THE PEARLSTONE CONFERENCE RETREAT CENTER

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2022 AND 2021

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THE PEARLSTONE CONFERENCE RETREAT CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Pearlstone Conference Retreat Center
Reisterstown, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Pearlstone Conference Retreat Center (the Center), 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 The Pearlstone Conference Retreat Center 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 The Pearlstone Conference Retreat Center 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 The Pearlstone Conference Retreat Center'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 Pearlstone Conference Retreat Center'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 Pearlstone Conference Retreat Center'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

CliftonLarsonAllen LLP

Baltimore, Maryland
May 8, 2023

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash	$ 2,969,293	$ 2,205,905
Restricted Cash	115,412	114,680
Accounts Receivable	238,747	376,407
Pledges and Grants Receivable	3,615,786	739,449
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	63,526
Employee Loans Receivable	17,089	9,530
Prepaid Expenses	-	1,216
Property and Equipment, Net	10,966,842	5,297,470
Total Assets	$ 17,923,169	$ 8,808,183
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,164,445	$ 458,037
Due to The Associated: Jewish Community Federation of Baltimore, Inc.	3,592	-
Deferred Revenue	695,448	635,252
PPP Loan	-	594,350
Mortgage Payable	423,276	468,738
Construction Loan	3,340,455	-
Total Liabilities	5,627,216	2,156,377
NET ASSETS		
Net Assets Without Donor Restriction	4,304,269	2,188,186
Net Assets With Donor Restriction	7,991,684	4,463,620
Total Net Assets	12,295,953	6,651,806
Total Liabilities and Net Assets	$ 17,923,169	$ 8,808,183

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	$ 58,000	$ 7,066,985	$ 7,124,985	$ 1,799,084
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	962,905	-	962,905	927,071
Contributions	65,383	27,773	93,156	227,455
Retreat Center Income	2,001,222	-	2,001,222	1,110,430
Other Income	357,503	-	357,503	82,689
Satisfaction of Donor Restrictions	3,566,694	(3,566,694)	-	-
Total Revenue, Gains, and Other Support	7,011,707	3,528,064	10,539,771	4,146,729
EXPENSES				
Program	4,405,803	-	4,405,803	2,992,788
General and Administrative	981,458	-	981,458	728,302
Fundraising	164,382	-	164,382	189,857
Total Expenses	5,551,643	-	5,551,643	3,910,947
CHANGE IN NET ASSETS FROM OPERATIONS	1,460,064	3,528,064	4,988,128	235,782
NONOPERATING ACTIVITIES				
Employee Retention Credits	61,669	-	61,669	414,198
Forgiveness of PPP Loan	594,350	-	594,350	579,900
Change in Net Assets from Nonoperating Activities	656,019	-	656,019	994,098
CHANGE IN NET ASSETS	2,116,083	3,528,064	5,644,147	1,229,880
Net Assets - Beginning of Year	2,188,186	4,463,620	6,651,806	5,421,926
NET ASSETS - END OF YEAR	$ 4,304,269	$ 7,991,684	$ 12,295,953	$ 6,651,806

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Grant Revenue	$ 232,943	$ 1,566,141	$ 1,799,084
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	927,071	-	927,071
Contributions	135,410	92,045	227,455
Retreat Center Income	1,110,430	-	1,110,430
Other Income	82,689	-	82,689
Satisfaction of Donor Restrictions	2,065,817	(2,065,817)	-
Total Revenue, Gains, and Other Support	4,554,360	(407,631)	4,146,729
EXPENSES			
Program	2,992,788	-	2,992,788
General and Administrative	728,302	-	728,302
Fundraising	189,857	-	189,857
Total Expenses	3,910,947	-	3,910,947
CHANGE IN NET ASSETS FROM OPERATIONS	643,413	(407,631)	235,782
NONOPERATING ACTIVITIES			
Employee Retention Credits	414,198	-	414,198
Forgiveness of PPP Loan	579,900	-	579,900
Change in Net Assets from Nonoperating Activities	994,098	-	994,098
CHANGE IN NET ASSETS	1,637,511	(407,631)	1,229,880
Net Assets - Beginning of Year	550,675	4,871,251	5,421,926
NET ASSETS - END OF YEAR	$ 2,188,186	$ 4,463,620	$ 6,651,806

