

**JEWISH FEDERATION OF HOWARD COUNTY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**JEWISH FEDERATION OF HOWARD COUNTY  
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YEARS ENDED JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Jewish Federation of Howard County  
Columbia, Maryland

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Jewish Federation of Howard County, Inc. (the Federation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Howard County, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Federation of Howard County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Federation of Howard County, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Federation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation'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.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
March 10, 2023

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

| <b>ASSETS</b>  | <u>2022</u>                | <u>2021</u>                |
|--|----------------------------|----------------------------|
| Cash and Cash Equivalents  | \$ 564,173                 | \$ 38,939                  |
| Pledges Receivables, Net   | 561,698                    | 365,893                    |
| Due from The Associated: Jewish<br>Community Federation of Baltimore, Inc.         | 22,440                     | 563,353                    |
| Investments  | 267,103                    | 303,674                    |
| Prepaid Expenses and Other Assets  | 17,932                     | 18,315                     |
| Property and Equipment, Net of Accumulated<br>Depreciation of \$10,701 and \$8,968 | <u>25,917</u>              | <u>19,975</u>              |
| Total Assets   | <u><u>\$ 1,459,263</u></u> | <u><u>\$ 1,310,149</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                            |                            |
| <b>LIABILITIES</b>   |                            |                            |
| Accounts Payable and Accrued Expenses  | \$ 51,239                  | \$ 17,738                  |
| Due to the Jewish Emergency Network<br>Project                                     | 30,659                     | 26,479                     |
| Deferred Revenue   | <u>769</u>                 | <u>8,725</u>               |
| Total Liabilities  | <u>82,667</u>              | <u>52,942</u>              |
| <b>NET ASSETS</b>  |                            |                            |
| Without Donor Restrictions   | 401,996                    | 464,972                    |
| With Donor Restrictions  | <u>974,600</u>             | <u>792,235</u>             |
| Total Net Assets   | <u>1,376,596</u>           | <u>1,257,207</u>           |
| Total Liabilities and Net Assets   | <u><u>\$ 1,459,263</u></u> | <u><u>\$ 1,310,149</u></u> |

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals              |                     |
|--|-------------------------------|----------------------------|---------------------|---------------------|
|  |                               |                            | 2022                | 2021                |
| <b>REVENUE AND SUPPORT</b>   |                               |                            |                     |                     |
| Grants and Contributions   | \$ 125,866                    | \$ 262,481                 | \$ 388,347          | \$ 89,544           |
| Annual Campaign  | -                             | 638,058                    | 638,058             | 639,861             |
| Allocation from the Associated Jewish<br>Community Federation of Baltimore, Inc. | 29,196                        | -                          | 29,196              | 30,083              |
| Program Revenue  | 12,987                        | -                          | 12,987              | 47,394              |
| In-Kind Contributions  | 900                           | -                          | 900                 | -                   |
| Rental Income  | 9,686                         | -                          | 9,686               | 8,214               |
| Interest   | 60                            | -                          | 60                  | 139                 |
| Net Assets Released from Restrictions  | 718,174                       | (718,174)                  | -                   | -                   |
| <b>Total Revenue and Support</b>   | <b>896,869</b>                | <b>182,365</b>             | <b>1,079,234</b>    | <b>815,235</b>      |
| <b>EXPENSES</b>  |                               |                            |                     |                     |
| Program Services   | 500,975                       | -                          | 500,975             | 457,784             |
| General and Administrative   | 168,047                       | -                          | 168,047             | 198,592             |
| Fundraising  | 253,378                       | -                          | 253,378             | 172,770             |
| <b>Total Expenses</b>  | <b>922,400</b>                | <b>-</b>                   | <b>922,400</b>      | <b>829,146</b>      |
| <b>CHANGES IN NET ASSETS BEFORE<br/>OTHER FINANCIAL ITEMS</b>                    | <b>(25,531)</b>               | <b>182,365</b>             | <b>156,834</b>      | <b>(13,911)</b>     |
| Investment (Loss) Gain   | (37,445)                      | -                          | (37,445)            | 70,381              |
| PPP Loan Forgiveness   | -                             | -                          | -                   | 92,006              |
| Loss on Disposal of Fixed Assets   | -                             | -                          | -                   | (2,451)             |
| <b>Total Other Financial Items</b>   | <b>(37,445)</b>               | <b>-</b>                   | <b>(37,445)</b>     | <b>159,936</b>      |
| <b>CHANGE IN NET ASSETS</b>  | <b>(62,976)</b>               | <b>182,365</b>             | <b>119,389</b>      | <b>146,025</b>      |
| Net Assets - Beginning of Year   | 464,972                       | 792,235                    | 1,257,207           | 1,111,182           |
| <b>NET ASSETS - END OF YEAR</b>  | <b>\$ 401,996</b>             | <b>\$ 974,600</b>          | <b>\$ 1,376,596</b> | <b>\$ 1,257,207</b> |

