

**JEWISH FOUNDATION FOR GROUP HOMES, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Foundation for Group Homes, Inc.
and Affiliates
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jewish Foundation for Group Homes, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jewish Foundation for Group Homes, Inc. and Affiliates as of June 30, 2021 and 2020, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, Jewish Foundation for Group Homes, Inc. and Affiliates has adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Additionally, as discussed in Note 1, Jewish Foundation for Group Homes, Inc. and Affiliates has adopted Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Greenbelt, Maryland
February 25, 2022

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 264,055	\$ 983,659
Investments	3,795,753	3,820,226
Accounts Receivable	1,466,761	859,373
Other Receivable - Life Insurance	-	431,000
Grants Receivable	99,105	193,306
Unconditional Promise to Give, Net of Allowance	96,190	369,044
Prepaid Expenses	292,739	28,284
Total Current Assets	6,014,603	6,684,892
PROPERTY AND EQUIPMENT		
Net of Accumulated Depreciation	11,720,302	11,295,033
OTHER ASSETS		
Endowment Funds Held With JFGH-E	16,316,428	13,542,587
Unconditional Promise to Give, Net of Discount	-	177,277
Cash Surrender Value - Life Insurance	686,607	667,451
Investment - 457b Plan Asset	741,406	503,079
Deposits	11,960	11,960
Total Other Assets	17,756,401	14,902,354
Total Assets	\$ 35,491,306	\$ 32,882,279

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS	2021	2020
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,190,775	\$ 789,831
Due to Consumers	-	3,611
Due to State	1,307,175	491,448
Deferred Revenue	-	5,000
Notes Payable, Current Portion	-	4,381
Capital Lease Obligations, Current Portion	210,090	242,446
Total Current Liabilities	2,708,040	1,536,717
LONG-TERM LIABILITIES		
Security Deposits	8,200	6,200
Paycheck Protection Program Loan	-	2,286,960
Deferred Mortgages Payable	319,537	319,537
Deferred Grant Revenue	2,603,387	2,603,387
Deferred Compensation - 457b Plan Liability	741,406	503,079
Capital Lease Obligations, Net of Current Portion	177,443	296,008
Total Long-Term Liabilities	3,849,973	6,015,171
Total Liabilities	6,558,013	7,551,888
NET ASSETS		
Without Donor Restrictions:		
Undesignated	8,272,243	7,315,431
Board-Designated Reserves	2,585,043	2,076,993
Board-Designated Quasi Endowment	1,726,982	1,433,446
Total Net Assets Without Donor Restrictions	12,584,268	10,825,870
With Donor Restrictions:		
Purpose and Time Restrictions	8,319,308	6,397,844
Perpetual in Nature	8,029,717	8,106,677
Total Net Assets With Donor Restrictions	16,349,025	14,504,521
Total Net Assets	28,933,293	25,330,391
Total Liabilities and Net Assets	\$ 35,491,306	\$ 32,882,279

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
State Program Fees	\$ 12,225,552	\$ -	\$ 12,225,552	\$ 10,886,867	\$ -	\$ 10,886,867
Contributions	2,610,580	451,134	3,061,714	1,507,336	981,768	2,489,104
Net Investment Return Endowment Funds Held by JFGH-E	358,295	3,016,464	3,374,759	57,584	1,150,013	1,207,597
Net Investment Return	541,393	100,959	642,352	220,261	32,863	253,124
Forgiveness of Paycheck Protection Program Loan	2,286,960	-	2,286,960	-	-	-
Provider Relief Fund Grant	1,235,371	-	1,235,371	-	-	-
Other Grants	1,130,079	-	1,130,079	1,277,578	-	1,277,578
Consumer Fees	626,137	-	626,137	651,298	-	651,298
Other Program Service Fees	436,229	-	436,229	575,946	-	575,946
Rental Income and Utilities Pass-Through	84,397	-	84,397	103,050	-	103,050
Other Income	79,758	-	79,758	457,089	-	457,089
Total	<u>21,614,751</u>	<u>3,568,557</u>	<u>25,183,308</u>	<u>16,352,022</u>	<u>2,164,644</u>	<u>18,516,666</u>
Net Assets Released from Restrictions	<u>1,724,053</u>	<u>(1,724,053)</u>	<u>-</u>	<u>912,818</u>	<u>(912,818)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	23,338,804	1,844,504	25,183,308	17,264,840	1,251,826	18,516,666
EXPENSES						
Program Services:						
Residential Group Homes	17,304,100	-	17,304,100	13,047,384	-	13,047,384
Greenwald Personal Support Program	888,043	-	888,043	1,017,144	-	1,017,144
MOST Program - Maryland	311,434	-	311,434	348,434	-	348,434
MOST Program - Virginia	473,722	-	473,722	468,483	-	468,483
Oshinsky Apartment Program	247,369	-	247,369	396,251	-	396,251
Private Pay Subleasing (MyPad)	150,161	-	150,161	138,795	-	138,795
Total Program Services	<u>19,374,829</u>	<u>-</u>	<u>19,374,829</u>	<u>15,416,491</u>	<u>-</u>	<u>15,416,491</u>
Supporting Services:						
Management and General	1,722,737	-	1,722,737	1,781,076	-	1,781,076
Fundraising	482,840	-	482,840	407,268	-	407,268
Total Supporting Services	<u>2,205,577</u>	<u>-</u>	<u>2,205,577</u>	<u>2,188,344</u>	<u>-</u>	<u>2,188,344</u>
Total Expenses	<u>21,580,406</u>	<u>-</u>	<u>21,580,406</u>	<u>17,604,835</u>	<u>-</u>	<u>17,604,835</u>
CHANGE IN NET ASSETS	1,758,398	1,844,504	3,602,902	(339,995)	1,251,826	911,831
Net Assets - Beginning of Year	<u>10,825,870</u>	<u>14,504,521</u>	<u>25,330,391</u>	<u>11,165,865</u>	<u>13,252,695</u>	<u>24,418,560</u>
NET ASSETS - END OF YEAR	<u>\$ 12,584,268</u>	<u>\$ 16,349,025</u>	<u>\$ 28,933,293</u>	<u>\$ 10,825,870</u>	<u>\$ 14,504,521</u>	<u>\$ 25,330,391</u>