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	2022				
	Program	General and Administrative	Fundraising	Total	2021 Total
Salaries, Taxes, and Benefits	$ 2,501,812	$ 414,895	$ 108,221	$ 3,024,928	$ 2,154,323
Occupancy Costs	654,502	113,792	29,682	797,976	668,648
Depreciation and Amortization	348,584	62,681	16,350	427,615	246,043
Other Programming Expenses	209,025	626	163	209,814	136,505
Professional Fees	11,097	224,363	-	235,460	115,926
Food and Beverage	200,694	-	-	200,694	166,206
Consulting Fees	96,841	82,607	-	179,448	84,287
Information Technology	81,781	14,891	3,836	100,508	114,343
Insurance	54,682	9,833	2,565	67,080	54,812
Other Expenses	56,627	3,404	888	60,919	32,165
Contract Services	54,832	-	-	54,832	3,158
Advertising and Promotion	26,459	10,343	1,241	38,043	33,904
Office Expenses	43,027	3,110	811	46,948	30,387
Honorariums	36,517	-	-	36,517	10,995
Interest	-	22,558	-	22,558	27,500
Travel	18,003	2,397	625	21,025	11,051
Conferences, Conventions, and Meetings	11,320	15,958	-	27,278	20,694
Total Expenses	$ 4,405,803	$ 981,458	$ 164,382	$ 5,551,643	$ 3,910,947

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program	General and Administrative	Fundraising	Total
Salaries, Taxes, and Benefits	$ 1,699,663	$ 328,287	$ 126,373	$ 2,154,323
Occupancy Costs	528,224	101,393	39,031	668,648
Depreciation and Amortization	194,117	37,493	14,433	246,043
Food and Beverage	166,206	-	-	166,206
Other Programming Expenses	135,953	312	240	136,505
Professional Fees	-	115,926	-	115,926
Information Technology	30,037	82,073	2,233	114,343
Consulting Fees	84,287	-	-	84,287
Insurance	43,244	8,353	3,215	54,812
Advertising and Promotion	22,338	9,905	1,661	33,904
Other Expenses	19,892	10,972	1,301	32,165
Office Expenses	27,678	1,987	722	30,387
Interest	-	27,500	-	27,500
Conferences, Conventions, and Meetings	18,277	2,417	-	20,694
Travel	8,719	1,684	648	11,051
Honorariums	10,995	-	-	10,995
Contract Services	3,158	-	-	3,158
Total Expenses	$ 2,992,788	$ 728,302	$ 189,857	$ 3,910,947

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,644,147	$ 1,229,880
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	427,615	246,043
Contributions Restricted for Long-Term Investment	(5,534,443)	(1,025,821)
Gain on Debt Forgiveness	(594,350)	(579,900)
(Increase) Decrease in Assets:		
Accounts Receivable	137,660	(169,224)
Pledges and Grants Receivable	(699,808)	121,200
Prepaid Expenses	1,216	-
Other Assets	-	84,113
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	63,526	(63,526)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	706,408	149,829
Due to The Associated: Jewish Community Federation of Baltimore, Inc.	3,592	(35,235)
Deferred Revenue	60,196	(206,634)
Net Cash Provided (Used) by Operating Activities	215,759	(249,275)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(6,096,987)	(471,041)
Collection on Employee Loan Receivable, Net	(7,559)	-
Net Cash Used by Investing Activities	(6,104,546)	(471,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	(45,462)	(43,133)
Repayment of Construction Loan	(1,351,049)	-
Proceeds from Construction Loan	4,691,504	-
Proceeds from PPP Loan	-	594,350
Proceeds from Contributions Restricted for Long-Term Investment	3,357,914	501,677
Net Cash Provided by Financing Activities	6,652,907	1,052,894
NET INCREASE IN CASH AND RESTRICTED CASH	764,120	332,578
Cash and Restricted Cash - Beginning of Year	2,320,585	1,988,007
CASH AND RESTRICTED CASH - END OF YEAR	$ 3,084,705	$ 2,320,585

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 80,014	$ 27,687
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Purchases Included in Accounts Payable	$ 678,752	$ 39,307

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Pearlstone Conference Retreat Center (the Center or Pearlstone) is a retreat center predominantly serving the Jewish community that provides a unique residential environment in which people are actively engaged in education, spiritual growth and community building. The Center promotes affordable community-wide usage, innovative programming through its on-site farm and high-quality service throughout its entire operation. Pearlstone also has a significant focus on Jewish environmental education, and sustainability efforts.