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2021<br/>Total</u> |
|--|---------------------------------------|------------------------------------|-----------------------|
| <b>REVENUE AND SUPPORT</b>   |                                       |                                    |                       |
| Grants and Contributions   | \$ 68,560                             | \$ 20,984                          | \$ 89,544             |
| Annual Campaign  | -                                     | 639,861                            | 639,861               |
| Allocation from the Associated Jewish<br>Community Federation of Baltimore, Inc. | 30,083                                | -                                  | 30,083                |
| Program Revenue  | 47,394                                | -                                  | 47,394                |
| Rental Income  | 8,214                                 | -                                  | 8,214                 |
| Interest   | 139                                   | -                                  | 139                   |
| Net Assets Released from Restrictions  | <u>660,523</u>                        | <u>(660,523)</u>                   | <u>-</u>              |
| Total Revenue and Support  | 814,913                               | 322                                | 815,235               |
| <b>EXPENSES</b>  |                                       |                                    |                       |
| Program Services   | 457,784                               | -                                  | 457,784               |
| General and Administrative   | 198,592                               | -                                  | 198,592               |
| Fundraising  | <u>172,770</u>                        | <u>-</u>                           | <u>172,770</u>        |
| Total Expenses   | <u>829,146</u>                        | <u>-</u>                           | <u>829,146</u>        |
| <b>CHANGES IN NET ASSETS BEFORE<br/>OTHER FINANCIAL ITEMS</b>                    | (14,233)                              | 322                                | (13,911)              |
| Investment Gain  | 70,381                                | -                                  | 70,381                |
| PPP Loan Forgiveness   | 92,006                                | -                                  | 92,006                |
| Loss on Disposal of Fixed Assets   | <u>(2,451)</u>                        | <u>-</u>                           | <u>(2,451)</u>        |
| Total Other Financial Items  | <u>159,936</u>                        | <u>-</u>                           | <u>159,936</u>        |
| <b>CHANGE IN NET ASSETS</b>  | 145,703                               | 322                                | 146,025               |
| Net Assets - Beginning of Year   | <u>319,269</u>                        | <u>791,913</u>                     | <u>1,111,182</u>      |
| <b>NET ASSETS - END OF YEAR</b>  | <u>\$ 464,972</u>                     | <u>\$ 792,235</u>                  | <u>\$ 1,257,207</u>   |

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

|  | Program<br>Services | General and<br>Administrative | Fundraising       | Totals            |                   |
|--|---------------------|-------------------------------|-------------------|-------------------|-------------------|
|  |                     |                               |                   | 2022              | 2021              |
| Salaries, Taxes, and Benefits          | \$ 177,034          | \$ 106,188                    | \$ 181,566        | \$ 464,788        | \$ 473,669        |
| Programming Expenses                   | 115,868             | -                             | -                 | 115,868           | 112,147           |
| Occupancy Costs                        | 41,668              | 13,978                        | 21,034            | 76,680            | 60,648            |
| Professional Fees                      | 57,500              | 19,288                        | 29,025            | 105,813           | 110,745           |
| Grants to Other Organizations          | 74,997              | -                             | -                 | 74,997            | 30,883            |
| Bad Debt Expenses                      | -                   | 17,733                        | -                 | 17,733            | 5,350             |
| Advertising and Promotion              | 3,275               | 36                            | 5,713             | 9,024             | 6,736             |
| Information Technology                 | 9,006               | 3,021                         | 4,546             | 16,573            | 12,000            |
| Office Expenses                        | 12,738              | 4,273                         | 6,430             | 23,441            | 8,254             |
| Depreciation                           | 942                 | 316                           | 475               | 1,733             | 647               |
| Conferences, Conventions, and Meetings | 1,383               | 1,300                         | 1,211             | 3,894             | 388               |
| Miscellaneous Expenses                 | 4,347               | 1,458                         | 2,692             | 8,497             | 5,675             |
| Insurance                              | 1,359               | 456                           | 686               | 2,501             | 2,000             |
| Travel                                 | 858                 | -                             | -                 | 858               | 4                 |
| <b>Total Expenses by Function</b>      | <b>\$ 500,975</b>   | <b>\$ 168,047</b>             | <b>\$ 253,378</b> | <b>\$ 922,400</b> | <b>\$ 829,146</b> |

