

**JEWISH FEDERATION OF HOWARD COUNTY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Jewish Federation of Howard County  
Columbia, Maryland

We have audited the accompanying financial statements of the Jewish Federation of Howard County, Inc. (the Federation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Federation's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Jewish Federation of Howard County

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Howard County, Inc., June 30, 2021 and 2020, 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.

***Emphasis of Matter***

As discussed in Note 1 of the consolidated financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 7, 2021

**JEWISH FEDERATION OF HOWARD COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ (60,861)	\$ 99,800	\$ 38,939	\$ 107,976
Pledges Receivables, Net	64,145	301,748	365,893	370,719
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	172,666	390,687	563,353	520,640
Investments	303,674	-	303,674	238,293
Prepaid Expenses and Other Assets	18,315	-	18,315	12,189
Property and Equipment, Net of Accumulated Depreciation of \$8,968 and \$15,758	19,975	-	19,975	29,097
<b>Total Assets</b>	<b>\$ 517,914</b>	<b>\$ 792,235</b>	<b>\$ 1,310,149</b>	<b>\$ 1,278,914</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 17,738	\$ -	\$ 17,738	\$ 36,685
Capital Lease Obligation	-	-	-	6,578
Due to the Jewish Emergency Network Project	26,479	-	26,479	23,738
Deferred Revenue	8,725	-	8,725	8,725
PPP Loan	-	-	-	92,006
<b>Total Liabilities</b>	<b>52,942</b>	<b>-</b>	<b>52,942</b>	<b>167,732</b>
<b>NET ASSETS</b>	<b>464,972</b>	<b>792,235</b>	<b>1,257,207</b>	<b>1,111,182</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 517,914</b>	<b>\$ 792,235</b>	<b>\$ 1,310,149</b>	<b>\$ 1,278,914</b>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 25,087	\$ 82,889	\$ 107,976
Pledges Receivables, Net	70,468	300,251	370,719
Due from (to) The Associated: Jewish Community Federation of Baltimore, Inc.	111,867	408,773	520,640
Investments	238,293	-	238,293
Prepaid Expenses and Other Assets	12,189	-	12,189
Property and Equipment, Net of Accumulated Depreciation of \$11,878 and \$8,968	29,097	-	29,097
Total Assets	\$ 487,001	\$ 791,913	\$ 1,278,914
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 36,685	\$ -	\$ 36,685
Capital Lease Obligation	6,578	-	6,578
Due to the Jewish Emergency Network Project	23,738	-	23,738
Deferred Revenue	8,725	-	8,725
PPP Loan	92,006	-	92,006
Total Liabilities	167,732	-	167,732
<b>NET ASSETS</b>	319,269	791,913	1,111,182
Total Liabilities and Net Assets	\$ 487,001	\$ 791,913	\$ 1,278,914

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
<b>REVENUE AND SUPPORT</b>				
Grants and Contributions	\$ 68,560	\$ 20,984	\$ 89,544	\$ 148,697
Annual Campaign	-	639,861	639,861	598,903
Allocation from the Associated Jewish Community Federation of Baltimore, Inc.	30,083	-	30,083	33,655
Program Revenue	47,394	-	47,394	86,514
Rental Income	8,214	-	8,214	8,603
Interest	139	-	139	361
Net Assets Released from Restrictions	660,523	(660,523)	-	-
<b>Total Revenue and Support</b>	<b>814,913</b>	<b>322</b>	<b>815,235</b>	<b>876,733</b>
<b>EXPENSES</b>				
Program Services	457,784	-	457,784	528,251
General and Administrative	198,592	-	198,592	175,730
Fundraising	172,770	-	172,770	161,372
<b>Total Expenses</b>	<b>829,146</b>	<b>-</b>	<b>829,146</b>	<b>865,353</b>
<b>CHANGES IN NET ASSETS BEFORE OTHER FINANCIAL ITEMS</b>	<b>(14,233)</b>	<b>322</b>	<b>(13,911)</b>	<b>11,380</b>
Investment Gain	70,381	-	70,381	7,022
PPP Loan Forgiveness	92,006	-	92,006	-
Loss on Disposal of Fixed Assets	(2,451)	-	(2,451)	-
<b>Total Other Financial Items</b>	<b>159,936</b>	<b>-</b>	<b>159,936</b>	<b>7,022</b>
<b>CHANGE IN NET ASSETS</b>	<b>145,703</b>	<b>322</b>	<b>146,025</b>	<b>18,402</b>
Net Assets - Beginning of Year	319,269	791,913	1,111,182	1,092,780
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 464,972</b>	<b>\$ 792,235</b>	<b>\$ 1,257,207</b>	<b>\$ 1,111,182</b>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Grants and Contributions	\$ 73,152	\$ 75,545	\$ 148,697
Annual Campaign	-	598,903	598,903
Allocation from the Associated Jewish Community Federation of Baltimore, Inc.	33,655	-	33,655
Program Revenue	86,514	-	86,514
Rental Income	8,603	-	8,603
Interest	361	-	361
Net Assets Released from Restrictions	669,317	(669,317)	-
Total Revenue and Support	<u>871,602</u>	<u>5,131</u>	<u>876,733</u>
<b>EXPENSES</b>			
Program Services	528,251	-	528,251
General and Administrative	175,730	-	175,730
Fundraising	161,372	-	161,372
Total Expenses	<u>865,353</u>	<u>-</u>	<u>865,353</u>
<b>CHANGES IN NET ASSETS BEFORE OTHER FINANCIAL ITEMS</b>	6,249	5,131	11,380
Investment Gain	<u>7,022</u>	<u>-</u>	<u>7,022</u>
<b>CHANGE IN NET ASSETS</b>	13,271	5,131	18,402
Net Assets - Beginning of Year	<u>305,998</u>	<u>786,782</u>	<u>1,092,780</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 319,269</u>	<u>\$ 791,913</u>	<u>\$ 1,111,182</u>