The Pearlstone board agreed to merge with Hazon on July 2021. Hazon works to catalyze the Jewish community, and other faith communities, outwards, to work for a healthier, more sustainable and more equitable world for all. Hazon effects change by encouraging people to learn; to act; and to speak up; and by working with individuals, institutions and in the wider community. The combined organization, which will be known as Adamah, will be positioned to lead a transformative movement deeply weaving sustainability into the fabric of American Jewish life. Beginning with the announcement of the planned merger, the two organizations began sharing certain activities and key management personnel including the CEO.

Affiliation

The Center is a constituent agency of The Associated: Jewish Community Federation of Baltimore, Inc. (The Associated) and receives an annual allocation from The Associated. The Associated owns some of the Center's land and buildings.

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

Restricted Cash

Amounts reported as restricted cash (without donor restrictions) represent amounts deposited with Truist Bank that are held as letters of credit, with Baltimore County named as the beneficiary. These letters of credit will remain in place until the Center successfully completes a set of projects that involve Baltimore County land. At that time, these letters will expire, and they will not be renewed.

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

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for retreat, other program services, and expense reimbursements from Hazon for shared costs. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management has determined all receivables to be fully collectible; therefore, an allowance has not been recorded as of June 30, 2022 and 2021. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Pledges and Grant Receivable

The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has determined all receivables to be fully collectible; therefore, an allowance has not been recorded as of June 30, 2022 and 2021. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Property and Equipment

The Center records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. At June 30, 2021, the Center had received $165,000 in conditional promises to give for the Tiyul Outdoor Adventures program, of which $145,000 remained as a conditional promise to give at June 30, 2022.

ASC 958-605, *Contribution Guidance*, has been applied to the employee retention credit income as these are seen as government grants in which the conditions have been met for calendar year quarter three and quarter four of 2020 in the amount of $61,669, presented as nonoperating income in the June 30, 2022 statement of activities, and for calendar year quarter one and quarter two of 2021 in the amount of $414,198, presented as nonoperating income in the June 30, 2021 statement of activities.

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

Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2022 and 2021.

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 Center. 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.
- Travel, depreciation, insurance, and occupancy cost expense lines have been allocated completely based on the calculated ratio determined by management for salaries, taxes, and benefits.
- Advertising and promotion, office expenses, and information technology have various expenses within them that are allocated based on the calculated ratio determined by management for salaries, taxes, and benefits, while other components of these lines can be directly allocated to their functionality.

Income Tax Status

The Center is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code 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 Center had no net unrelated business income for the years ended June 30, 2022 and 2021.

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

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.

Credit Risk

The Center has funds on deposit with financial institutions in excess of federally-insured amounts. The Center has not experienced any losses on cash accounts and management believes the Center is not exposed to significant credit risk on cash.

Impact of COVID-19

During the year, operations were negatively impacted by the spread of the Coronavirus Disease (COVID-19). Program revenue was negatively impacted as the Center reduced large gatherings, which decreased program revenues.

Changes in supply distribution, inflation, and staffing challenges continue to impact the Center. Groups are returning to the campus, but the large groups who had historically visited the campus multiple times throughout the year have not yet returned. The Center has responded to this change in demographics with an increased focus on and investment in marketing resources.

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.

The Center'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 Center is now July 1, 2022.

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

Subsequent Events

Subsequent events have been evaluated through May 8, 2023, which is the date the financial statements were available to be issued.

