interest, including interest earned and realized and unrealized gains (less distributions and fees of \$48,382 paid from the fund) totaled \$86,176 for the year ended December 31, 2021. See Note 13 for additional disclosures related to the beneficial interest.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

As of December 31, 2021, contributors to Moishe House have made written promises to give, of which \$4,729,169 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 as the discount rate at December 31, 2021.

Following is a schedule of amounts due, by expected period of collection, as of December 31, 2021:

Less than one year	\$ 2,318,340
One to five years	2,410,829
Subtotal	4,729,169
Less: Allowance to discount balance to present value	(12,798)
TOTAL	<u>\$ 4,716,371</u>

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. 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, 2021, the total outstanding balance of the note payable is due as follows:

Current portion	\$ 23,531
Noncurrent portion	<u>398,123</u>
TOTAL	\$ <u>421,654</u>

Principal payments are due as follows, by year:

Year Ending December 31,

2022	\$ 23,531
2023	24,429
2024	25,361
2025	<u>348,333</u>
	\$ <u>421,654</u>

6. PAYCHECK PROTECTION PROGRAM (PPP) LOANS

On April 25, 2020, Moishe House received loan proceeds in the amount of \$864,540 under the Paycheck Protection Program (PPP). The promissory note required 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 qualified for forgiveness by the Small Business Administration (SBA) in whole or in part. Moishe House used the proceeds for purposes consistent with PPP, and received full forgiveness during 2021, and accordingly has recorded it as "Extinguishment of Debt" in the accompanying 2021 Consolidated Statement of Activities and Change in Net Assets.

On February 2, 2021, Moishe House received a second PPP loan totaling \$810,619. The term of the loan was five years and bore interest of 1%. During 2021, Moishe House used the proceeds for purposes consistent with PPP, and received full forgiveness by the SBA on February 4, 2022. Accordingly, Moishe House will record the forgiveness as "Extinguishment of Debt" in its 2022 Consolidated Statement of Activities and Change in Net Assets.

7. BOARD DESIGNATED NET ASSETS

Moishe House's Board of Directors established an operating reserve fund during the year ended December 31, 2018. During the year ended December 31, 2021, \$250,000 was added to the operating reserve fund (there were no uses/withdrawals).

As of December 31, 2021, net assets designated by the Board of Directors totaled \$3,439,306.

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specified purpose	\$ 5,846,085
Subject to passage of time	2,903,000
Beneficial interest to be invested in perpetuity	<u>1,183,616</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 9,932,701</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	\$ 5,925,010
Timing restrictions accomplished	<u>51,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 5,976,010</u>

9. 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	\$ 10,319,357
Investments	2,320,495
Contributions and grants receivable	<u>2,318,340</u>
Subtotal financial assets available within one year	14,958,192
Less: Donor restricted funds	(9,932,701)
Less: Board designated funds	(3,439,306)
Add: Beneficial interest to be invested in perpetuity	1,183,616
Add: Time restricted funds to be released within one year	<u>2,004,882</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,774,683</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, 2021, Moishe House has financial assets equal to approximately four months of operating expenses.

10. LEASE COMMITMENTS

Moishe House leases office space in various locations in the United States and overseas. 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, 2021

10. LEASE COMMITMENTS (Continued)

Rent expense for the year ended December 31, 2021 was \$68,372 and is included in Occupancy in the accompanying Consolidated Statement of Functional Expenses.

Additionally, Moishe subleases one of their houses to a third party for programmatic activities in Oakland, California. During the year ended December 31, 2021, sublease income was \$20,655.

11. 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, 2021 totaled \$80,796.

12. CONCENTRATION OF REVENUE

Approximately 53% of Moishe House's revenue for the year ended December 31, 2021 was derived from four donors. Moishe House has no reason to believe that relationships with these donors will be discontinued in the foreseeable future.

13. 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, 2021. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2021.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Moishe House's are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Moishe House's are deemed to be actively traded.

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. FAIR VALUE MEASUREMENT (Continued)

- *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 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.

The table below summarizes, by level within the fair value hierarchy, investments as of December 31, 2021.

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$2,320,495	\$ -	\$ -	\$ 2,320,495
Moishe House Endowment Fund Held by Jewish Federation of San Francisco	<u>-</u>	<u>-</u>	<u>1,183,616</u>	<u>1,183,616</u>
TOTAL	<u>\$2,320,495</u>	<u>\$ -</u>	<u>\$ 1,183,616</u>	<u>\$ 3,504,111</u>

The following table provides a summary of changes in fair value of Moishe House's financial assets for the year ended December 31, 2021:

	<u>Level 3 Investments</u>
Beginning balance as of December 31, 2020	\$ 1,097,440
Realized and unrealized gains	90,710
Interest and dividends	43,848
Distributions and fees	<u>(48,382)</u>
BALANCE AS OF DECEMBER 31, 2021	<u>\$ 1,183,616</u>

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Moishe House has evaluated events and transactions for potential recognition or disclosure through October 25, 2022, the date the consolidated financial statements were issued.

In recent months, the global financial markets have experienced significant declines. As of the date of this report, Moishe House's investments have declined by approximately 10% (\$329,000) since December 31, 2021.