

**CONSOLIDATED FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2021**

# 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, 2022, 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, 2022, 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.

### **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.

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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 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



November 7, 2023

## MOISHE HOUSE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

## ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,607,945	\$ 10,319,357
Investments	3,989,080	2,320,495
Contributions and grants receivable	2,212,343	2,318,340
Prepaid expenses and other assets	<u>495,873</u>	<u>532,958</u>
Total current assets	<u>11,305,241</u>	<u>15,491,150</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings	555,400	555,400
Website	<u>453,323</u>	<u>102,533</u>
	1,008,723	657,933
Less: Accumulated depreciation and amortization	<u>(137,010)</u>	<u>(96,471)</u>
Net property and equipment	<u>871,713</u>	<u>561,462</u>
<b>NONCURRENT ASSETS</b>		
Prepaid expenses and other assets	60,904	-
Beneficial interest in assets held by community federation	975,638	1,183,616
Contributions and grants receivable, net of current portion and discount	<u>972,447</u>	<u>2,398,031</u>
Total noncurrent assets	<u>2,008,989</u>	<u>3,581,647</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,185,943</u></b>	<b><u>\$ 19,634,259</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 854,634	\$ 1,027,960
Note payable	24,429	23,531
PPP loan payable	-	810,619
Refundable advance	<u>-</u>	<u>334,000</u>
Total current liabilities	<u>879,063</u>	<u>2,196,110</u>
<b>NONCURRENT LIABILITIES</b>		
Note payable, net of current portion	<u>373,694</u>	<u>398,123</u>
Total noncurrent liabilities	<u>373,694</u>	<u>398,123</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	3,035,905	3,668,019
Board designated	<u>3,439,306</u>	<u>3,439,306</u>
Total without donor restrictions	6,475,211	7,107,325
With donor restrictions	<u>6,457,975</u>	<u>9,932,701</u>
Total net assets	<u>12,933,186</u>	<u>17,040,026</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 14,185,943</u></b>	<b><u>\$ 19,634,259</u></b>

See accompanying notes to consolidated financial statements.

## MOISHE HOUSE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 6,772,748	\$ 7,784,837	\$ 14,557,585	\$ 19,443,559
Meetings and events	309,213	-	309,213	77,786
In-kind contributions	119,517	-	119,517	164,454
Interest income	87,011	-	87,011	69,984
Investment loss, net	(520,001)	-	(520,001)	(20,978)
Change in value of beneficial interest	-	(207,978)	(207,978)	86,176
Rental income	17,477	-	17,477	20,655
Other	(67,455)	-	(67,455)	(20,234)
Extinguishment of debt	810,619	-	810,619	864,540
Net assets released from donor restrictions	<u>11,051,585</u>	<u>(11,051,585)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>18,580,714</u>	<u>(3,474,726)</u>	<u>15,105,988</u>	<u>20,685,942</u>
<b>EXPENSES</b>				
Program Services	<u>14,095,686</u>	<u>-</u>	<u>14,095,686</u>	<u>10,224,719</u>
Supporting Services:				
General and Administrative	3,088,979	-	3,088,979	2,146,609
Fundraising	<u>2,028,163</u>	<u>-</u>	<u>2,028,163</u>	<u>1,823,507</u>
Total supporting services	<u>5,117,142</u>	<u>-</u>	<u>5,117,142</u>	<u>3,970,116</u>
Total expenses	<u>19,212,828</u>	<u>-</u>	<u>19,212,828</u>	<u>14,194,835</u>
Change in net assets	(632,114)	(3,474,726)	(4,106,840)	6,491,107
Net assets at beginning of year	<u>7,107,325</u>	<u>9,932,701</u>	<u>17,040,026</u>	<u>10,548,919</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 6,475,211</u>	<u>\$ 6,457,975</u>	<u>\$ 12,933,186</u>	<u>\$ 17,040,026</u>