The Center merged with Hazon, effective March 1, 2023. The merger is an amplification of the field of Jewish Outdoor Food, Farming & Environmental Education, bringing strategy, discipline, and experience, and creating an organization poised to respond at the pace and scale this moment demands and deserves. The elements of what makes life vibrant and creating – and informed with a justice lens – are reflected in Pearlstone's immersive retreats, Jewish educational programs, and sustainability efforts. The Center, as the surviving entity, was restructured to allow for equal control by the merged entities and will undergo a change of year-end to December 31, effective with December 31, 2022. The merged entity will be legally known as Adamah, Inc.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Center is primarily supported by grants, contributions, retreat center income, and its annual allocation from The Associated. Historical operating revenues in excess of operating expenses are instrumental to maintain short-term liquidity.

Short-term cash liquidity is measured and sustained by the excess of operating revenue after incurring operating expenses. Cash received for a specific use is reserved and held in separately 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	$ 2,969,293	$ 2,205,905
Accounts Receivable	238,747	376,407
Pledges and Grants Receivable	3,615,786	739,449
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	63,526
Total Financial Assets	6,823,826	3,385,287
Less: Net Assets with Donor Restriction Held in Cash and Receivables	(5,367,224)	(2,255,389)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,456,602	$ 1,129,898

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 is as follows:

	2022	2021
Building and Building Improvements	$ 4,364,003	$ 2,600,034
Land	460,292	460,292
Furniture and Equipment	1,528,855	952,521
Construction in Progress	5,964,915	2,208,231
	12,318,065	6,221,078
Less Accumulated Depreciation	(1,351,223)	(923,608)
Total Property and Equipment	$ 10,966,842	$ 5,297,470

Depreciation expense for the years ended June 30, 2022 and 2021, was $427,615 and $246,043, respectively.

NOTE 4 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable as of June 30 are comprised of the following:

	2022	2021
Due in Less than One Year	$ 3,465,786	$ 709,449
Due in One to Five Years	150,000	30,000
Total	$ 3,615,786	$ 739,449

Management has determined all receivables to be fully collectible.

NOTE 5 PPP LOAN

On April 16, 2020 the Center received a loan from Truist Bank in the amount of $579,900 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan) that was forgiven in full on May 7, 2021. The forgiveness was recorded as nonoperating income on the statement of activities for the year ended June 30, 2021.

On March 26, 2021 the Center received a second PPP Loan from Truist Bank in the amount of $594,350. The loan amount was reported on the June 30, 2021 statement of financial position and was forgiven in full on June 2, 2022. The forgiveness was recorded as nonoperating income on the statement of activities for the year ended June 30, 2022.

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 Center's financial position.

NOTE 6 CONSTRUCTION LOAN

On October 18, 2021, the Center borrowed $4,691,504 through a bridge loan from Truist Bank, which is guaranteed by The Associated. The loan bears interest equal to the sum of the adjusted secured overnight financing rate (SOFR Rate). Interest on the outstanding principal balance is due monthly, in arrears, on the first day of each month, commencing November 1, 2021. The entire outstanding principal balance and all accrued unpaid interest under the loan is due on the maturity date of October 18, 2024 and callable sooner if an event of default occurs. The outstanding balance as of June 30, 2022 was $3,340,455. The loan has various covenants the Center must comply with including a requirement to provide audited financial statements within 180 days after year end. This covenant was not met and due to this, the bank may exercise its rights under an event of default and require repayment from the Center sooner than the maturity date of October 18, 2024. The outstanding balance as of April 16, 2023 was $697,368.

NOTE 7 MORTGAGE PAYABLE

The Center obtained a $536,000 mortgage from a commercial bank on May 3, 2019, to finance the purchase of an adjacent property and house. The mortgage has a maturity date of November 3, 2029 and accrues interest at a rate of 5.2%. Interest-only payments were made until December 2019, at which time payments included principal and interest. Accrued interest as of June 30, 2022 and 2021 is $1,834 and $2,031, respectively, and is included in accounts payable and accrued expenses on the statements of financial position.