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services						Supporting Services			
	Residential Group Homes	Greenwald Personal Support Program	MOST Program - MD	MOST Program - VA	Oshinsky Apartment Program	Private Pay Subleasing	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 13,146,284	\$ 700,843	\$ 189,423	\$ 353,132	\$ 179,253	\$ 44,123	\$ 14,613,058	\$ 771,460	\$ 284,172	\$ 15,668,690
Employee Benefits	800,796	48,454	17,756	20,260	31,667	496	919,429	174,413	29,012	1,122,854
Payroll Taxes	985,056	49,381	14,092	24,890	9,768	3,437	1,086,624	64,358	21,396	1,172,378
Total Salaries and Related Expenses	14,932,136	798,678	221,271	398,282	220,688	48,056	16,619,111	1,010,231	334,580	17,963,922
Occupancy	496,761	8,494	5,214	47,759	1,107	101,930	661,265	30,076	1,701	693,042
Depreciation	522,463	2,558	43,866	3,053	8,778	-	580,718	69,887	6,409	657,014
Supplies and Equipment	481,106	3,262	865	2,151	1,173	-	488,557	100,171	1,505	590,233
Repairs and Maintenance	296,846	885	12,688	1,522	885	-	312,826	55,103	2,485	370,414
Food	229,076	-	-	-	-	-	229,076	-	-	229,076
Information Technology	142,877	8,131	2,122	4,211	2,942	-	160,283	38,384	3,704	202,371
Contracted Services	72,906	58,921	923	1,528	1,204	175	135,657	36,801	17,007	189,465
Insurance	9,988	9	252	252	261	-	10,762	164,427	24	175,213
Bad Debt	-	-	-	-	-	-	-	-	74,254	74,254
Office Expenses	41,294	1,907	545	857	687	-	45,290	18,481	5,835	69,606
Employment and Training	4,650	-	-	-	-	-	4,650	59,509	-	64,159
Client Activities	43,347	-	10,499	13,790	-	-	67,636	25	-	67,661
Membership Dues	11,140	-	-	120	-	-	11,260	37,671	865	49,796
Transportation	12,579	5,198	13,189	197	9,644	-	40,807	2,580	-	43,387
Staff Appreciation	265	-	-	-	-	-	265	31,171	-	31,436
Fundraising, Marketing, and Events	-	-	-	-	-	-	-	-	30,746	30,746
Miscellaneous	-	-	-	-	-	-	-	30,000	-	30,000
Interest	-	-	-	-	-	-	-	28,645	-	28,645
Meetings and Conferences	-	-	-	-	-	-	-	7,247	-	7,247
Medical	6,666	-	-	-	-	-	6,666	-	-	6,666
Communications	-	-	-	-	-	-	-	2,328	3,725	6,053
Total Expenses	<u>\$ 17,304,100</u>	<u>\$ 888,043</u>	<u>\$ 311,434</u>	<u>\$ 473,722</u>	<u>\$ 247,369</u>	<u>\$ 150,161</u>	<u>\$ 19,374,829</u>	<u>\$ 1,722,737</u>	<u>\$ 482,840</u>	<u>\$ 21,580,406</u>

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services			Total
	Residential Group Homes	Greenwald Personal Support Program	MOST Program - MD	MOST Program - VA	Oshinsky Apartment Program	Private Pay Subleasing	Total Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 9,155,779	\$ 839,005	\$ 217,555	\$ 300,889	\$ 299,351	\$ 34,498	\$ 10,847,077	\$ 758,804	\$ 281,903	\$ 11,887,784
Employee Benefits	686,401	70,311	23,951	22,379	49,433	653	853,128	101,932	35,646	990,706
Payroll Taxes	647,566	61,257	14,502	21,553	17,807	2,644	765,329	74,081	20,901	860,311
Total Salaries and Related Expenses	10,489,746	970,573	256,008	344,821	366,591	37,795	12,465,534	934,817	338,450	13,738,801
Occupancy	512,161	9,925	7,557	61,516	1,730	100,482	693,371	33,973	4,400	731,744
Depreciation	513,901	3,867	42,652	2,525	8,302	-	571,247	66,517	6,572	644,336
Food	439,686	-	-	-	-	-	439,686	-	-	439,686
Repairs and Maintenance	357,276	973	14,070	14,179	973	-	387,471	47,578	2,729	437,778
Supplies and Equipment	171,767	5,085	1,633	29,711	2,186	147	210,529	144,678	5,457	360,664
Fundraising, Marketing, and Events	-	-	-	-	-	-	-	-	318,461	318,461
Insurance	59,929	52	1,515	1,515	1,566	-	64,577	170,278	145	235,000
Miscellaneous	194,488	-	-	-	-	-	194,488	27,426	199	222,113
Information Technology	60,081	7,660	1,622	3,740	2,779	-	75,882	50,406	7,212	133,500
Contracted Services	58,135	8,901	1,350	1,748	2,520	224	72,878	20,070	8,898	101,846
Employment and Training	20,453	-	-	-	-	42	20,495	67,187	4,101	91,783
Transportation	76,500	7,076	14,364	2,340	7,898	2	108,180	9,274	5	117,459
Office Expenses	34,427	3,032	640	842	1,103	-	40,044	24,676	7,701	72,421
Bad Debt	-	-	-	-	-	-	-	36,861	10,507	47,368
Membership Dues	8,125	-	-	30	-	103	8,258	37,541	-	45,799
Interest	-	-	-	-	-	-	-	44,522	-	44,522
Client Activities	27,916	-	6,823	4,598	603	-	39,940	587	-	40,527
Meetings and Conferences	837	-	200	50	-	-	1,087	31,777	344	33,208
Staff Appreciation	8,168	-	-	-	-	-	8,168	22,742	-	30,910
Communications	-	-	-	558	-	-	558	10,166	10,548	21,272
Investment Fees	-	-	-	-	-	-	-	16,947	-	16,947
Medical	13,788	-	-	310	-	-	14,098	-	-	14,098
Total Expenses	13,047,384	1,017,144	348,434	468,483	396,251	138,795	15,416,491	1,798,023	725,729	17,940,243
Less: Special Events Expenses included with Revenue in the Statement of Activities	-	-	-	-	-	-	-	-	(318,461)	(318,461)
Less: Investment Expenses included with Revenue in the Statement of Activities	-	-	-	-	-	-	-	(16,947)	-	(16,947)
Total Expenses Reported in the Statement of Activities	\$ 13,047,384	\$ 1,017,144	\$ 348,434	\$ 468,483	\$ 396,251	\$ 138,795	\$ 15,416,491	\$ 1,781,076	\$ 407,268	\$ 17,604,835

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,602,902	\$ 911,831
Adjustments for Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation and Amortization	657,014	644,336
Realized/Unrealized Gain on Investments	(489,905)	(191,867)
Contributions with Donor Restrictions in Perpetuity	(48,045)	(133,072)
Forgiveness of Paycheck Protection Loan Program	(2,286,960)	-
Change in Value of Endowment Held With JFGH-E	(2,773,841)	(682,709)
Gain on Disposal of Property and Equipment	-	(11,366)
Donated Stock	(38,885)	-
Bad Debt Write-Off	74,254	47,368
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(607,388)	(684,193)
Grants Receivable	94,201	(16,484)
Other Receivable - Life Insurance	431,000	(431,000)
Due to State	815,727	442,643
Prepaid Expenses	(264,455)	42,025
Unconditional Promises to Give	375,877	19,277
Cash Surrender Value - Life Insurance	(19,156)	(65,966)
Deposits	-	(3,957)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	400,944	346,418
Due to Consumers	(3,611)	(57,034)
Deferred Revenue	(5,000)	(53,097)
Security Deposit Liability	2,000	(1,000)
Net Cash (Used) Provided by Operating Activities	(83,327)	122,153
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,045,194)	(970,845)
Proceeds from Disposal of Property and Equipment	-	14,370
Purchase of Investments and Reinvested Earnings	(3,060,850)	(3,036,682)
Proceeds from Sale of Investments	3,614,113	3,249,159
Net Cash Used by Investing Activities	(491,931)	(743,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	-	1,140,000
Principal Payments on Line of Credit	-	(1,940,000)
Proceeds from PPP Loan	-	2,286,960
Proceeds from Contributions With Donor Restrictions in Perpetuity	48,045	133,072
Principal Payments on Notes Payable	(4,381)	(10,456)
Principal Payments on Capital Leases	(188,010)	(138,188)
Net Cash (Used) Provided by Financing Activities	(144,346)	1,471,388
NET CHANGE IN CASH AND CASH EQUIVALENTS	(719,604)	849,543
Cash and Cash Equivalents - Beginning of Year	983,659	134,116
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 264,055	\$ 983,659
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 28,645	\$ 44,522
NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Acquisitions	\$ 1,082,283	\$ 1,091,024
Less: Amounts Financed	(37,089)	(120,179)
Net Cash Paid for Property and Equipment	\$ 1,045,194	\$ 970,845

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Jewish Foundation for Group Homes, Inc. (JFGH, Inc.) is incorporated under the laws of the state of Maryland. JFGH, Inc. is a nonprofit organization which provides community residential services and support for persons with developmental disabilities. JFGH's primary sources of support are government program service fees, grants, and charitable contributions.