## MOISHE HOUSE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022				2021	
	Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		General and Administrative	Fundraising			
Salaries	\$ 4,571,965	\$ 1,125,241	\$ 1,311,412	\$ 2,436,653	\$ 7,008,618	\$ 5,102,337
Benefits and taxes	883,859	185,679	248,435	434,114	1,317,973	1,074,276
Human resource management fees	211,532	29,667	38,552	68,219	279,751	205,588
<b>Total personnel expenses</b>	<b>5,667,356</b>	<b>1,340,587</b>	<b>1,598,399</b>	<b>2,938,986</b>	<b>8,606,342</b>	<b>6,382,201</b>
Rent subsidy	3,180,541	-	-	-	3,180,541	2,900,063
Resident and participant programs	2,027,150	20,998	10,976	31,974	2,059,124	1,708,194
Technology	335,117	116,336	82,905	199,241	534,358	270,128
Jewish educators	708,271	40,432	13,076	53,508	761,779	500,937
Staff travel, accommodations and food	465,737	234,684	94,570	329,254	794,991	269,234
Accounting	4,145	188,655	6,120	194,775	198,920	186,159
Occupancy	93,873	197,834	25,665	223,499	317,372	88,046
Recruitment and onboarding	11,075	68,070	-	68,070	79,145	135,601
Marketing	139,408	24,914	26,899	51,813	191,221	190,316
Program supplies	140,081	12,776	2,151	14,927	155,008	255,779
Contract services	103,593	241,799	64,032	305,831	409,424	549,440
Evaluation	16,750	-	-	-	16,750	7,500
Retreat centers	610,797	31,170	11,607	42,777	653,574	96,221
Office supplies	12,339	60,301	52,738	113,039	125,378	88,788
Business operations and communications	38,060	253,442	9,742	263,184	301,244	56,578
Bad debt	-	33,097	-	33,097	33,097	45,231
Insurance	39,024	20,614	10,002	30,616	69,640	56,230
Professional development	-	45,455	-	45,455	45,455	61,977
Participant transportation	322,219	-	1,875	1,875	324,094	75,933
Depreciation	27,485	6,044	7,011	13,055	40,540	40,540
Bank fees	11,413	68,220	41	68,261	79,674	38,680
Legal	2,261	3,206	553	3,759	6,020	11,701
Interest	877	7,612	202	7,814	8,691	14,904
Donated rent and administrative services	37,326	72,670	9,521	82,191	119,517	164,454
Jewish learning fund	100,788	63	78	141	100,929	-
<b>Total operating expenses</b>	<b>8,428,330</b>	<b>1,748,392</b>	<b>429,764</b>	<b>2,178,156</b>	<b>10,606,486</b>	<b>7,812,634</b>
<b>TOTAL EXPENSES</b>	<b>\$ 14,095,686</b>	<b>\$ 3,088,979</b>	<b>\$ 2,028,163</b>	<b>\$ 5,117,142</b>	<b>\$ 19,212,828</b>	<b>\$ 14,194,835</b>

## MOISHE HOUSE

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (4,106,840)	\$ 6,491,107
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	40,540	40,540
Change in value of beneficial interest, net of distributions and fees	207,978	(86,176)
Unrealized loss on investments	420,219	19,234
Realized loss (gain) on sales of investments	72,821	(2,008)
Change in discount on long-term receivables	31,537	12,673
Extinguishment of PPP loan debt	(810,619)	(864,540)
(Increase) decrease in:		
Contributions and grants receivable	1,500,044	(2,331,120)
Prepaid expenses and other assets	(23,819)	(178,536)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(173,326)	277,535
Refundable advance	<u>(334,000)</u>	<u>334,000</u>
Net cash (used in) provided by operating activities	<u>(3,175,465)</u>	<u>3,712,709</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(350,791)	-
Purchases of investments	(2,161,625)	(2,376,068)
Proceeds from sale of investments	<u>-</u>	<u>38,347</u>
Net cash used in investing activities	<u>(2,512,416)</u>	<u>(2,337,721)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
PPP loan proceeds received	-	810,619
Payments on note payable	<u>(23,531)</u>	<u>(22,666)</u>
Net cash (used in) provided by financing activities	<u>(23,531)</u>	<u>787,953</u>
Net (decrease) increase in cash and cash equivalents	(5,711,412)	2,162,941
Cash and cash equivalents at beginning of year	<u>10,319,357</u>	<u>8,156,416</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 4,607,945</u></b>	<b><u>\$ 10,319,357</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<b><u>\$ 8,691</u></b>	<b><u>\$ 14,904</u></b>



## MOISHE HOUSE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

#### 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-somethings 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 more than 68,000 unique young adults in Jewish life. In 2022 we reached, and in some cases even surpassed, pre-pandemic engagement and programmatic levels.

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.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than Moishe House mission and purpose.

## MOISHE HOUSE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (Continued)** - 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, 2021, from which the summarized information was derived.

New accounting pronouncements adopted -

During the year ended December 31, 2022, Moishe House adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 Update 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

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 \$524,098 of cash and cash equivalents in financial institutions in the United Kingdom as of December 31, 2022. 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.

## MOISHE HOUSE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

##### 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 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.

The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donors.

##### 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, 2022 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, 2022, 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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

##### Revenue recognition (continued) -

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 are 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. Moishe House had no unrecognized conditional awards as of December 31, 2022.

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.

## MOISHE HOUSE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

##### Marketing -

Moishe House expenses marketing costs as incurred. Marketing expenses were \$191,221 for the year ended December 31, 2022.

##### 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 pronouncement (not yet adopted) -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Moishe House for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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 consolidated financial statements.

#### 2. INVESTMENTS

Investments consisted of the following as of December 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 3,448,454	\$ 2,978,294
U.S. Treasury bills	<u>1,000,801</u>	<u>1,010,786</u>
<b>TOTAL</b>	<b><u>\$ 4,449,255</u></b>	<b><u>\$ 3,989,080</u></b>

**MOISHE HOUSE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**2. INVESTMENTS (Continued)**

Included in net investment loss are the following:

Unrealized loss on investments	\$ (420,219)
Realized loss on sales of investments	(72,821)
Investment management fees	<u>(26,961)</u>
<b>TOTAL INVESTMENT LOSS, NET OF INVESTMENT EXPENSES</b>	<b>\$ <u>(520,001)</u></b>

**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, 2022, the fair value of the beneficial interest aggregated \$975,638. The change in beneficial interest, including interest earned and realized and unrealized losses (less distributions and fees of \$54,993 paid from the fund) totaled \$(207,978) for the year ended December 31, 2022. See Note 14 for additional disclosures related to the beneficial interest.

