

CONSOLIDATED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

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 its Related Entities (together, "Moishe House"), which comprise the consolidated statement of financial position as of December 31, 2023, 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 consolidated financial position of Moishe House as of December 31, 2023, 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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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



September 23, 2024

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,508,217	\$ 4,607,945
Investments	3,084,183	3,989,080
Contributions and grants receivable	2,369,076	2,212,343
Prepaid expenses and other assets	<u>679,769</u>	<u>495,873</u>
Total current assets	<u>9,641,245</u>	<u>11,305,241</u>
PROPERTY AND EQUIPMENT		
Buildings	555,400	555,400
Computer equipment	19,245	-
Website	<u>566,469</u>	<u>453,323</u>
	1,141,114	1,008,723
Less: Accumulated depreciation and amortization	<u>(196,161)</u>	<u>(137,010)</u>
Net property and equipment	<u>944,953</u>	<u>871,713</u>
NONCURRENT ASSETS		
Prepaid expenses and other assets	21,000	60,904
Beneficial interest in assets held by community federation	1,058,772	975,638
Contributions and grants receivable, net	<u>968,705</u>	<u>972,447</u>
Total noncurrent assets	<u>2,048,477</u>	<u>2,008,989</u>
TOTAL ASSETS	<u>\$ 12,634,675</u>	<u>\$ 14,185,943</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 942,445	\$ 854,634
Note payable	<u>25,361</u>	<u>24,429</u>
Total current liabilities	967,806	879,063
NONCURRENT LIABILITIES		
Note payable, net	<u>349,334</u>	<u>373,694</u>
Total liabilities	<u>1,317,140</u>	<u>1,252,757</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,081,772	3,035,905
Board designated	<u>3,439,306</u>	<u>3,439,306</u>
Total without donor restrictions	4,521,078	6,475,211
With donor restrictions	<u>6,796,457</u>	<u>6,457,975</u>
Total net assets	<u>11,317,535</u>	<u>12,933,186</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,634,675</u>	<u>\$ 14,185,943</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, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 3,735,535	\$ 14,291,930	\$ 18,027,465	\$ 14,557,585
Meetings and events	645,152	-	645,152	309,213
In-kind contributions	129,642	-	129,642	119,517
Interest income	47,214	-	47,214	87,011
Net investment return	149,449	-	149,449	(520,001)
Change in value of beneficial interest	-	83,134	83,134	(207,978)
Rental income	45,516	-	45,516	17,477
Other	13,541	-	13,541	17,462
Currency adjustment	24,421	-	24,421	(84,917)
Extinguishment of debt	-	-	-	810,619
Net assets released from donor restrictions	<u>14,036,582</u>	<u>(14,036,582)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>18,827,052</u>	<u>338,482</u>	<u>19,165,534</u>	<u>15,105,988</u>
EXPENSES				
Program Services	<u>16,230,458</u>	<u>-</u>	<u>16,230,458</u>	<u>14,095,686</u>
Supporting Services:				
General and Administrative	2,344,864	-	2,344,864	3,088,979
Fundraising	<u>2,205,863</u>	<u>-</u>	<u>2,205,863</u>	<u>2,028,163</u>
Total supporting services	<u>4,550,727</u>	<u>-</u>	<u>4,550,727</u>	<u>5,117,142</u>
Total expenses	<u>20,781,185</u>	<u>-</u>	<u>20,781,185</u>	<u>19,212,828</u>
Change in net assets	(1,954,133)	338,482	(1,615,651)	(4,106,840)
Net assets at beginning of year	<u>6,475,211</u>	<u>6,457,975</u>	<u>12,933,186</u>	<u>17,040,026</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,521,078</u>	<u>\$ 6,796,457</u>	<u>\$ 11,317,535</u>	<u>\$ 12,933,186</u>