JFGH Homeownership, LLC, JFGH Leasing, LLC, and JFGH Leasing PP, LLC filed articles of organization in the state of Maryland on October 30, 2017, to provide housing to individuals with intellectual and developmental disabilities. The entities are wholly owned limited liability company subsidiaries of JFGH and qualify as related entities.

JFGH, Inc., JFGH Homeownership, LLC, JFGH Leasing, LLC, and JFGH Leasing PP, LLC are collectively referred to as JFGH throughout the consolidated financial statements and notes.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of its wholly owned subsidiaries JFGH Homeownership, LLC, JFGH Leasing, LLC, and JFGH PP Leasing, LLC, which are under common control. Intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

JFGH prepares its consolidated financial statements on the accrual basis of accounting. In accordance with accounting principles generally accepted in the United States of America, JFGH is required to report information regarding its financial position and activities according to three classes of net assets: net assets without donor restrictions, net assets with donor restrictions – time and purpose, and net assets with donor restrictions - perpetuity as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category consist principally of federal and state government grants, program service fees, contributions, and related expenses associated with the operating activities of JFGH. JFGH reports amounts restricted by donors, that were initially conditional, as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) simultaneous to conditions being met. The board of directors has designated, from net assets without donor restrictions, an operating reserve, a capital reserve and a quasi-endowment.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of JFGH or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the consolidated statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash accounts and all highly liquid investments with an initial maturity of three months or less, except those that are part of an investment portfolio.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in investment income in the consolidated statements of activities. As a result, investment balances reported in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

Accounts Receivable

Accounts receivable are recorded at their net realizable value. The majority of the receivables consist of amounts due from governmental agencies. Accounts past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the allowance for doubtful accounts. Management estimates that all receivables are fully collectible and did not maintain an allowance for doubtful accounts provision at June 30, 2021 and 2020. The beginning balance in accounts receivable was \$859,373 and \$175,180 at June 30, 2021 and 2020, respectively. The ending balance was \$1,466,761 and \$859,373 at June 30, 2021 and 2020, respectively.

Grants Receivable and Unconditional Promises to Give

Grants receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Promises to give are presented in the consolidated financial statements net of an allowance for doubtful accounts. Promises to give are determined to be past due on a review of how recently payments have been received. The allowance for doubtful accounts is determined based on an annual review of account balances, including the age of the balance and the past experience with the beneficiary or the beneficiary's sponsor. Bad debt expense is recorded when the allowance is adjusted. Uncollectible promises to give are charged to the allowance for doubtful accounts. The allowance for doubtful accounts was \$957 and \$41,130 for the years ended June 30, 2021 and 2020, respectively.

Grants receivable and unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of discounts is included in contribution revenue.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable and Unconditional Promises to Give (Continued)

At June 30, 2021, all grants receivable and unconditional promises to give are expected to be collected within one of year of the balance sheet date. For the year ended June 30, 2020, unconditional promises to give are discounted to present value using a 0.75% discount rate. The present value discount was \$1,330 for the year ended June 30, 2020.

Unconditional Promises to Give – Fair Value Election

ASC 825, *Financial Instruments*, provides a fair value option election that allows entities to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. JFGH has elected the fair value option for unconditional promises to give in order to mitigate volatility in reported changes in net assets.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 are capitalized and recorded at cost. Effective September 2020, the capitalization threshold was raised to \$5,000. The cost of maintenance and repairs is charged to current operations as incurred, whereas significant renewals and betterments are capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Gifts of long-lived assets such as land, buildings or equipment are recorded at their fair values at date of donation and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, JFGH reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Revenue Recognition

Revenue is recognized when earned. JFGH recognizes contributions when cash, securities, other assets, or an unconditional promise to give are received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

At June 30, 2021 and 2020, conditional grants and contributions (excluding government grants) approximated \$130,000 and \$140,000, respectively.

Contributions and grants recognized as without or with donor restrictions depending on existence and/or nature of donor restrictions and recorded when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, either by the passage of time or incurrence of donor specified expenses, these net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Donated assets are recognized as contribution revenue at their estimated fair market value on the date of donation.

A portion of JFGH's revenue is derived from cost-reimbursable grants and contracts. Amounts received are recognized as earned and are reported as revenue when JFGH has incurred expenditures in compliance with specific contract or grant provisions.

Certain services and support for persons with developmental disabilities services, including residential, personal supports, and transitional services, provided by the JFGH are paid by the various federal, state, and local agencies based on per person reimbursement at the pre-determined rate based on the verified attendance records or service agreement. The performance obligation is considered to be a delivery of services. Revenue is recognized over time as the services are provided.

JFGH records special events and sponsorship revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time.

Allocation of Functional Expenses

Accounting principles generally accepted in the United States of America require all nonprofit organizations to present their expenses on a functional basis, separating program services from management and general and fundraising expenses. Functional expenses are either charged directly to program and supporting services as incurred or allocated based on usage or estimates of time and effort. Items such as occupancy and depreciation are allocated based on square footage, and items such as administrative personnel costs are allocated based on estimates of time and effort.

Income Taxes

JFGH, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income. There is no provision for income taxes as JFGH had no unrelated business income.

As single member limited liability companies, JFGH Homeownership, LLC, JFGH Leasing, LLC, and JFGH Leasing PP, LLC are, for federal income tax purposes, disregarded entities such that all of the assets and liabilities of the limited liability companies are treated for tax reporting purposes as the assets and liabilities of their sole member, JFGH, Inc.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The consolidated financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of June 30, 2021 and 2020, JFGH had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

JFGH follows the income tax standard for uncertain tax positions. JFGH, Inc. evaluated its tax positions and determined that they are more likely than not to be sustained on examination. JFGH's tax returns are subject to review and examination by federal, state, and local authorities.

Adoption of Accounting Standards Update 2014-09

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. JFGH has adopted ASU 2014-09 and analysis of various provisions of the standard resulted in no significant changes in the way JFGH recognizes revenue. The new guidance does not require prior period results to be restated.

Adoption of Accounting Standards Update

FASB issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for non-public entities. The new guidance does not require prior results to be restated.

Prior Year Adoption of Accounting Standard Update 2018-08

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance did not require prior period results to be restated.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Standards Update

In February 2016, the FASB issued ASU 2016-02, *Leases*, and has subsequently issued supplemental and/or clarifying ASUs (collectively ASC 842). ASC 842 will require entities that lease assets – referred to as “lessees” – to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The liability will be equal to the present value of future minimum lease payments. The asset will be based on the liability, subject to adjustment for certain costs. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or an operating lease. The accounting by entities that own the assets leased by the lessee – referred to as the lessor – will remain largely unchanged. The guidance is effective for fiscal years beginning after December 15, 2021, for private companies, and early adoption is permitted. JFGH is in the process of assessing the impact of this standard on the consolidated financial statements beginning in fiscal year 2023.

Reclassifications

Certain prior amounts were reclassified to conform to the current year presentation. Such reclassifications had no effect on previously reported net assets.

NOTE 2 CONCENTRATION OF RISK

Credit Risk

Financial instruments, which potentially subject JFGH to concentration of credit risk, include cash and cash equivalents and investments. It is JFGH’s practice to place its cash and cash equivalents and investments in high credit quality institutions to mitigate this risk. JFGH maintains its cash balances at several financial institutions which at times, may exceed federally insured limits.

Market Value Risk

JFGH invests in diversified investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amount reported in the consolidated financial statements.