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

|  | <u>Program<br/>Services</u> | <u>General and<br/>Administrative</u> | <u>Fundraising</u> | <u>Total</u>      |
|--|-----------------------------|---------------------------------------|--------------------|-------------------|
| Salaries, Taxes, and Benefits          | \$ 273,774                  | \$ 80,167                             | \$ 119,728         | \$ 473,669        |
| Programming Expenses                   | 112,147                     | -                                     | -                  | 112,147           |
| Occupancy Costs                        | 34,267                      | 11,611                                | 14,770             | 60,648            |
| Professional Fees                      | 473                         | 73,924                                | 36,348             | 110,745           |
| Grants to Other Organizations          | 30,883                      | -                                     | -                  | 30,883            |
| Bad Debt Expenses                      | -                           | 5,350                                 | -                  | 5,350             |
| Advertising and Promotion              | 3,679                       | 1,888                                 | 1,169              | 6,736             |
| Information Technology                 | -                           | 12,000                                | -                  | 12,000            |
| Office Expenses                        | 1,610                       | 6,644                                 | -                  | 8,254             |
| Depreciation                           | 647                         | -                                     | -                  | 647               |
| Conferences, Conventions, and Meetings | -                           | 388                                   | -                  | 388               |
| Miscellaneous Expenses                 | 304                         | 4,616                                 | 755                | 5,675             |
| Insurance                              | -                           | 2,000                                 | -                  | 2,000             |
| Travel                                 | -                           | 4                                     | -                  | 4                 |
|  | <u>          </u>           | <u>          </u>                     | <u>          </u>  | <u>          </u> |
| Total Expenses by Function             | <u>\$ 457,784</u>           | <u>\$ 198,592</u>                     | <u>\$ 172,770</u>  | <u>\$ 829,146</u> |

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

|  | 2022       | 2021       |
|--|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |            |            |
| Change in Net Assets   | \$ 119,389 | \$ 146,025 |
| Adjustments to Reconcile Change in Net Assets to Net Cash              |            |            |
| Net Cash Provided (Used) by Operating Activities:                      |            |            |
| Depreciation   | 1,733      | 647        |
| Net Realized and Unrealized Gain on Operating Investments              | 37,445     | (70,381)   |
| Gain on Forgiveness of PPP Loan  | -          | (92,006)   |
| Provision for Bad Debt   | 17,733     | 5,350      |
| Loss on Disposal of Fixed Assets                                       | -          | 2,451      |
| (Increase) Decrease in Operating Assets:                               |            |            |
| Pledges Receivable, Net  | (213,538)  | (524)      |
| Due from the Associated Jewish Community Federation of Baltimore, Inc. | 540,913    | (42,713)   |
| Prepaid Expenses and Other Assets                                      | 383        | (6,126)    |
| Increase (Decrease) in Operating Liabilities:                          |            |            |
| Accounts Payable and Accrued Expenses                                  | 33,501     | (18,947)   |
| Due to the Jewish Emergency Network Project                            | 4,180      | 2,741      |
| Deferred Revenue   | (7,956)    | -          |
| Net Cash Provided (Used) by Operating Activities                       | 533,783    | (73,483)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |            |            |
| Purchases of Investments   | (13,304)   | -          |
| Proceeds from Sales or Maturities of Investments                       | 12,430     | 5,000      |
| Purchase of Property and Equipment                                     | (7,675)    | -          |
| Net Cash Provided (Used) by Investing Activities                       | (8,549)    | 5,000      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                            |            |            |
| Payments on Capital Lease  | -          | (554)      |
| Net Cash Provided (Used) by Financing Activities                       | -          | (554)      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>            | 525,234    | (69,037)   |
| Cash and Cash Equivalents - Beginning of Year                          | 38,939     | 107,976    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                         | \$ 564,173 | \$ 38,939  |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES</b>         |            |            |
| In-Kind Contributions  | \$ 900     | \$ -       |

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Jewish Federation of Howard County, Inc. (the Federation) is incorporated under the laws of Maryland. The mission of the Federation is to support and serve the Howard County Jewish community, the State of Israel, and Jews throughout the world. The Federation is a dynamic, integrating resource for all Jewish organizations in Howard County.