**4. CONTRIBUTIONS AND GRANTS RECEIVABLE**

As of December 31, 2022, contributors to Moishe House have made written promises to give, of which \$3,229,125 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, 2022.

Following is a schedule of amounts due, by expected period of collection, as of December 31, 2022:

Less than one year	\$ 2,212,343
One to five years	<u>1,016,782</u>
Subtotal	3,229,125
Less: Allowance to discount balance to present value	<u>(44,335)</u>
<b>TOTAL</b>	<b>\$ <u>3,184,790</u></b>

**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.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022

5. NOTE PAYABLE (Continued)

As of December 31, 2022, the total outstanding balance of the note payable is due as follows:

Current portion	\$ 24,429
Noncurrent portion	<u>373,694</u>
<b>TOTAL</b>	<b><u>\$ 398,123</u></b>

Principal payments are due as follows, by year:

Year Ending December 31,

2023	\$ 24,429
2024	25,361
2025	<u>348,333</u>
	<b><u>\$ 398,123</u></b>

6. PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On February 2, 2021, Moishe House received a 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 recorded the forgiveness as "Extinguishment of Debt" in the accompanying 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. There were no additions/contributions or uses/withdrawals of the operating reserve fund during the year ended December 31, 2022.

As of December 31, 2022, net assets designated by the Board of Directors totaled \$3,439,306.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

Subject to expenditure for specified purpose	\$ 5,293,414
Subject to passage of time	188,923
Beneficial interest in Community Foundation	<u>975,638</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 6,457,975</u></b>

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	\$ 8,193,585
Timing restrictions accomplished	<u>2,858,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 11,051,585</u></b>

**MOISHE HOUSE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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	\$ 4,607,945
Investments	3,989,080
Contributions and grants receivable	<u>2,212,343</u>
Subtotal financial assets available within one year	10,809,368
Less: Donor restricted funds	(6,457,975)
Less: Board designated funds	(3,439,306)
Add: Beneficial interest in Community Foundation	975,638
Add: Time restricted funds to be released within one year	<u>231,000</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 2,118,725</u></b>

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.

**10. IN-KIND CONTRIBUTIONS**

During the year ended December 31, 2022, Moishe House was the beneficiary of donated goods and services which allowed Moishe House to provide greater resources toward various programs. Donated office space is recorded at the fair value as of the date of the gift. The following donations have been included in revenue and expense for the year ended December 31, 2022.

<b>Donated Rent and Administrative Services</b>	<b><u>\$ 119,517</u></b>
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The aforementioned donations have been recorded in the accompanying Statement of Functional Expenses in the following categories:

Program Services	\$ 37,326
General and Administrative	72,670
Fundraising	<u>9,521</u>
	<b><u>\$ 119,517</u></b>

**11. 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.

Rent expense for the year ended December 31, 2022 was \$317,372 and is included in Occupancy in the accompanying Consolidated Statement of Functional Expenses.



## MOISHE HOUSE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

#### 11. LEASE COMMITMENTS (Continued)

Additionally, Moishe subleases one of their houses to a third party for programmatic activities in Oakland, California. During the year ended December 31, 2022, sublease income was \$17,477.

#### 12. 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, 2022 totaled \$99,856.

#### 13. CONCENTRATION OF REVENUE

Approximately 55% of Moishe House's revenue for the year ended December 31, 2022 was derived from three donors. Moishe House has no reason to believe that relationships with these donors will be discontinued in the foreseeable future.

#### 14. 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, 2022. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2022.

- *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, 2022**

**14. 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, 2022.

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$2,978,294	\$ -	\$ -	\$ 2,978,294
U.S. Treasury bills	1,010,786	-	-	1,010,786
Moishe House Endowment Fund Held by Jewish Federation of San Francisco	<u>-</u>	<u>975,638</u>	<u>-</u>	<u>975,638</u>
<b>TOTAL</b>	<b><u>\$3,989,080</u></b>	<b><u>\$ 975,638</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,964,718</u></b>

**15. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, Moishe House has evaluated events and transactions for potential recognition or disclosure through November 7, 2023, the date the consolidated financial statements were issued.

On January 19, 2023, Moishe House registered Moishe House Europe as a French Association. The Association was declared and made public in accordance with Articles 5 and 6 of the Law of July 1, 1901. The purpose of Moishe House Europe is to develop, in France and in Europe, cultural life and experiences for young adults of the Jewish faith and/or of Hebrew tradition entering active life or, for the purpose of mutual understanding and sharing, for anyone with an interest in Jewish culture and religion.