Revenue Concentration

JFGH received approximately 83% of its revenues from government fees and grants in 2021 and approximately 76% from government fees and grants in 2020. JFGH is highly dependent upon its government funding to continue its operations.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 LIQUIDITY

The following represents JFGH's financial assets at June 30, 2021 and 2020:

	2021	2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 264,055	\$ 983,659
Investments	3,795,753	3,820,226
Accounts Receivable	1,466,761	859,373
Grants Receivable	99,105	193,306
Other Receivable - Life Insurance	-	431,000
Unconditional Promises, Net of Allowance and Discount	96,190	546,321
Endowment Funds Held With JFGH-E		
Group Homes, Inc.	16,316,428	13,542,587
Total Financial Assets	22,038,292	20,376,472
Less: Amounts not Available to be Used within One Year:		
Net Assets With Donor Restrictions	(16,349,025)	(14,504,521)
Financial Assets Available to Meet General Expenditures		
Over the Next Twelve Months before Board Designations	5,689,267	5,871,951
Less: Board-Designated Funds	(4,312,025)	(3,510,439)
Financial Assets Available to Meet General		
Expenditures Over the Next Twelve Months	\$ 1,377,242	\$ 2,361,512

It is the policy of JFGH to manage agency cash and cash equivalents to ensure appropriate levels and liquidity are maintained to support ongoing operating expenses, capital needs and strategic initiatives. JFGH shall maintain a minimum of \$620,000, approximately 14 days and a maximum of \$3,375,000, approximately 75 days in operating cash and cash equivalents available to meet general expenditures over the next 12 months. The policy provides instructions if operating cash falls either below the minimum or exceeds the maximum. In addition, JFGH has a line of credit in the amount of \$3,000,000 which is secured by JFGH assets, which JFGH can draw upon if conditions dictate.

NOTE 4 INVESTMENTS

The fair market value of investments were as follows at June 30:

	2021	2020
	Fair Value	Fair Value
Cash and Money Market	\$ 845,868	\$ 1,124,597
Equity Securities	1,581,499	1,252,407
Fixed Income Securities	1,355,386	1,314,089
Bonds Issued by the State of Israel	13,000	50,501
United Jewish Endowment Fund	-	78,632
Total	\$ 3,795,753	\$ 3,820,226

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

Net investment return is comprised of the following at June 30:

	2021	2020
Net Realized/Unrealized Gain on Investments	\$ 489,905	191,867
Interest and Dividends	167,721	78,204
Investment Expenses	(15,274)	(16,947)
Net Investment Return	\$ 642,352	\$ 253,124

NOTE 5 FAIR VALUE MEASUREMENTS

ASC 820-10 Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC820 are as described as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that JFGH has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are, therefore classified with Level 1, include active listed equity securities, fixed income securities, and cash and money market funds traded in brokerage firms.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments that trade in markets that are not considered to be active, but are valued on quoted market prices, dealer quotations, or alternative price sources supported by observable inputs are classified with Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or nontransferability, which are generally based on available market information. Investments whose values are based on inputs in markets that are not considered to be active, and are therefore classified with Level 2, include the United Jewish Endowment fund, and bonds issued by the state of Israel.

Assets classified with Level 3 have significant unobservable inputs.

There have been no changes in investment valuation or techniques.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30:

June 30, 2021	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market Funds	\$ 845,868	\$ -	\$ -	\$ 845,868
Equities	1,581,499	-	-	1,581,499
Fixed Income Securities	-	1,355,386	-	1,355,386
Bonds Issued by the State of Israel	-	13,000	-	13,000
Total Investments	<u>2,427,367</u>	<u>1,368,386</u>	<u>-</u>	<u>3,795,753</u>
Unconditional Promises to Give	-	-	96,190	96,190
Endowment Funds Held with JFGH-E:				
Investment Pool Held with JFGH-E	-	16,316,428	-	16,316,428
Investment - 457b Plan Assets				
Mutual Fund Equities	382,685	-	-	382,685
Mutual Fund Fixed Income Securities	3,436	-	-	3,436
Mutual Fund Other Securities	355,285	-	-	355,285
Total Investment - 457b Plan Assets	<u>741,406</u>	<u>-</u>	<u>-</u>	<u>741,406</u>
Total Assets	<u>\$ 3,168,773</u>	<u>\$ 17,684,814</u>	<u>\$ 96,190</u>	<u>\$ 20,949,777</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2020	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market Funds	\$ 1,124,597	\$ -	\$ -	\$ 1,124,597
Equities	1,252,407	-	-	1,252,407
Fixed Income Securities	-	1,314,089	-	1,314,089
United Jewish Endowment Fund	-	78,632	-	78,632
Bonds Issued by the State of Israel	-	50,501	-	50,501
Total Investments	<u>2,377,004</u>	<u>1,443,222</u>	<u>-</u>	<u>3,820,226</u>
Unconditional Promises to Give	-	-	546,321	546,321
Endowment Funds Held with JFGH-E:				
Investment Pool Held with JFGH-E	-	13,542,587	-	13,542,587
Investment - 457b Plan Assets				
Mutual Fund Equities	253,406	-	-	253,406
Mutual Fund Fixed Income Securities	2,060	-	-	2,060
Mutual Fund Other Securities	247,613	-	-	247,613
Total Investment - 457b Plan Assets	<u>503,079</u>	<u>-</u>	<u>-</u>	<u>503,079</u>
Total Assets	<u>\$ 2,880,083</u>	<u>\$ 14,985,809</u>	<u>\$ 546,321</u>	<u>\$ 18,412,213</u>

The unobservable inputs used to determine fair value of the unconditional promises to give in have been estimated using risk-free rate available in the market. However, it is possible that different rates are reported by various sources and could differ from source to source. Due to the nature of these financial instruments and rates applied to discount them, changes in market conditions and economic environment the fair value of these financial instruments.

The following table reconciles the beginning balance of the JFGH's unconditional promises to give assets that are measured at fair value using significant unobservable inputs (Level 3) for the years ended June 30:

	2021	2020
Balance - Beginning of Year	\$ 546,321	\$ 612,966
Contributions	156,381	294,707
Collections	(531,679)	(341,325)
Bad Debt Write Off	(116,336)	(7,525)
Change in Present Value Discount	1,330	15,855
Change in Allowance for Doubtful Promises	40,173	(28,357)
Balance - End of Year	<u>\$ 96,190</u>	<u>\$ 546,321</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are comprised of the following at June 30:

	2021	2020
Unconditional Promises to Give Due in Less than One Year	\$ 97,147	\$ 410,174
Unconditional Promises to Give Due in One to Five Years	-	178,607
Total Unconditional Promises to Give	<u>97,147</u>	<u>588,781</u>
Allowance for Doubtful Accounts	(957)	(41,130)
Present Value Discount	-	(1,330)
Net Unconditional Promises to Give	<u>\$ 96,190</u>	<u>\$ 546,321</u>

NOTE 7 CASH SURRENDER VALUE – LIFE INSURANCE

During the fiscal year ended June 30, 1987, JFGH received a legacy gift that will be funded by death benefits of a joint and last survivor life insurance policy issued by John Hancock. The life insurance policy names JFGH as the sole owner and beneficiary of the policy's death benefits. The policy, with a net death benefit in the amount of \$1,039,166, will be paid to JFGH upon the death of the surviving spouse. The cash surrender value was \$686,607 and \$667,451 as of June 30, 2021 and 2020, respectively, and is recorded as cash surrender value - life insurance in the consolidated statements of financial position. Subsequent to June 30, 2021 the surviving spouse passed and the remainder of the policy value will be recognized in fiscal year 2022.

