

JEWISH FEDERATION OF HOWARD COUNTY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**JEWISH FEDERATION OF HOWARD COUNTY
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YEARS ENDED JUNE 30, 2023 AND 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, on July 1, 2022, the Federation adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and financing leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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.

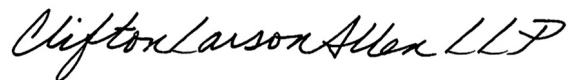
Auditors' Responsibilities for the Audit of the Financial Statements

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
December 21, 2023

**JEWISH FEDERATION OF HOWARD COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 579,115	\$ 564,173
Pledges Receivables, Net	420,854	561,698
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	54,128	22,440
Investments	302,168	267,103
Prepaid Expenses and Other Assets	17,526	17,932
Property and Equipment, Net of Accumulated Depreciation of \$13,672 and \$10,701	22,946	25,917
Operating Lease Right-of-Use Asset, Net of Accumulated Amortization of \$71,907	77,339	-
	<u>\$ 1,474,076</u>	<u>\$ 1,459,263</u>
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 35,247	\$ 51,239
Due to the Jewish Emergency Network Project	26,509	30,659
Operating Lease Liability	75,784	-
Deferred Revenue	769	769
Total Liabilities	<u>138,309</u>	<u>82,667</u>
NET ASSETS		
Without Donor Restrictions	465,636	401,996
With Donor Restrictions	870,131	974,600
Total Net Assets	<u>1,335,767</u>	<u>1,376,596</u>
Total Liabilities and Net Assets	<u>\$ 1,474,076</u>	<u>\$ 1,459,263</u>

See accompanying Notes to Financial Statements.

JEWISH FEDERATION OF HOWARD COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
REVENUE AND SUPPORT				
Grants and Contributions	\$ 90,159	\$ 40,949	\$ 131,108	\$ 388,347
Annual Campaign	-	644,716	644,716	638,058
Allocation from the Associated Jewish Community Federation of Baltimore, Inc.	33,080	-	33,080	29,196
Program Revenue	22,574	-	22,574	12,987
In-Kind Contributions	1,871	-	1,871	900
Rental Income	9,302	-	9,302	9,686
Interest	116	-	116	60
Net Assets Released from Restrictions	790,134	(790,134)	-	-
Total Revenue and Support	947,236	(104,469)	842,767	1,079,234
EXPENSES				
Program Services	486,696	-	486,696	500,975
General and Administrative	178,897	-	178,897	168,047
Fundraising	231,252	-	231,252	253,378
Total Expenses	896,845	-	896,845	922,400
CHANGES IN NET ASSETS BEFORE OTHER FINANCIAL ITEMS				
	50,391	(104,469)	(54,078)	156,834
Investment Gain (Loss)	13,249	-	13,249	(37,445)
Total Other Financial Items	13,249	-	13,249	(37,445)
CHANGE IN NET ASSETS				
	63,640	(104,469)	(40,829)	119,389
Net Assets - Beginning of Year	401,996	974,600	1,376,596	1,257,207
NET ASSETS - END OF YEAR	\$ 465,636	\$ 870,131	\$ 1,335,767	\$ 1,376,596

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and Contributions	\$ 125,866	\$ 262,481	\$ 388,347
Annual Campaign	-	638,058	638,058
Allocation from the Associated Jewish Community Federation of Baltimore, Inc.	29,196	-	29,196
Program Revenue	12,987	-	12,987
In-Kind Contributions	900	-	900
Rental Income	9,686	-	9,686
Interest	60	-	60
Net Assets Released from Restrictions	718,174	(718,174)	-
Total Revenue and Support	<u>896,869</u>	<u>182,365</u>	<u>1,079,234</u>
EXPENSES			
Program Services	500,975	-	500,975
General and Administrative	168,047	-	168,047
Fundraising	253,378	-	253,378
Total Expenses	<u>922,400</u>	<u>-</u>	<u>922,400</u>
CHANGES IN NET ASSETS BEFORE OTHER FINANCIAL ITEMS	(25,531)	182,365	156,834
Investment (Loss) Gain	<u>(37,445)</u>	<u>-</u>	<u>(37,445)</u>
Total Other Financial Items	<u>(37,445)</u>	<u>-</u>	<u>(37,445)</u>
CHANGE IN NET ASSETS	(62,976)	182,365	119,389
Net Assets - Beginning of Year	<u>464,972</u>	<u>792,235</u>	<u>1,257,207</u>
NET ASSETS - END OF YEAR	<u>\$ 401,996</u>	<u>\$ 974,600</u>	<u>\$ 1,376,596</u>

See accompanying Notes to Financial Statements.