A summary of the Federation's significant accounting policies are as follows:

**Basis of Accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. Revenue received which relates to future periods is recorded as deferred revenue. Expenses paid which relate to future periods are recorded as prepaid expenses.

**Cash and Cash Equivalents**

The Federation considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

**Credit Risk**

The Federation maintains its cash in a bank deposit account which at times may exceed federally insured limits. These deposits are secured from risk by \$250,000 of federal deposit insurance. The Federation has not experienced any losses in such accounts. The Federation believes it is not exposed to any significant financial risk on cash.

**Pledges Receivable**

Pledges receivable are recorded as revenue in the period an unconditional promise is made and recorded at fair value less an estimate made to allow for doubtful accounts. Management determines the allowance for doubtful accounts on an individual basis and by using historical experience applied to an aging of accounts. Management has established an allowance for uncollectible pledges receivable of \$7,249 and \$9,373 as of June 30, 2022 and 2021, respectively.

**Property and Equipment**

The Federation records property and equipment additions at cost, if purchased, or fair value at the date of donation, if donated. Any item with an individual cost that exceeds \$1,000 is capitalized and depreciated based on the straight-line method over the estimated useful lives of the related assets, ranging from three to five years.

**JEWISH FEDERATION OF HOWARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Valuation of Long-Lived Assets**

The Federation reviews the valuation of long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**Investments**

Investments are recorded at fair value. To adjust the carrying value of these investments, the change in fair value is included on the statements of activities.

**Investments in the Jewish Community Investment Fund**

The Associated: Jewish Community Federation of Baltimore, Inc. (The Associated) and its constituent agencies have commingled their investments in a fund known as the Jewish Community Investment Fund (JCIF), which is managed by the Associated Jewish Charities of Baltimore (AJCB). Investments held in the JCIF consist of common shares and bonds of publicly traded companies, U.S. government obligations, mutual funds, private equity funds, hedge funds, limited partnerships, and money market funds. Investments, other than limited partnership interests, are under custodial agreements with a financial institution. Gains and losses on sales of investments and income earned on investments are allocated monthly to each agency or entity based on the individual agency's or entity's share of fair value to the fair value of the total JCIF.

The JCIF holds interests in various limited partnerships, most of which, are audited at December 31 of each year. Interim valuations, including those prepared at June 30, are prepared by the general partners. The partnerships invest in a wide array of investment vehicles including common stocks, restricted investments, bonds, future contracts, foreign currency contracts, reverse repurchase agreements, written options, and other investment derivatives. Certain of these investment vehicles include an inherently higher degree of risk than others. The Investment Management Committee of AJCB regularly reviews the progress and valuation of these interest.

**Investment Risk**

The Federation invests in a professionally managed portfolio that contains common shares and bonds of publicly traded companies, U.S. government obligations, mutual funds, private equity funds, hedge funds, limited partnerships, and money market funds. Such investments are exposed to various risks, such as interest rate, market, and credit.

**JEWISH FEDERATION OF HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Any resource with a temporary in nature restriction that is received and used during the current year is considered to be a resource without donor restrictions and is reported as net assets without donor restrictions.

**Revenue Recognition**

Program revenue is recognized when the service is provided, or the event is held. Prepayments for future periods are recorded as deferred revenue when received.

Grants and contributions, including unconditional pledges receivable, are recognized in the period received. Conditional promises are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash, if received, are recorded at fair value. Grants received related to agreements determined to be exchange transactions are recognized as revenue as costs related to the agreement are incurred.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Supporting services expenses include those expenses that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Federation. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All other costs are charged directly to the appropriate functional category. Expenses that are attributed to more than one program or supporting function are allocated consistently based on the following:

- Salaries, taxes, and benefits are allocated based on management's estimates of time and effort.

**JEWISH FEDERATION OF HOWARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Functional Allocation of Expenses (Continued)**

- Occupancy costs have been allocated based on the calculated ratio determined by management for salaries, taxes, and benefits.

**Income Tax Status**

The Federation is generally exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and is not considered to be a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Federation had no net unrelated business income for the years ended June 30, 2022 and 2021.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Recent Accounting Pronouncements Not Yet Adopted**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities. See ASU 2020-05 below for the delay in the effective dates. The Federation's management is in the process of evaluating the impact that the adoption of ASU 2016-02 will have on the financial statements.