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	Estimated Useful Life	2021	2020
Land	-	\$ 2,289,038	\$ 2,289,038
Buildings and Improvements	10-35 Years	13,710,730	13,640,186
Furniture and Equipment	3-10 Years	1,472,652	1,467,309
Vehicles	5 Years	1,286,096	1,249,007
Construction in Progress	-	995,266	25,959
Total		<u>19,753,782</u>	<u>18,671,499</u>
Less: Accumulated Depreciation and Amortization		(8,033,480)	(7,376,466)
Total		<u>\$ 11,720,302</u>	<u>\$ 11,295,033</u>

Effective September 2020, the useful lives for buildings and improvements and furniture and equipment were updated 10-35 years and 3-10 years, respectively.

Depreciation and amortization expense was \$657,014 and \$644,336 for the years ended June 30, 2021 and 2020, respectively.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
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NOTE 9 LINE OF CREDIT

JFGH has a revolving line of credit with a bank, which is due on demand. The maximum borrowing potential was \$3,000,000 as of June 30, 2021. The line is secured by cash balances, accounts receivable, JFGH's personal property, and certain investments defined in the security agreement. The line bears interest at a floor of 4.5% and was 4.5% as of June 30, 2021. The balance outstanding on the line was \$-0- at June 30, 2021 and 2020.

NOTE 10 DEFERRED GRANT REVENUE

JFGH obtained grants from the state of Maryland for the purchase or renovation of certain group homes and the JFGH administrative building. These grants include the right of recovery by the State against the specific property, in an amount bearing the same ratio to the then current fair market value of the property as the amount of the State participation in the total eligible cost of the property. The circumstances that this could occur would include a sale or transfer to any person, agency or organization that would not qualify as an applicant or if the property ceases as a developmental disabilities facility during a period of 30 years for each grant, expiring in 2026 through 2036. The total amount received from the State amounted to \$2,603,387 and is reflected in the consolidated statements of financial position as deferred grant revenue at June 30, 2021 and 2020. If JFGH does not meet the terms of the agreement the amount owed to the State may differ from the deferred grant revenue recorded and the consolidated financial statements have not been adjusted for this, as JFGH intends to continue to use the properties as required under the grant and does not expect to sell any of the properties or cease to use them as group homes. At the expiration of the 30-year period for each grant, when the conditions and barriers expire, JFGH will recognize the associated amount as revenue.

NOTE 11 NOTES PAYABLE

JFGH had a note payable for \$50,000 dated November 13, 2015. Monthly installment payments of \$928 included interest at 4.25%. The note matured on November 13, 2020. The note was secured by cash balances, accounts receivable, personal property, and certain investments defined in the security agreement. The final payment on the note was during fiscal year 2021 in the amount of \$4,381.

NOTE 12 DEFERRED MORTGAGES PAYABLE

On April 26, 2007, JFGH entered into two loan agreements with Fairfax County, Virginia in the amounts of \$169,955 and \$149,582. The mortgages are noninterest bearing with a 30-year term. No monthly payments are required until maturity as long as the property is owned and maintained by JFGH as a group home for the duration of the loan. The mortgages are secured by the respective group home and upon maturity of the mortgages or sale of the property, the County is entitled to 28% and 26%, respectively, of JFGH's equity in the respective properties.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 CAPITAL LEASE OBLIGATIONS

JFGH has agreements for the lease of vehicles with a combined capitalized cost of \$1,286,096 and \$1,249,007 as of June 30, 2021 and 2020, respectively. The lease terms call for monthly payments ranging from \$389 to \$1,113 including interest ranging from 4.86% - 9.90%. The leases' terms are for 60-75 months and mature between December 2020 and April 2026. Accumulated depreciation on the leased vehicles for the years ended June 30, 2021 and 2020, was \$1,021,854 and \$809,156, respectively. Depreciation expense for the vehicles totaled \$212,698 and \$211,429 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 234,670
2023	90,402
2024	61,914
2025	28,112
2026	18,281
Total Minimum Lease Payments	433,379
Less: Amounts Representing Interest	(45,846)
Present Value of Minimum Lease Payments (Including Current Portion of \$210,090)	\$ 387,533

NOTE 14 COMMITMENTS

Operating Leases

JFGH entered into a noncancelable lease agreement on February 16, 2011, for property in Fairfax, Virginia. The current term of the lease is from November 1, 2019 to October 31, 2022. Monthly rent for the property is \$2,402 for the current term of the lease.

JFGH entered into a lease agreement on January 28, 2020, for property in Loudoun County, Virginia. The term of the lease is from February 1, 2020 to April 30, 2025. Monthly rent for the property ranges from \$3,842 to \$4,454 for the term of the lease.

Total rent expense for the years ended June 30, 2021 and 2020, was \$262,866 and \$292,424, respectively, and is included in occupancy expense in the consolidated statements of functional expenses.

Future minimum lease payments are as follows through maturity:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 250,793
2023	72,963
2024	62,217
2025	53,219
Total	\$ 439,192

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 COMMITMENTS (CONTINUED)

Employment Contract

JFGH has entered into an employment contract with an employee. In the event of termination for reasons other than cause, the employee will receive severance pay as stipulated in the agreement.

NOTE 15 RETIREMENT PLANS

All employees of JFGH are eligible to participate in a tax-deferred annuity plan under Section 403(b) of the IRC. Employees may elect to contribute up to 20% of their salary, up to a maximum amount established by federal regulations. JFGH did not contribute to this plan until the year beginning July 1, 2019. JFGH's annual contribution to this plan is determined by the board of directors and is allocated to participants based upon length of service.

JFGH has an IRC section 457(b) plan to supplement retirement income for certain key members of the JFGH's executive management team. JFGH's annual contribution to this plan is determined by the board of directors and is allocated to participants based upon years of service and compensation level.

JFGH's contributions to the plans for the years ended June 30, 2021 and 2020, for \$209,706 and \$234,059, respectively, are included in employee benefits in the consolidated statements of functional expenses.

NOTE 16 RELATED PARTY TRANSACTIONS

Jewish Foundation for Group Homes Endowment, Inc.

The Jewish Foundation for Group Homes Endowment, Inc. (JFGH-E) is a nonprofit organization whose purpose is to hold and manage those assets donated as endowments to JFGH and to provide distributions to JFGH consistent with explicit donor stipulation and JFGH-E's applicable spending policies. JFGH-E does not have variance power over the distribution of the endowment assets. Effective, February 16, 2022, JFGH-E amended its bylaws giving control to JFGH through board control.

These endowments are pooled with the investments at JFGH-E and JFGH does not own specific underlying investments within the investment pool. The amount within the investment pool held for JFGH was \$16,316,428 and \$13,542,587 at June 30, 2021 and 2020, respectively, was made up of cash, equities, corporate bonds, government bonds and international bonds. The net investment income, appreciation, contributions, and expenditures recognized in the fund during the years ended June 30, 2021 and 2020, is summarized in Note 19.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
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NOTE 16 RELATED PARTY TRANSACTIONS (CONTINUED)

Jewish Foundation for Group Homes Endowment, Inc. (Continued)

JFGH provides management, finance and accounting services JFGH-E. For the year ended June 30, 2021, JFGH-E paid \$13,500 to JFGH for these services. For the year ended June 30, 2020, JFGH donated \$13,500 to JFGH-E for these services. JFGH also paid professional fees in the amount of \$10,863 and \$7,525 for JFGH-E for the years ended June 30, 2021 and 2020, respectively.

Contributions received by JFGH but not yet transferred to the funds managed by JFGH-E as of June 30, 2021 and 2020 were \$15,507 and \$134,238, respectively.