JEWISH FEDERATION OF HOWARD COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	Program Services	General and Administrative	Fundraising	Totals	
				2023	2022
Salaries, Taxes, and Benefits	\$ 189,492	\$ 122,903	\$ 163,492	\$ 475,887	\$ 464,788
Programming Expenses	113,769	-	-	113,769	115,868
Occupancy Costs	53,007	21,297	27,530	101,834	76,680
Professional Fees	57,772	20,919	27,041	105,732	105,813
Grants to Other Organizations	36,234	-	-	36,234	74,997
Bad Debt Expenses	-	4,727	-	4,727	17,733
Advertising and Promotion	8,521	-	1,079	9,600	9,024
Information Technology	11,439	4,142	5,354	20,935	16,573
Office Expenses	9,190	3,328	4,301	16,819	23,441
Depreciation	1,623	588	760	2,971	1,733
Conferences, Conventions, and Meetings	2,355	433	970	3,758	3,894
Miscellaneous Expenses	44	16	22	82	8,497
Insurance	1,503	544	703	2,750	2,501
Travel	1,747	-	-	1,747	858
Total Expenses by Function	\$ 486,696	\$ 178,897	\$ 231,252	\$ 896,845	\$ 922,400

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (40,829)	\$ 119,389
Adjustments to Reconcile Change in Net Assets to Net Cash		
Net Cash Provided by Operating Activities:		
Depreciation	2,971	1,733
Non-Cash Lease Expense	(1,555)	-
Donated Securities	(23,123)	-
Net Realized and Unrealized (Gain) Loss on Operating Investments	(13,249)	37,445
Provision for Bad Debt	4,727	17,733
(Increase) Decrease in Operating Assets:		
Pledges Receivable, Net	136,117	(213,538)
Due from the Associated Jewish Community Federation of Baltimore, Inc.	(31,688)	540,913
Prepaid Expenses and Other Assets	406	383
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(15,992)	33,501
Due to the Jewish Emergency Network Project	(4,150)	4,180
Deferred Revenue	-	(7,956)
Net Cash Provided by Operating Activities	13,635	533,783
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,336)	(13,304)
Proceeds from Sales or Maturities of Investments	3,643	12,430
Purchase of Property and Equipment	-	(7,675)
Net Cash Provided (Used) by Investing Activities	1,307	(8,549)
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,942	525,234
Cash and Cash Equivalents - Beginning of Year	564,173	38,939
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 579,115	\$ 564,173
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
In-Kind Contributions	\$ 1,871	\$ 900
Implementation Impact of ASC 842	\$ 149,245	\$ -

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 \$5,998 and \$7,249 as of June 30, 2023 and 2022, 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, 2023 AND 2022**

**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 stock, 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, 2023 AND 2022

**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, 2023 AND 2022**

**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, 2023 and 2022.

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.

Leases - Lessee

The Federation determines if an arrangement is a lease at inception. Operating leases are included in the Operating Lease ROU Asset and current and long-term operating lease liabilities on the statement of financial position.

ROU assets represent the Federation's right to use an underlying asset for the lease term and lease liabilities represent the Federation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Federation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Federation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Federation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Federation has elected to not separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Federation's lease agreements do not contain any material residual value guarantees material restrictive covenants, or variable lease payments.

JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Leases - Lessee (Continued)

In evaluating contracts to determine if they qualified as a lease, the Federation considers factors such as if the Federation has obtained substantially all of the rights to the underlying asset through exclusivity, if the Federation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

Leases - Lessor

Revenue from lease payments is recognized under the accrual method. Lease payments are included in income as rents become due. Lease payments received in advance are deferred until earned. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received by the Company are recognized as income on the straight-line basis.

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Federation adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available.

The Federation has elected to adopt the package of practical expedients available in the year of adoption. The Federation has elected to not adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Federation's ROU assets.

The Federation elected the available practical expedients to account for existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Federation recognized on July 1, 2022, an operating lease liability of \$149,245 which represented the present value of the remaining operating lease payments of \$154,943, discounted using a risk-free rate of 3.35%, and a ROU asset of \$149,245.

**JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Recent Accounting Pronouncements Adopted (Continued)

The standard had a material impact on the statement of financial position but did not have a material impact on the statement of changes in financial position, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Subsequent Events

Subsequent events have been evaluated through December 21, 2023, which is the date the financial statements were available to be issued.

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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 579,115	\$ 564,173
Pledges Receivable	420,854	561,698
Due from the Associated Jewish Community Federation of Baltimore, Inc.	54,128	22,440
Investments	<u>302,168</u>	<u>267,103</u>
Total Financial Assets	1,356,265	1,415,414
Less:		
Restrictions by Donor with Time Restriction	(692,290)	(689,657)
Restrictions by Donor with Purpose Restriction	(177,841)	(284,943)
Cash Held for Related Party	<u>(26,509)</u>	<u>(30,659)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 459,625</u>	<u>\$ 410,155</u>

JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 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.

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.

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 Federation'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.

JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)

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

	2023			Total
	Level 1	Level 2	Level 3	
State of Israel Bonds (Value at Maturity)	\$ -	\$ 500	\$ -	\$ 500
Stock	1,345	-	-	1,345
Total	\$ 1,345	\$ 500	\$ -	1,845
Insured Deposit Account, at cost				21,561
Assets Measured at NAV				278,762
Total				\$ 302,168

	2022			Total
	Level 1	Level 2	Level 3	
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

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2023	2022
Cemetery Land Plots	\$ 19,975	\$ 19,975
Furniture and Equipment	8,968	8,968
Leasehold Improvements	7,675	7,675
Total	36,618	36,618
Less: Accumulated Depreciation	(13,672)	(10,701)
Total	\$ 22,946	\$ 25,917

JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Annual Campaign - Time	\$ 692,290	\$ 689,657
Shlichut Program	115,695	200,000
PJ Library	-	20,237
JCRC	14,620	11,162
Grandparent Project	2,500	-
Fed Tov Connections	4,040	10,489
Social Services	25,000	22,677
Jewish History	342	-
Other Programs	15,644	20,378
Total	<u>\$ 870,131</u>	<u>\$ 974,600</u>

For the years ended June 30, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Annual Campaign - Time	642,083	\$ 602,783
Other Programs	148,050	115,391
Total	<u>\$ 790,133</u>	<u>\$ 718,174</u>

NOTE 6 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.

JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 RETIREMENT PLAN (CONTINUED)

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 \$13,229 and \$2,484 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 LEASES

ASC 842

The Federation is obligated under an amended operating lease for its Columbia, Maryland office space until June 30, 2024. The Federation also has an operating lease for a vehicle that expires in fiscal year 2025.

The following tables provide quantitative information concerning the Federation's leases for the year ended June 30, 2023:

	2023
Lease Costs:	
Operating Lease Costs	\$ 75,920
Short-term Lease Costs	17,314
Variable Lease Costs	-
Total Lease Costs	\$ 93,234
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liability:	
Operating Cash Flows Paid for Operating Lease	\$ 77,474
Right-of-Use Asset Obtained in Exchange for New Operating Lease Liability:	\$ 149,245
Weighted-Average Remaining Lease Term - Operating Lease	1.1 years
Weighted-Average Discount Rate - Operating Lease	4.00%

The following table summarizes the maturity of the lease liabilities under operating leases as of June 30, 2023:

Year Ending June 30,	Amount
2024	\$ 76,061
2025	1,408
Total Lease Payments	77,469
Less: Imputed Interest	(1,685)
Present Value of Operating Lease Liabilities	\$ 75,784

JEWISH FEDERATION OF HOWARD COUNTY
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NOTE 7 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 \$9,302 and \$9,686 for the years ended June 30, 2023 and 2022, respectively. Future minimum rental payments by fiscal year and in the aggregate are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 9,230
Total	<u>\$ 9,230</u>

ASC 840

The Company elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practice expedients available. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB ASC 840.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 72,239
2024	69,714
Total	<u>\$ 141,953</u>

NOTE 8 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, 2023 and 2022, the cost of these services totaled \$34,664 and \$49,675, respectively. The Federation also reimburses The Associated for certain costs including benefits, insurance, and other costs.

During the years ended June 30, 2023 and 2022, The Associated provided an allocation to the Federation totaling \$33,080 and \$29,196, respectively.

The Federation has accounts receivable from The Associated of \$54,128 and \$22,440 as of June 30, 2023 and 2022, respectively.

**JEWISH FEDERATION OF HOWARD COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

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 30, 2023 and 2022, a liability of \$26,509 and \$30,659, 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.