See accompanying Notes to Financial Statements.



**JEWISH FEDERATION OF HOWARD COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services	General and Administrative	Fundraising	Totals	
				2021	2020
Salaries, Taxes, and Benefits	\$ 273,774	\$ 80,167	\$ 119,728	\$ 473,669	\$ 478,848
Programming Expenses	112,147	-	-	112,147	144,822
Occupancy Costs	34,267	11,611	14,770	60,648	69,550
Professional Fees	473	73,924	36,348	110,745	59,205
Grants to Other Organizations	30,883	-	-	30,883	52,461
Bad Debt Expenses	-	5,350	-	5,350	15,503
Advertising and Promotion	3,679	1,888	1,169	6,736	14,499
Information Technology	-	12,000	-	12,000	10,000
Office Expenses	1,610	6,644	-	8,254	8,443
Depreciation	647	-	-	647	3,880
Conferences, Conventions, and Meetings	-	388	-	388	3,165
Miscellaneous Expenses	304	4,616	755	5,675	2,226
Insurance	-	2,000	-	2,000	2,000
Travel	-	4	-	4	751
<b>Total Expenses by Function</b>	<b>\$ 457,784</b>	<b>\$ 198,592</b>	<b>\$ 172,770</b>	<b>\$ 829,146</b>	<b>\$ 865,353</b>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services	General and Administrative	Fundraising	Total
Salaries, Taxes, and Benefits	\$ 274,128	\$ 84,748	\$ 119,972	\$ 478,848
Programming Expenses	144,822	-	-	144,822
Occupancy Costs	39,814	12,311	17,425	69,550
Professional Fees	755	37,951	20,499	59,205
Grants to Other Organizations	52,461	-	-	52,461
Bad Debt Expenses	-	15,503	-	15,503
Advertising and Promotion	8,495	2,737	3,267	14,499
Information Technology	-	10,000	-	10,000
Office Expenses	1,227	7,209	7	8,443
Depreciation	3,880	-	-	3,880
Conferences, Conventions, and Meetings	917	2,248	-	3,165
Miscellaneous Expenses	1,127	897	202	2,226
Insurance	-	2,000	-	2,000
Travel	625	126	-	751
	<u>528,251</u>	<u>175,730</u>	<u>161,372</u>	<u>865,353</u>
Total Expenses by Function	<u>\$ 528,251</u>	<u>\$ 175,730</u>	<u>\$ 161,372</u>	<u>\$ 865,353</u>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 146,025	\$ 18,402
Adjustments to Reconcile Change in Net Assets to Net Cash		
Net Cash Used by Operating Activities:		
Depreciation	647	3,880
Net Realized and Unrealized Gain on Operating Investments	(70,381)	(7,022)
Gain on Forgiveness of PPP Loan	(92,006)	-
Provision for Bad Debt	5,350	15,503
Loss on Disposal of Fixed Assets	2,451	-
(Increase) Decrease in Operating Assets:		
Pledges Receivable, Net	(524)	29,116
Due from the Associated Jewish Community Federation of Baltimore, Inc.	(42,713)	(131,268)
Prepaid Expenses and Other Assets	(6,126)	1,985
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(18,947)	29,622
Due to the Jewish Emergency Network Project	2,741	10,121
Deferred Revenue	-	8,725
Net Cash Used by Operating Activities	(73,483)	(20,936)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	-	(4,998)
Proceeds from Sales or Maturities of Investments	5,000	-
Net Cash Provided (Used) by Investing Activities	5,000	(4,998)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Capital Lease	(554)	(2,746)
Proceeds from PPP Loan	-	92,006
Net Cash Provided (Used) by Financing Activities	(554)	89,260
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(69,037)	63,326
Cash and Cash Equivalents - Beginning of Year	107,976	44,650
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 38,939	\$ 107,976