As a result of JFGH-E's spending policy, \$121,567 and \$104,551 was donated to JFGH during the years ended June 30, 2021 and 2020, respectively.

The financial activity of JFGH-E as of June 30 was as follows:

	<u>2021</u>	<u>2020</u>
Investments	\$ 19,606,855	\$ 16,280,470
Endowment Funds Held for JFGH	(16,316,428)	(13,542,585)
Due to JFGH	(1,166)	-
Net Assets	(3,289,261)	(2,737,885)
Investment Income, Net	686,075	206,625
In-Kind Contribution	11,230	21,025
Contribution to JFGH	(121,566)	(104,551)
Professional Fees and Admin Fee	(24,363)	(21,025)

JFGH Homeownership, LLC

JFGH Homeownership, LLC was formed during the year ended June 30, 2018, to purchase residential homes to be used in JFGH's Maryland residential group home program. The amount due to JFGH from this LLC was \$1,762,718 and \$1,294,439 at June 30, 2021 and 2020, respectively.

JFGH Leasing, LLC

JFGH Leasing, LLC was formed during the year ended June 30, 2018, to lease residential apartments to be used in JFGH's Oshinsky apartment program. The amount due to JFGH from this LLC was \$202,399 and \$133,886 at June 30, 2021 and 2020, respectively.

JFGH Leasing PP, LLC

JFGH Leasing PP, LLC was formed during the year ended June 30, 2018, to lease residential apartments to be used in JFGH's private pay program and periodic supports through the Oshinsky apartment program. The amount due to JFGH from this LLC was \$74,835 and \$69,004 at June 30, 2021 and 2020, respectively.

Other

For the years ended June 30, 2021 and 2020, cash received from board members for contributions including payments on pledges totaled \$85,668 and \$371,042, respectively.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 17 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED

The board of directors of JFGH has designated funds for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Operating Reserve	\$ 1,685,043	\$ 1,176,993
Capital Reserve	900,000	900,000
Quasi-Endowment	<u>1,726,982</u>	<u>1,433,446</u>
Total	<u>\$ 4,312,025</u>	<u>\$ 3,510,439</u>

NOTE 18 NET ASSETS WITH DONOR RESTRICTIONS

Time and purpose net assets invested and held at JFGH consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Naming Rights of Residential Homes	\$ 555,106	\$ 836,101
Program Operations	208,410	180,438
Resident Health, Medical, and Dental Expenses	181,343	131,502
20 for 20	174,321	174,321
Robert Shattner Building Fund	131,738	405,000
Direct Care Personnel Costs	118,750	18,750
Community Inclusion and Recreation	90,097	76,626
Group Home Renovations, Maintenance, and Support	61,691	45,095
Age in Place Fund	51,260	106,977
New or Enhanced Modalities Exploration	49,442	49,442
Trips for Residents to Israel	37,361	29,551
Art Activities	26,662	21,088
Resident and Sibling Support	22,978	23,024
Jewish Living Program	10,737	12,960
Special Events	9,823	21,288
COVID-19 Fiscal Year 2021	2,499	102,004
Above and Beyond Call of Duty Program Fund	<u>2,278</u>	<u>26,975</u>
Subtotal	1,734,496	\$ 2,261,142
Subject to Passage of Time	25,083	-
Total Net Assets with Donor Restrictions	<u>\$ 1,759,579</u>	<u>\$ 2,261,142</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 18 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Time and purpose net assets are released from donor restrictions when expenditures are made in accordance with the purposes specified by the donor. The following time and purpose net assets invested and held at JFGH were released from restrictions during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Robert Shattner Building Fund	\$ 273,261	\$ -
COVID-19 Fiscal Year 2021	245,968	-
Naming Rights of Residential Homes	180,999	26,177
Age in Place Fund	108,418	47,398
Above and Beyond Call of Duty Program Fund	41,917	29,807
Resident Health, Medical, and Dental Expenses	37,068	101,771
Special Events	31,332	10,387
Program Operations	30,402	30,065
Group Home Renovations, Maintenance, and Support	21,404	42,032
Direct Care Personnel Costs	-	25,000
Jewish Living Program	6,226	19,361
Community Inclusion and Recreation	5,118	9,913
Resident and Sibling Support	3,212	-
Trips for Residents to Israel	2,968	2,848
20 for 20	-	2,679
Art Activities	2,118	2,032
New or Enhanced Modalities Exploration	-	558
Total Net Assets Released from Restrictions	<u>\$ 990,411</u>	<u>\$ 350,028</u>

Time and purpose net assets held by JFGH-E and subject to appropriation and expenditure for specified purposes are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Group Home Renovations, Maintenance, and Support	\$ 2,151,260	\$ 1,410,555
Program Operations	2,075,969	1,324,618
Resident Health, Medical, and Dental Expenses	445,379	290,888
Anonymous Innovation Fund	315,642	93,736
Visual Arts and Cultural Activities	281,402	170,663
Direct Care Personnel Costs and Training	269,570	144,544
Personal Support Program	249,001	155,866
Vehicle Purchase and Maintenance	245,287	148,189
Special Events	139,149	79,051
Financial Assistance	-	76,445
Jewish Living Program	120,389	70,624
Medical and Nursing Expenses Endowment	98,425	61,143
Virginia Resident Operations Endowment	87,606	60,427
Support Residents and Families on the Waiting List	45,317	29,099
Resident and Sibling Support	35,333	20,854
Total Net Assets Subject to Appropriation and Expenditure for Specified Purpose	<u>\$ 6,559,729</u>	<u>\$ 4,136,702</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 18 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Time and purpose net assets are released from donor restrictions when expenditures are made in accordance with the purposes specified by the donor. The following time and purpose net assets held by JFGH-E were released from restrictions during the year ended June 30 in accordance with the spending policy:

	<u>2021</u>	<u>2020</u>
Financial Assistance for Individuals Endowment	\$ 201,451	\$ 8,581
Program Operations	166,788	207,862
Group Home Renovations, Maintenance, and Support	155,060	151,409
Anonymous Innovation Fund Endowment	51,310	34,767
Resident Health, Medical, and Dental Expenses	25,480	29,182
Direct Care Personnel Costs and Training	27,307	25,438
Visual Arts and Cultural Activities	24,713	23,747
Personal Support Program	20,798	19,981
Vehicle Purchase and Maintenance Endowment	15,865	19,343
Special Events	12,931	12,056
Jewish Living Program	10,877	10,315
Medical and Nursing Expenses Endowment	8,202	8,210
Virginia Resident Operations Endowment	6,016	5,565
Support Residents and Families on the Waiting List	3,614	3,312
Resident and Sibling Support	<u>3,230</u>	<u>3,022</u>
Total Release of Endowment		
Funds Subject to Appropriation and Expenditure	<u>\$ 733,642</u>	<u>\$ 562,790</u>

Endowment net assets, perpetual in nature, held by JFGH-E not subject to appropriation for specified purposes at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Program Operations	\$ 2,336,456	\$ 2,337,268
Group Home Renovations, Maintenance, and Support	2,172,680	2,168,766
Anonymous Innovation Fund Endowment	1,000,000	1,000,000
Direct Care Personnel Costs and Training	499,286	449,186
Resident Health, Medical, and Dental Expenses	364,654	377,011
Visual Arts and Cultural Activities	371,376	371,226
Vehicle Purchase and Maintenance Endowment	301,853	301,853
Personal Support Program	300,000	300,000
Special Events	216,665	211,615
Jewish Living Program	171,932	171,937
Medical and Nursing Expenses Endowment	122,181	120,181
Virginia Resident Operations Endowment	72,370	72,370
Support Residents and Families on the Waiting List	50,264	50,264
Resident and Sibling Support	<u>50,000</u>	<u>50,000</u>
Total Net Assets not Subject to Appropriation or Expenditure	<u>\$ 8,029,717</u>	<u>\$ 8,106,677</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 19 ENDOWMENTS