The future principal payments are expected to be made as follows:

Year Ending June 30,	Amount
2023	$ 48,269
2024	50,840
2025	53,547
2026	56,399
2027	59,403
Thereafter	154,818
Total	$ 423,276

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Capital Projects	$ 7,004,936	$ 3,836,988
Project Accelerate	-	254,000
Programming	501,248	177,632
Farm Forward Grant	-	120,000
Youth and Families Pathway	485,500	75,000
Total Net Assets With Donor Restrictions	$ 7,991,684	$ 4,463,620

NOTE 9 RELEASES FROM DONOR RESTRICTIONS

Amounts were released from donor restrictions for the following purposes at June 30:

	2022	2021
Programming	$ 684,665	$ 1,402,153
Capital Projects	2,528,029	663,664
Project Accelerate	354,000	-
Total Released from Donor Restrictions	$ 3,566,694	$ 2,065,817

NOTE 10 RETIREMENT PLAN

The Center 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% pre-tax 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 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 pre-tax 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 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 Center may also make a discretionary contribution. 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. Employment Benefit Contribution 401(k) Thrift Plan expense was $58,725 and $-0- for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

The Associated

The Center has executed a memorandum of understanding (MOU) with The Associated outlining the services provided by The Associated to the Center. The MOU, effective July 1, 2016 was superseded by a new MOU on April 13, 2022. The MOU outlines the type of services provided to the Center including real estate, finance/payroll, human resources, information technology, marketing, property management and repairs, investment management and security, as well as the agreed upon value to these services. The MOU creates no contractual obligations and automatically renews annually, unless terminated under terms of the agreement. The memorandum is amended each year to reflect updated costs of the services provided by The Associated to the Center. In addition, the Center entered into a cancellable lease arrangement with The Associated. The lease agreement

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

The Associated (Continued)

was amended on April 13, 2022 with an initial lease term of 10 years beginning on July 1, 2022, with the option for the Center to exercise one additional 10-year extension term upon notice of at least 180 days before the expiration of the initial term. The terms of the lease provide for an increase of 3% from the initial rent on an annual basis. The Associated provides a rent subsidy to the Center, through allocations from The Associated that matches the annual rent expense after each annual increase. The Center can terminate the lease within 90 days notice in the event The Associated ceases this funding and funding for the rental obligations is not obtained from another source.

The total value of these services was $590,533 and $425,418 for the years ended June 30, 2022 and 2021, respectively, and is included in expenses on the statements of activities. The allocation from The Associated totals $962,905 and $927,071 for the years ended June 30, 2022 and 2021, respectively, and are captured in allocation from The Associated on the statements of activities.

The Center has accounts payable to The Associated as of June 30, 2022 of $3,592 and a receivable from the Associated of $63,526 as of June 30, 2021. The Center also reimburses The Associated for certain costs including benefits, insurance, and other costs.

As Pearlstone prepared to merge with Hazon, members of the leadership team stepped into roles that supported Hazon as well as Pearlstone. The value of those services, as well as expenses paid by Pearlstone on behalf of Hazon (and reimbursed by Hazon), was $202,918 in the year ended June 30, 2022. Hazon also supported Pearlstone's merger work with contributions of $101,878 in the year ended June 30, 2022. All of that activity is reflected in Other Income. As of June 30, 2022, Pearlstone had $188,511 included in accounts receivable from Hazon.

NOTE 12 COMMITMENTS

The Center has employment agreements with members of senior management that include severance benefits only if employment is terminated by the Center without cause. As of June 30, 2022, no amounts have been accrued for these severance benefits.

NOTE 13 CAPITAL CAMPAIGN

The Associated holds pledge receivables, designated to the Center's capital campaign in the amount of $707,330 and $913,002 as of June 30, 2022 and 2021, respectively, conditional upon payment from the donor.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
The Pearlstone Conference Retreat Center
Reisterstown, Maryland

We have audited the financial statements of The Pearlstone Conference Retreat Center as of and for the years ended June 30, 2022 and 2021, and our report thereon dated May 8, 2023, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 21 to 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
May 8, 2023