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**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 \$9,373 and \$6,089 as of June 30, 2021 and 2020, 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, 2021 AND 2020**

**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, 2021 AND 2020**

**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**

In 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Federation adopted ASU 2014-09 on July 1, 2020. There was no material impact on Federation's financial position and change in net assets as a result of the adoption of this accounting standard.

Consistent with the guidelines under the new revenue recognition standard, 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.

**JEWISH FEDERATION OF HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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

**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.
- 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, 2021 and 2020.

**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 FASB issued 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.

**JEWISH FEDERATION OF HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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

**Recent Accounting Pronouncements Not Yet Adopted (Continued)**

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.

**Subsequent Events**

Subsequent events have been evaluated through December 7, 2021, 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 38,939	\$ 107,976
Pledges Receivable	365,893	370,719
Due from the Associated Jewish Community Federation of Baltimore, Inc.	563,353	520,640
Investments	<u>303,674</u>	<u>238,293</u>
Total Financial Assets	1,271,859	1,237,628
Less:		
Restrictions by Donor with Time Restriction	(664,384)	(617,699)
Restrictions by Donor with Purpose Restriction	(127,851)	(174,214)
Cash held for related party	<u>(26,479)</u>	<u>(23,738)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 453,145</u>	<u>\$ 421,977</u>



**JEWISH FEDERATION OF HOWARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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.

*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.

**JEWISH FEDERATION OF HOWARD COUNTY**  
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**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:

	2021			Total
	Level 1	Level 2	Level 3	
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

  

	2020			Total
	Level 1	Level 2	Level 3	
State of Israel Bonds (Value at Maturity)	\$ -	\$ 16,000	\$ -	\$ 16,000
Total	\$ -	\$ 16,000	\$ -	16,000
Assets Measured at NAV				222,293
Total				\$ 238,293

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	2021	2020
Cemetery Land Plots	\$ 19,975	\$ 19,975
Furniture and Equipment	8,968	8,968
Vehicles	-	15,912
Total	28,943	44,855
Less: Accumulated Depreciation	(8,968)	(15,758)
Total	\$ 19,975	\$ 29,097

**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) and is reported on the June 30, 2020 statement of financial position. The PPP Loan was forgiven in full, in May 2021, and the 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.

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

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

	2021	2020
Annual Campaign - Time	\$ 664,384	\$ 617,699
Howard County Jewish History Project	29,181	35,117
Intake and Referral	15,000	30,000
County Chaplain	15,000	30,000
Hospice	15,000	30,000
Fed Tov Connections	22,222	26,500
Social Services	16,800	-
COVID-19 Programs	8,774	17,406
Other Programs	5,874	5,191
Total	\$ 792,235	\$ 791,913

For the years ended June 30, 2021 and 2020, 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:

	2021	2020
Annual Campaign - Time	\$ 593,177	\$ 608,119
Other Programs	67,346	61,198
Total	\$ 660,523	\$ 669,317

**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 \$-0- and \$13,149 for the years ended June 30, 2021 and 2020, respectively.

**JEWISH FEDERATION OF HOWARD COUNTY  
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**NOTE 8 LEASES**

The Federation is obligated under an operating lease for its Columbia, Maryland office space until December 31, 2022. Rent expense was \$58,727 and \$68,892 for the years ended June 30, 2021 and 2020, respectively. Future minimum rental payments by fiscal year and in the aggregate are as follows:

Year Ending June 30,	Amount
2022	\$ 71,893
2023	48,637
Total	\$ 120,530

**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, 2021 and 2020, the value of these services totaled \$88,000 and \$62,000, respectively. The Federation also reimburses The Associated for certain costs including benefits, insurance, and other costs.

During the years ended June 30, 2021 and 2020, The Associated provided an allocation to the Federation totaling \$30,083 and \$33,655, respectively.

The Federation has accounts receivable from The Associated of \$563,353 and \$520,640 as of June 30, 2021 and 2020, 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 30, 2021 and 2020, a liability of \$26,479 and \$23,738, 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.