JFGH's endowment (net assets restricted into perpetuity) has been funded by donor-restricted contributions to be held in perpetuity, the earnings of which can be used for specific donor-imposed purposes. In addition, prior to July 1, 2019, JFGH established quasi-endowment funds to provide for the long-term needs of group home renovations and maintenance. While functioning as an endowment, the quasi-endowment funds were established by JFGH and are net assets without donor restriction. Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net assets consist of the following at June 30:

June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Quasi-Endowment Funds	\$ 1,726,982	\$ -	\$ 1,726,982
Donor Restricted Endowment Funds:			
Original Donor Restricted Gifts to be Held in Perpetuity	-	8,029,722	8,029,722
Portion Subject to Appropriation Under UPMIFA	-	6,559,724	6,559,724
Total	<u>\$ 1,726,982</u>	<u>\$ 14,589,446</u>	<u>\$ 16,316,428</u>
June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Quasi-Endowment Funds	\$ 1,433,446	\$ -	\$ 1,433,446
Donor Restricted Endowment Funds:			
Original Donor Restricted Gifts to be Held in Perpetuity	-	8,106,677	8,106,677
Portion Subject to Appropriation Under UPMIFA	-	4,136,702	4,136,702
Total	<u>\$ 1,433,446</u>	<u>\$ 12,243,379</u>	<u>\$ 13,676,825</u>

Interpretation of Relevant Law

JFGH has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, JFGH classifies as net assets restricted into perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted into perpetuity is classified as net assets restricted for time or purpose until those amounts are appropriated for expenditure by JFGH in a manner consistent with the standard of prudence prescribed by UPMIFA.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 19 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, JFGH considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of JFGH and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of JFGH; and (7) investment policies of JFGH.

Spending Policy

JFGH's spending policy for endowments designed to stabilize annual spending levels and preserve the real value of the endowment over time. In accordance with the JFGH's policy, a predetermined endowment spending rate has been established. The endowment spending rate is calculated at 5% of the total fair value of the available funds managed by JFGH-E based on a three-year rolling average.

Return Objectives, Risk Parameters, and Strategies

JFGH follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Should significant new donations be made to the endowment assets, the JFGH's investment policy would permit a strategy of long-term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce favorable results while taking a prudent approach to risk.

Changes in Endowment Net Assets

Changes in endowment net assets were as follows for the years ended June 30:

June 30, 2021	Without Donor Restrictions - Quasi-Endowment	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets - July, 1, 2020	\$ 1,433,446	\$ 4,136,702	\$ 8,106,677	\$ 13,676,825
Contributions	2,262	15,200	48,045	65,507
Investment Income, Net of Investment Fees	17,671	148,666	-	166,337
Net Appreciation (Realized and Unrealized)	340,630	2,867,792	-	3,208,422
Amounts Appropriated for Expenditure	(67,027)	(608,636)	(125,000)	(800,663)
Endowment Net Assets - June 30, 2021	<u>\$ 1,726,982</u>	<u>\$ 6,559,724</u>	<u>\$ 8,029,722</u>	<u>\$ 16,316,428</u>

June 30, 2020	Without Donor Restrictions - Quasi-Endowment	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets - As previously Reported	\$ -	\$ 14,045,384	\$ 1,515,707	\$ 15,561,091
Prior Period Adjustment (See Note 22)	1,402,196	(10,495,905)	6,457,898	(2,635,811)
Endowment Net Assets - As Restated	1,402,196	3,549,479	7,973,605	12,925,280
Contributions	2,550	-	133,072	135,622
Investment Income, Net of Investment Fees	9,135	183,767	-	192,902
Net Appreciation (Realized and Unrealized)	48,449	966,246	-	1,014,695
Amounts Appropriated for Expenditure	(28,884)	(562,790)	-	(591,674)
Endowment Net Assets - End of Year	<u>\$ 1,433,446</u>	<u>\$ 4,136,702</u>	<u>\$ 8,106,677</u>	<u>\$ 13,676,825</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 19 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as a deduction into the corresponding category of net assets. As of June 30, 2021, there were no underwater endowments to report. Subsequent gains that restore the fair value of the endowment fund assets to the required level stipulated by the donor will be classified as increases in corresponding net assets category to the extent that the shortfalls were charged to the fund.

NOTE 20 COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

JFGH has received grant funds from the state of Maryland for capital projects to group homes. The grant agreements include a disposition clause whereby JFGH may not sell or otherwise transfer or dispose of real or personal property acquired with grant funds without prior written consent from the State. If the State elects to permit any such transfer or disposition, it may, in its sole discretion, require that JFGH thereupon repay the State a percentage of the proceeds allocable to the grant that was used to acquire such property.

Conditional Revenue

JFGH earns a portion of its revenues through contracts with various federal, state and county agencies, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses and all of which may be subject to audit. Amounts received are recognized as revenue when JFGH has incurred expenditures in compliance with specific grant provisions. Until such audits have been completed and final settlement reached, there exists a potential to refund any amounts received in excess of allowable costs. Management is not aware of any liability as a result of these audits. JFGH received cost-reimbursable grants of which \$300,000 and \$150,000 had not been recognized as of June 30, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

Contingency

In the ordinary course of activities, JFGH is party to various legal and administrative actions. In the opinion of management, the potential adverse impact of these legal and administrative actions is insignificant to the financial statements of JFGH.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 20 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19

In March 2020, the World Health Organization declared the spread of the coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains and communities. Specific to JFGH, COVID-19 may impact various parts of its 2022 operations and financial results, including but not limited to, reduction of revenue due to reductions in certain revenue streams or increase in certain expenditures. As of February 25, 2022, the amount and likelihood of any loss relating to these events is not determined and cannot be reasonably estimated as these events are developing.

NOTE 21 PAYCHECK PROTECTION PROGRAM LOAN

On April 30, 2020, JFGH received a loan from Congressional Bank in the amount of \$2,286,960 to fund payroll, rent, utilities and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if JFGH fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. The submission of loan forgiveness to the financial institution was made on September 25, 2020 and, in June 2021, the PPP Loan was forgiven in full and paid by the SBA to the financial institution. The recognition of debt forgiveness is presented as Forgiveness of Paycheck Protection Program Loan in the accompanying consolidated statement of activities for the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds in compliance with the program 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 JFGH's financial position.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 22 SUBSEQUENT EVENTS

In preparing the consolidated financial statements, JFGH has evaluated events and transactions for potential recognition or disclosure through February 25, 2022, the date the consolidated financial statements were available to be issued.

Subsequent to year-end, JFGH received \$430,000 in the form of a -0-% loan with a term of 30 years and other conditions from Montgomery County, Maryland, through the Department of Housing and Community Affairs (DHCA). The loan was used to purchase a new home in Silver Spring, Maryland on November 30, 2021, which is to be occupied by individuals with intellectual and developmental disabilities.

Additionally, effective July 1, 2021, JFGH changed its policy for certain leave time that will obligate JFGH to pay out unused earned leave time upon the termination of employment. Prior to the change, unused earned leave time was forfeited upon the termination of employment without further obligation to JFGH. Management estimates that the change in policy will have an initial cost of approximately \$570,000 to JFGH when fully implemented.