MOISHE HOUSE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023			2022		
	Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		General and Administrative	Fundraising			
Salaries	\$ 4,922,625	\$ 949,500	\$ 1,340,123	\$ 2,289,623	\$ 7,212,248	\$ 7,008,618
Benefits and taxes	1,036,232	197,202	280,606	477,808	1,514,040	1,317,973
Human resource management fees	227,281	45,257	49,255	94,512	321,793	279,751
Total personnel expenses	6,186,138	1,191,959	1,669,984	2,861,943	9,048,081	8,606,342
Rent subsidy	3,597,854	-	-	-	3,597,854	3,180,541
Resident and participant programs	2,652,469	1,366	1,019	2,385	2,654,854	2,059,124
Technology	179,928	51,853	69,217	121,070	300,998	534,358
Jewish educators	751,355	5,180	153	5,333	756,688	862,708
Staff travel, accommodations and food	492,033	96,985	209,817	306,802	798,835	794,991
Accounting	22,528	414,320	5,478	419,798	442,326	198,920
Occupancy	207,636	107,472	50,487	157,959	365,595	317,372
Recruitment and onboarding	10,551	24,707	224	24,931	35,482	79,145
Marketing	228,105	35,068	23,342	58,410	286,515	191,221
Program supplies	95,166	38,027	2,044	40,071	135,237	155,008
Contract services	749,241	99,973	128,077	228,050	977,291	409,424
Evaluation	52,713	-	-	-	52,713	16,750
Retreat centers	485,633	8	-	8	485,641	653,574
Office supplies	42,821	14,472	11,072	25,544	68,365	125,378
Business operations and communications	41,938	28,100	12,011	40,111	82,049	301,244
Bad debt	5,000	-	-	-	5,000	33,097
Insurance	21,925	45,295	3,536	48,831	70,756	69,640
Professional development	254	22,949	197	23,146	23,400	45,455
Participant transportation	278,231	706	3,692	4,398	282,629	324,094
Depreciation and amortization	41,257	7,861	10,032	17,893	59,150	40,540
Bank fees	23,675	67,549	3,304	70,853	94,528	79,674
Legal	2,727	8,621	663	9,284	12,011	6,020
Interest	6,226	7,805	1,514	9,319	15,545	8,691
Donated rent and administrative services	55,054	74,588	-	74,588	129,642	119,517
Total operating expenses	10,044,320	1,152,905	535,879	1,688,784	11,733,104	10,606,486
TOTAL EXPENSES	\$ 16,230,458	\$ 2,344,864	\$ 2,205,863	\$ 4,550,727	\$ 20,781,185	\$ 19,212,828

MOISHE HOUSE

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,615,651)	\$ (4,106,840)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	59,150	40,540
Change in value of beneficial interest, net of distributions and fees	(83,134)	207,978
Unrealized (gain) loss on investments	(492,640)	420,219
Realized loss on sales of investments	437,180	72,821
Change in discount on long-term receivables	(9,707)	31,537
Extinguishment of PPP loan debt	-	(810,619)
(Increase) decrease in:		
Contributions and grants receivable	(143,284)	1,500,044
Prepaid expenses and other assets	(143,992)	(23,819)
Increase (decrease) in:		
Accounts payable and accrued liabilities	87,812	(173,326)
Refundable advance	-	(334,000)
Net cash used by operating activities	<u>(1,904,266)</u>	<u>(3,175,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(132,391)	(350,791)
Purchases of investments	(5,214,315)	(4,913,197)
Proceeds from sale of investments	<u>6,174,672</u>	<u>2,751,572</u>
Net cash provided (used) in investing activities	<u>827,966</u>	<u>(2,512,416)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(23,428)</u>	<u>(23,531)</u>
Net cash used by financing activities	<u>(23,428)</u>	<u>(23,531)</u>
Net decrease in cash and cash equivalents	(1,099,728)	(5,711,412)
Cash and cash equivalents at beginning of year	<u>4,607,945</u>	<u>10,319,357</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,508,217</u>	<u>\$ 4,607,945</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 15,545</u>	<u>\$ 8,691</u>

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

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 14,000 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 80,000 unique young adults in Jewish life.

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.

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 of, for the purpose of mutual understanding and sharing, for anyone with an interest in Jewish culture and religion.

Principles of consolidation -

Moishe House maintains significant influence (and exercises control) over Moishe House UK and Moishe House Europe. Accordingly, the accounts of Moishe House have been consolidated with Moishe House UK and Moishe House Europe (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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net 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, 2023

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, 2022, from which the summarized information was derived.

New accounting pronouncements adopted -

Accounting Standards 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. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Moishe House that are subject to the guidance in FASB ASC 326 are trade accounts receivable. Moishe House implemented the ASU on January 1, 2023, using a modified retrospective approach (see Note 3). The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

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 \$245,823 of cash and cash equivalents in financial institutions in the United Kingdom as of December 31, 2023. 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.

Moishe House maintained \$111,717 of cash and cash equivalents in financial institutions in France as of December 31, 2023. Bank deposits are insured by the Fonds de Garantie des Dépôts et de Résolution (FGDR) up to a limit of EUR 100,000 (approximately \$100,000 as of the date of this report) per eligible entity.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

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

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment return, 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 include unconditional promises to give that are expected to be collected in future years. Contributions and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term contributions and grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

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.

Total depreciation and amortization expense for the year ended December 31, 2023 was \$59,150.

Income taxes -

Moishe House is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Moishe House is not a private foundation.