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES – BY INTERNAL FUND
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2022			2021
	Operating	Capital	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	$ 1,590,542	$ 5,534,443	$ 7,124,985	$ 1,799,084
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	962,905	-	962,905	927,071
Contributions	93,156	-	93,156	227,455
Retreat Center Income	2,001,222	-	2,001,222	1,110,430
Other Income	357,491	12	357,503	82,689
Total Revenue, Gains, and Other Support	5,005,316	5,534,455	10,539,771	4,146,729
EXPENSES				
Conference and Retreat Expenses:				
Retreat Center Expenses	1,472,721	-	1,472,721	1,711,416
Other Programs	2,584,498	-	2,584,498	1,087,255
General and Administrative	893,478	25,299	918,777	690,809
Fundraising	148,032	-	148,032	175,424
Depreciation	-	427,615	427,615	246,043
Total Expenses	5,098,729	452,914	5,551,643	3,910,947
NONOPERATING ACTIVITIES				
Employee Retention Credits	61,669	-	61,669	414,198
Forgiveness of PPP Loan	594,350	-	594,350	579,900
Change in Net Assets from Nonoperating Activities	656,019	-	656,019	994,098
CHANGE IN NET ASSETS	562,606	5,081,541	5,644,147	1,229,880
Net Assets - Beginning of Year	1,340,601	5,311,205	6,651,806	5,421,926
NET ASSETS - END OF YEAR	$ 1,903,207	$ 10,392,746	$ 12,295,953	$ 6,651,806

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES– WITHOUT DONOR RESTRICTIONS
BY INTERNAL FUND
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2022			2021
	Operating	Capital	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	$ 58,000	$ -	$ 58,000	$ 232,943
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	962,905	-	962,905	927,071
Contributions	65,383	-	65,383	135,410
Retreat Center Income	2,001,222	-	2,001,222	1,110,430
Other Income	357,491	12	357,503	82,689
Satisfaction of Donor Restrictions	1,235,042	2,331,652	3,566,694	2,065,817
Total Revenue, Gains, and Other Support	4,680,043	2,331,664	7,011,707	4,554,360
EXPENSES				
Conference and Retreat Expenses:				
Retreat Center Expenses	1,472,721	-	1,472,721	1,711,416
Other Programs	2,584,498	-	2,584,498	1,087,255
General and Administrative	893,478	25,299	918,777	690,809
Fundraising	148,032	-	148,032	175,424
Depreciation	-	427,615	427,615	246,043
Total Expenses	5,098,729	452,914	5,551,643	3,910,947
NONOPERATING ACTIVITIES				
Employee Retention Credits	61,669	-	61,669	414,198
Forgiveness of PPP Loan	594,350	-	594,350	579,900
Change in Net Assets from Nonoperating Activities	656,019	-	656,019	994,098
CHANGE IN NET ASSETS	237,333	1,878,750	2,116,083	1,637,511
Net Assets - Beginning of Year	577,939	1,610,247	2,188,186	550,675
NET ASSETS - END OF YEAR	$ 815,272	$ 3,488,997	$ 4,304,269	$ 2,188,186

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES – WITH DONOR RESTRICTIONS
BY INTERNAL FUND
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2022			2021
	Operating	Capital	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	$ 1,532,542	$ 5,534,443	$ 7,066,985	$ 1,566,141
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	-
Contributions	27,773	-	27,773	92,045
Retreat Center Income	-	-	-	-
Other Income	-	-	-	-
Satisfaction of Donor Restrictions	(1,235,042)	(2,331,652)	(3,566,694)	(2,065,817)
Total Revenue, Gains, and Other Support	325,273	3,202,791	3,528,064	(407,631)
EXPENSES				
Conference and Retreat Expenses:				
Retreat Center Expenses	-	-	-	-
Other Programs	-	-	-	-
General and Administrative	-	-	-	-
Fundraising	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	-	-	-	-
CHANGE IN NET ASSETS	325,273	3,202,791	3,528,064	(407,631)
Net Assets - Beginning of Year	762,662	3,700,958	4,463,620	4,871,251
NET ASSETS - END OF YEAR	$ 1,087,935	$ 6,903,749	$ 7,991,684	$ 4,463,620