In June 2020, the FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, which delays the effective date of ASU 2016-02, *Leases (Topic 842)* for certain entities, as discussed above. The effective date of ASU 2016-02 for The Federation is now July 1, 2022.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

Subsequent events have been evaluated through March 10, 2023, which is the date the financial statements were available to be issued.

**JEWISH FEDERATION OF HOWARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Federation is primarily supported by contributions, grants, and program revenues.

Short-term cash liquidity is measured and sustained by the excess of operating revenue after incurring operating expenses. Cash and cash equivalents received for a specific use are reserved and held separately in restricted accounts, only to be used upon the release of the restrictions and transfer of the assets.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, are as follows:

|  | 2022       | 2021       |
|--|------------|------------|
| Cash and Cash Equivalents  | \$ 564,173 | \$ 38,939  |
| Pledges Receivable   | 561,698    | 365,893    |
| Due from the Associated Jewish Community Federation of Baltimore, Inc.                 | 22,440     | 563,353    |
| Investments  | 267,103    | 303,674    |
| Total Financial Assets   | 1,415,414  | 1,271,859  |
| Less:  |            |            |
| Restrictions by Donor with Time Restriction  | (689,657)  | (664,384)  |
| Restrictions by Donor with Purpose Restriction   | (284,943)  | (127,851)  |
| Cash Held for Related Party  | (30,659)   | (26,479)   |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | \$ 410,155 | \$ 453,145 |

**NOTE 3 FAIR VALUE MEASUREMENT**

The Federation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and holdings in bond and mutual funds.

*Level 2* – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives. The Federation invests in State of Israel bonds that are recorded at their value at maturity.

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**NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)**

*Level 3* – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Center’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The Federation uses net asset value (NAV) per share as a practical expedient to estimate fair value of its investment in the JCIF, which does not have a readily determinable fair value. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. There are no unfunded commitments and redemption requires a 30-day notice.

The following tables present the Federation’s fair value hierarchy for those assets measured at fair value on a recurring basis at June 30:

|   | 2022    |         |         |            |
|---|---------|---------|---------|------------|
|   | Level 1 | Level 2 | Level 3 | Total      |
| State of Israel Bonds (Value at Maturity) | \$ -    | \$ 500  | \$ -    | \$ 500     |
| Stock                                     | 290     | -       | -       | 290        |
| Total                                     | \$ 290  | \$ 500  | \$ -    | 790        |
| Assets Measured at NAV                    |         |         |         | 266,313    |
| Total                                     |         |         |         | \$ 267,103 |

|   | 2021    |           |         |            |
|---|---------|-----------|---------|------------|
|   | Level 1 | Level 2   | Level 3 | Total      |
| State of Israel Bonds (Value at Maturity) | \$ -    | \$ 11,000 | \$ -    | \$ 11,000  |
| Total                                     | \$ -    | \$ 11,000 | \$ -    | 11,000     |
| Assets Measured at NAV                    |         |           |         | 292,674    |
| Total                                     |         |           |         | \$ 303,674 |

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**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

|                                | <u>2022</u>      | <u>2021</u>      |
|--------------------------------|------------------|------------------|
| Cemetery Land Plots            | \$ 19,975        | \$ 19,975        |
| Furniture and Equipment        | 8,968            | 8,968            |
| Leasehold Improvements         | <u>7,675</u>     | <u>-</u>         |
| Total                          | 36,618           | 28,943           |
| Less: Accumulated Depreciation | <u>(10,701)</u>  | <u>(8,968)</u>   |
| Total                          | <u>\$ 25,917</u> | <u>\$ 19,975</u> |

**NOTE 5 PPP LOAN**

On May 1, 2020, The Federation received a loan from Howard Bank in the amount of \$92,006 to fund payroll, rent, and utilities, through the Paycheck Protection Program (the PPP Loan) that was forgiven in full, in May 2021. The loan forgiveness was recorded as nonoperating income on the statement of activities for the year ended June 30, 2021. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Federation's financial position.