SUPPLEMENTARY INFORMATION

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS	JFGH, Inc.	JFGH Homeownership, LLC	JFGH Leasing, LLC	JFGH Leasing PP, LLC	Elimination	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 251,219	\$ 325	\$ 651	\$ 11,860	\$ -	\$ 264,055
Investments	3,795,753	-	-	-	-	3,795,753
Accounts Receivable	1,466,761	-	-	-	-	1,466,761
Grants Receivable	99,105	-	-	-	-	99,105
Accounts Receivable - JFGH LLC's	2,039,951	-	-	-	(2,039,951)	-
Unconditional promises to give, Net of Allowance	96,190	-	-	-	-	96,190
Prepaid Expenses	292,739	-	-	-	-	292,739
Total Current Assets	<u>8,041,718</u>	<u>325</u>	<u>651</u>	<u>11,860</u>	<u>(2,039,951)</u>	<u>6,014,603</u>
PROPERTY AND EQUIPMENT						
Net of Accumulated Depreciation	10,480,628	1,233,922	5,752	-	-	11,720,302
OTHER ASSETS						
Endowment Funds Held With JFGH-E	16,316,428	-	-	-	-	16,316,428
Cash Surrender Value - Life Insurance	686,607	-	-	-	-	686,607
Investment - 457b Plan Asset	741,406	-	-	-	-	741,406
Deposits	9,960	-	1,000	1,000	-	11,960
Total Other Assets	<u>17,754,401</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>17,756,401</u>
Total Assets	<u><u>\$ 36,276,747</u></u>	<u><u>\$ 1,234,247</u></u>	<u><u>\$ 7,403</u></u>	<u><u>\$ 12,860</u></u>	<u><u>\$ (2,039,951)</u></u>	<u><u>\$ 35,491,306</u></u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021

LIABILITIES AND NET ASSETS	JFGH, Inc.	JFGH Homeownership, LLC	JFGH Leasing, LLC	JFGH Leasing PP, LLC	Elimination	Consolidated Total
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 1,190,775	\$ -	\$ -	\$ -	\$ -	\$ 1,190,775
Due to JFGH	-	1,762,718	202,399	74,834	(2,039,951)	-
Due to State	1,307,175	-	-	-	-	1,307,175
Capital Lease Obligations, Current Portion	210,090	-	-	-	-	210,090
Total Current Liabilities	<u>2,708,040</u>	<u>1,762,718</u>	<u>202,399</u>	<u>74,834</u>	<u>(2,039,951)</u>	<u>2,708,040</u>
LONG-TERM LIABILITIES						
Security Deposits	-	-	-	8,200	-	8,200
Deferred Mortgages Payable	319,537	-	-	-	-	319,537
Deferred Grant Revenue	2,603,387	-	-	-	-	2,603,387
Deferred Compensation - 457b Plan Liability	741,406	-	-	-	-	741,406
Capital Lease Obligations, Net of Current Portion	177,443	-	-	-	-	177,443
Total Long-Term Liabilities	<u>3,841,773</u>	<u>-</u>	<u>-</u>	<u>8,200</u>	<u>-</u>	<u>3,849,973</u>
Total Liabilities	6,549,813	1,762,718	202,399	83,034	(2,039,951)	6,558,013
NET ASSETS						
Without Donor Restrictions:						
Undesignated	9,065,884	(528,471)	(194,996)	(70,174)	-	8,272,243
Board-Designated Reserves	2,585,043	-	-	-	-	2,585,043
Board-Designated Quasi Endowment	1,726,982	-	-	-	-	1,726,982
Total Net Assets Without Donor Restrictions	<u>13,377,909</u>	<u>(528,471)</u>	<u>(194,996)</u>	<u>(70,174)</u>	<u>-</u>	<u>12,584,268</u>
With Donor Restrictions:						
Purpose and Time Restrictions	8,319,308	-	-	-	-	8,319,308
Perpetual in Nature	8,029,717	-	-	-	-	8,029,717
Total Net Assets With Donor Restrictions	<u>16,349,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,349,025</u>
Total Net Assets	<u>29,726,934</u>	<u>(528,471)</u>	<u>(194,996)</u>	<u>(70,174)</u>	<u>-</u>	<u>28,933,293</u>
Total Liabilities and Net Assets	<u>\$ 36,276,747</u>	<u>\$ 1,234,247</u>	<u>\$ 7,403</u>	<u>\$ 12,860</u>	<u>\$ (2,039,951)</u>	<u>\$ 35,491,306</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions JFGH, Inc.	With Donor Restrictions JFGH, Inc.	Total JFGH, Inc.	Without Donor Restrictions			Elimination	Total
				JFGH Homeownership, LLC	JFGH Leasing, LLC	JFGH Leasing PP, LLC		
REVENUES, GAINS, AND OTHER SUPPORT								
State Program Fees	\$ 11,493,283	\$ -	\$ 11,493,283	\$ 732,269	\$ -	\$ -	\$ -	\$ 12,225,552
Contributions	2,610,580	451,134	3,061,714	-	-	-	-	3,061,714
Net Investment Return - Endowment Funds								
Held by JFGH-E	358,295	3,016,464	3,374,759	-	-	-	-	3,374,759
Net Investment Return	541,393	100,959	642,352	-	-	-	-	642,352
Forgiveness of Paycheck Protection								
Program Loan	2,286,960	-	2,286,960	-	-	-	-	2,286,960
Provider Relief Fund Grant	1,235,371	-	1,235,371	-	-	-	-	1,235,371
Other Grants	1,130,079	-	1,130,079	-	-	-	-	1,130,079
Consumer Fees	584,587	-	584,587	28,050	13,500	-	-	626,137
Other Program Service Fees	404,939	-	404,939	-	13,884	17,406	-	436,229
Rental Income and Utilities Pass-Through	-	-	-	-	-	84,397	-	84,397
Other Income	7,606	-	7,606	72,152	-	-	-	79,758
Total	20,653,093	3,568,557	24,221,650	832,471	27,384	101,803	-	25,183,308
Net Assets Released from Restriction	1,724,053	(1,724,053)	-	-	-	-	-	-
Total Revenues, Gains, and Other Support	22,377,146	1,844,504	24,221,650	832,471	27,384	101,803	-	25,183,308
EXPENSES								
Program Services:								
Residential Group Homes	15,967,163	-	15,967,163	1,234,403	102,534	-	-	17,304,100
Greenwald Personal Support Program	888,043	-	888,043	-	-	-	-	888,043
MOST Program - Maryland	311,434	-	311,434	-	-	-	-	311,434
MOST Program - Virginia	473,722	-	473,722	-	-	-	-	473,722
Oshinsky Apartment Program	247,369	-	247,369	-	-	-	-	247,369
Private Pay Subleasing (MyPad)	10,128	-	10,128	-	-	140,033	-	150,161
Total Program Services	17,897,859	-	17,897,859	1,234,403	102,534	140,033	-	19,374,829
Supporting Services:								
Management and General	1,722,737	-	1,722,737	-	-	-	-	1,722,737
Fundraising	482,840	-	482,840	-	-	-	-	482,840
Total Supporting Services	2,205,577	-	2,205,577	-	-	-	-	2,205,577
Total Expenses	20,103,436	-	20,103,436	1,234,403	102,534	140,033	-	21,580,406
CHANGE IN NET ASSETS	2,273,710	1,844,504	4,118,214	(401,932)	(75,150)	(38,230)	-	3,602,902
Net Assets - Beginning of Year	11,104,199	14,504,521	25,608,720	(126,539)	(119,846)	(31,944)	-	25,330,391
NET ASSETS - END OF YEAR	<u>\$ 13,377,909</u>	<u>\$ 16,349,025</u>	<u>\$ 29,726,934</u>	<u>\$ (528,471)</u>	<u>\$ (194,996)</u>	<u>\$ (70,174)</u>	<u>\$ -</u>	<u>\$ 28,933,293</u>