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

Moishe House Europe is a charity registered as a company limited by guarantee and not having share capital, and is governed by Articles 5 and 6 of the French Law of July 1, 1901.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

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

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 in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Accordingly, Moishe House recognizes revenue under conditional contributions when a barrier has been overcome. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. Moishe House had no unrecognized conditional awards as of December 31, 2023.

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, 2023

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

Marketing -

Moishe House expenses marketing costs as incurred. Marketing expenses were \$286,515 for the year ended December 31, 2023.

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.

Investment risks and uncertainties -

Moishe House invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily related to simplification of the Consolidated Statement of Functional Expenses.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023.

- *U.S. Government Securities* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *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 Moische 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 Moische House.

The table below summarizes, by level within the fair value hierarchy, investments as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
U.S. Treasury bills	\$ 3,084,183	\$ -	\$ -	\$ 3,084,183
Moische House Endowment Fund Held by Jewish Federation of San Francisco	-	<u>1,058,772</u>	-	-
TOTAL INVESTMENTS	<u>\$ 3,084,183</u>	<u>\$ 1,058,772</u>	<u>\$ -</u>	<u>\$ 3,084,183</u>

Included in net investment return are the following:

Interest and dividends	\$ 122,763
Unrealized gain on investments	492,640
Realized loss on sales of investments	(437,180)
Investment management fees	<u>(28,774)</u>
NET INVESTMENT RETURN	<u>\$ 149,449</u>

3. BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FEDERATION

Moische 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 Moische House. Moische 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 Moische House by January 31 of the following calendar year.

As of December 31, 2023, the fair value of the beneficial interest aggregated \$1,058,772. The change in beneficial interest, including interest earned and realized and unrealized losses (less distributions and fees of \$51,221 paid from the fund) totaled \$83,134 for the year ended December 31, 2023. See Note 2 for additional disclosures related to the beneficial interest.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

As of December 31, 2023, contributors to Moishe House have made written promises to give, of which \$3,372,409 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, 2023.

Following is a schedule of amounts due, by expected period of collection, as of December 31, 2023:

Less than one year	\$ 2,369,076
One to five years	<u>1,003,333</u>
Subtotal	3,372,409
Less: Allowance to discount balance to present value	<u>(34,628)</u>
TOTAL	<u>\$ 3,337,781</u>

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, 2023, the total outstanding balance of the note payable is due as follows:

Current portion	\$ 25,361
Noncurrent portion	<u>349,334</u>
TOTAL NOTE PAYABLE	<u>\$ 374,695</u>

Principal payments are due as follows, by year:

Year Ending December 31,

2024	\$ 25,361
2025	<u>349,334</u>
	<u>\$ 374,695</u>

6. 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, 2023.

As of December 31, 2023, net assets designated by the Board of Directors totaled \$3,439,306.

MOISHE HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to expenditure for specified purpose	\$ 4,891,089
Subject to passage of time	846,596
Beneficial interest in Community Foundation	<u>1,058,772</u>

NET ASSETS WITH DONOR RESTRICTIONS **\$ 6,796,457**

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2023

Purpose restrictions accomplished	\$ 9,734,297
Timing restrictions accomplished	<u>4,302,285</u>

NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 14,036,582**

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	\$ 3,508,217
Investments	3,084,183
Contributions and grants receivable	<u>2,369,076</u>
Subtotal financial assets available within one year	8,961,476
Less: Donor restricted funds	(6,796,457)
Less: Board designated funds	(3,439,306)
Add: Beneficial interest in Community Foundation	1,058,772
Add: Time restricted funds to be released within one year	<u>846,596</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 631,081**

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.

9. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2023, 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. No donor-imposed restrictions were associated with the contributed nonfinancial assets. The following donations have been included in revenue and expense for the year ended December 31, 2023:

Donated Rent and Administrative Services **\$ 129,642**

MOISHE HOUSE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

9. IN-KIND CONTRIBUTIONS (Continued)

The aforementioned donations have been recorded in the accompanying Consolidated Statement of Functional Expenses in the following categories:

Program Services	\$ 55,054
General and Administrative	<u>74,588</u>
DONATED RENT AND MARKETING	<u>\$ 129,642</u>

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.

Rent expense for the year ended December 31, 2023 was \$365,595 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, 2023, sublease income was \$45,516.

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, 2023 totaled \$120,199.

12. CONCENTRATION OF REVENUE

Approximately 39% of Moishe House's revenue for the year ended December 31, 2023 was derived from five donors. Moishe House has no reason to believe that relationships with these donors will be discontinued in the foreseeable future.

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Moishe House has evaluated events and transactions for potential recognition or disclosure through September 23, 2024, the date the consolidated financial statements were issued.