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes at June 30:

|                                      | <u>2022</u>       | <u>2021</u>       |
|--------------------------------------|-------------------|-------------------|
| Annual Campaign - Time               | \$ 689,657        | \$ 664,384        |
| Shlichut Program                     | 200,000           | -                 |
| PJ Library                           | 20,237            | -                 |
| Howard County Jewish History Project | -                 | 29,181            |
| Intake and Referral                  | -                 | 15,000            |
| County Chaplain                      | -                 | 15,000            |
| Hospice                              | -                 | 15,000            |
| Fed Tov Connections                  | 10,489            | 22,222            |
| Social Services                      | 22,677            | 16,800            |
| COVID-19 Programs                    | -                 | 8,774             |
| Other Programs                       | <u>31,540</u>     | <u>5,874</u>      |
| Total                                | <u>\$ 974,600</u> | <u>\$ 792,235</u> |

**JEWISH FEDERATION OF HOWARD COUNTY**  
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**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

For the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

|                        | 2022       | 2021       |
|------------------------|------------|------------|
| Annual Campaign - Time | \$ 602,783 | \$ 593,177 |
| Other Programs         | 115,391    | 67,346     |
| Total                  | \$ 718,174 | \$ 660,523 |

**NOTE 7 RETIREMENT PLAN**

The Federation contributes to a 401(k) thrift plan (the Plan). Employees normally scheduled to work 18.75 hours or more per week are automatically enrolled in the Plan at a 2% pretax deferral rate each month following completion of the eligibility requirement of three months of service. Each year, eligible participants may contribute between 1% and 100% of their annual compensation, as defined in the Plan subject to annual limitations in the IRC. Participants may designate some or all of their own contributions as Roth 401(k) contributions. Such contributions, and any activity related to these amounts, will be accounted for separate from the participant's pretax contributions. In addition, employees may rollover distributions received from other plans. Participants direct the investment of contributions into various investment options offered by the Plan on a daily basis. The Plan currently offers mutual funds and a common collective trust as investment options for participants. The Plan was frozen effective July 1, 2020, in response to the COVID-19 pandemic, and employer payments to the plan stopped as of this date. Employer contributions to the Plan were reinstated effective October 1, 2021.

The Plan allows for Safe Harbor matching contributions up to a maximum of 4% of compensation for eligible employees. Participants vest immediately in both their and employer contributions plus actual earnings thereon. Under the Plan, the Federation may also make a discretionary contribution. Pension expense under the plan was \$2,484 and \$-0- for the years ended June 30, 2022 and 2021, respectively.

**NOTE 8 LEASES**

The Federation is obligated under an amended operating lease for its Columbia, Maryland office space until June 30, 2024. Rent expense was \$74,147 and \$58,727 for the years ended June 30, 2022 and 2021, respectively. Future minimum rental payments by fiscal year and in the aggregate are as follows:

| Year Ending June 30, | Amount     |
|----------------------|------------|
| 2023                 | \$ 72,239  |
| 2024                 | 69,714     |
| Total                | \$ 141,953 |

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**NOTE 8 LEASES (CONTINUED)**

In addition, a portion of the Federation’s office space is rented under a sub-lease agreement through June 30, 2024. Rent income was \$9,686 and \$8,214 for the years ended June 30, 2022 and 2021, respectively. Future minimum rental payments by fiscal year and in the aggregate are as follows:

| Year Ending June 30, | Amount    |
|----------------------|-----------|
| 2023                 | \$ 9,228  |
| 2024                 | 4,614     |
| Total                | \$ 13,842 |

**NOTE 9 RELATED PARTY TRANSACTIONS**

**The Associated**

The Federation has executed a memorandum of understanding (MOU) with The Associated, outlining the services provided by The Associated to the Federation. The MOU creates no contractual obligations and will automatically renew annually unless terminated under the terms of the agreement. Under the terms of the MOU, The Associated provides administrative services for accounting, information technology, human resources, and donor services to the Federation. For the years ended June 30, 2022 and 2021, the cost of these services totaled \$49,675 and \$88,000, respectively. The Federation also reimburses The Associated for certain costs including benefits, insurance, and other costs.

During the years ended June 30, 2022 and 2021, The Associated provided an allocation to the Federation totaling \$29,196 and \$30,083, respectively.

The Federation has accounts receivable from The Associated of \$22,440 and \$563,353 as of June 30, 2022 and 2021, respectively.

**Jewish Emergency Network Project**

The Federation executed a MOU with the Jewish Emergency Network Project (JEN) on November 1, 2017. The MOU outlined the relationship between the two entities including the Federation’s maintenance of a bank account used for funds received by the Federation and designated for JEN. Upon termination of the MOU, all funds held by the Federation in the account shall be transmitted to JEN. As of June 20, 2022 and 2021, a liability of \$30,659 and \$26,479, respectively, was recorded as a payable to JEN in the Federation’s statements of financial position. The MOU creates no contractual obligations and will automatically renew unless terminated under the terms of the agreement.