

**JEWISH FOUNDATION FOR GROUP HOMES, INC.
AND AFFILIATES
DBA: MAKOM**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



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**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
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YEARS ENDED JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jewish Foundation for Group Homes, Inc. and Affiliates dba: Makom (Makom), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Makom as of June 30, 2025 and 2024, and 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 Consolidated Financial Statements section of our report. We are required to be independent of Makom 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 Consolidated 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

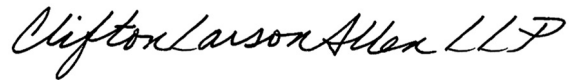
- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Makom'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Makom'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Board of Directors
Jewish Foundation for Group Homes, Inc. and Affiliates
dba: Makom

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 consolidated 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 audit 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.



CliftonLarsonAllen LLP

Columbia, Maryland
December 22, 2025

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,381,527	\$ 1,878,057
Investments	23,142,264	22,236,864
Accounts Receivable, Net of Expected Credit Loss	2,167,778	1,744,304
Grants Receivable	127,616	131,179
Unconditional Promise to Give, Net of Allowance	431,500	359,896
Prepaid Expenses	263,344	300,557
Total Current Assets	27,514,029	26,650,857
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION		
	15,515,711	16,789,984
LEASES		
Right-of-Use Assets - Operating Leases	3,997,835	357,240
Right-of-Use Assets - Financing Leases	1,169,819	1,384,236
Total Leases	5,167,654	1,741,476
OTHER ASSETS		
Unconditional Promise to Give, Net of Allowance	300,000	-
Investment - 457(b) Plan Asset	922,581	762,299
Investment - Buildings	1,738,183	-
Deposits	12,542	12,542
Total Other Assets	2,973,306	774,841
Total Assets	\$ 51,170,700	\$ 45,957,158

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS	2025	2024
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,938,823	\$ 2,450,951
Deferred Revenue	46,088	-
Deferred Mortgage Payable, Current Portion	14,828	14,828
Lease Liability, Current Portion - Operating Leases	384,148	93,461
Lease Liability, Current Portion - Financing Leases	433,636	399,832
Total Current Liabilities	3,817,523	2,959,072
LONG-TERM LIABILITIES		
Deferred Grant Revenue	2,603,387	2,603,387
Deferred Mortgages Payable, Net of Current Portion	1,001,816	1,001,459
Lease Liability, Net of Current Portion - Operating Leases	4,220,758	276,016
Lease Liability, Net of Current Portion - Financing Leases	712,013	953,744
Deferred Compensation - 457(b) Plan Liability	922,581	762,299
Security Deposits	18,459	14,109
Total Long-Term Liabilities	9,479,014	5,611,014
Total Liabilities	13,296,537	8,570,086
NET ASSETS		
Without Donor Restrictions:		
Undesignated	14,047,209	14,379,867
Board-Designated	6,092,572	4,079,220
Total Without Donor Restrictions	20,139,781	18,459,087
With Donor Restrictions:		
Purpose and Time Restrictions	7,838,675	9,037,544
Perpetual in Nature	9,895,707	9,890,441
Total With Donor Restrictions	17,734,382	18,927,985
Total Net Assets	37,874,163	37,387,072
Total Liabilities and Net Assets	\$ 51,170,700	\$ 45,957,158

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
State Program Fees	\$ 27,262,659	\$ -	\$ 27,262,659	\$ 24,565,927	\$ -	\$ 24,565,927
Contributions	3,426,947	69,455	3,496,402	1,898,897	229,900	2,128,797
Net Investment Return	435,253	1,151,565	1,586,818	746,419	2,291,561	3,037,980
Other Grants	1,615,015	-	1,615,015	1,724,174	-	1,724,174
Consumer Fees	692,931	-	692,931	617,919	-	617,919
Gain on Disposal of Property and Equipment	(670,374)	-	(670,374)	1,276,199	-	1,276,199
Other Program Service Fees	303,910	-	303,910	308,336	-	308,336
Rental Income and Utilities Pass-Through	198,696	-	198,696	164,676	-	164,676
Other Income	59,918	-	59,918	36,783	-	36,783
Total	<u>33,324,955</u>	<u>1,221,020</u>	<u>34,545,975</u>	<u>31,339,330</u>	<u>2,521,461</u>	<u>33,860,791</u>
Net Assets Released from Restrictions	<u>2,414,623</u>	<u>(2,414,623)</u>	<u>-</u>	<u>1,704,669</u>	<u>(1,704,669)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>35,739,578</u>	<u>(1,193,603)</u>	<u>34,545,975</u>	<u>33,043,999</u>	<u>816,792</u>	<u>33,860,791</u>
EXPENSES						
Program Services:						
Residential Group Homes	21,716,206	-	21,716,206	20,140,817	-	20,140,817
In-Home Supports	2,082,644	-	2,082,644	1,887,593	-	1,887,593
MOST Program - Maryland and Virginia	2,766,358	-	2,766,358	2,461,878	-	2,461,878
MyPad	329,953	-	329,953	307,932	-	307,932
Clinical Services	1,237,414	-	1,237,414	1,310,704	-	1,310,704
Other Programs	826,327	-	826,327	444,502	-	444,502
Total Program Services	<u>28,958,902</u>	<u>-</u>	<u>28,958,902</u>	<u>26,553,426</u>	<u>-</u>	<u>26,553,426</u>
Supporting Services:						
Management and General	4,158,577	-	4,158,577	3,689,848	-	3,689,848
Fundraising	941,405	-	941,405	850,477	-	850,477
Total Supporting Services	<u>5,099,982</u>	<u>-</u>	<u>5,099,982</u>	<u>4,540,325</u>	<u>-</u>	<u>4,540,325</u>
Total Expenses	<u>34,058,884</u>	<u>-</u>	<u>34,058,884</u>	<u>31,093,751</u>	<u>-</u>	<u>31,093,751</u>
CHANGE IN NET ASSETS	1,680,694	(1,193,603)	487,091	1,950,248	816,792	2,767,040
Net Assets - Beginning of Year	<u>18,459,087</u>	<u>18,927,985</u>	<u>37,387,072</u>	<u>16,508,839</u>	<u>18,111,193</u>	<u>34,620,032</u>
NET ASSETS - END OF YEAR	<u>\$ 20,139,781</u>	<u>\$ 17,734,382</u>	<u>\$ 37,874,163</u>	<u>\$ 18,459,087</u>	<u>\$ 18,927,985</u>	<u>\$ 37,387,072</u>

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services						Supporting Services			
	Residential Group Homes	In-Home Supports	MOST Program MD and VA	MyPad	Clinical Services	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 17,825,581	\$ 1,929,695	\$ 2,179,647	\$ 103,591	\$ 1,157,209	\$ 501,090	\$ 23,696,813	\$ 3,184,982	\$ 635,402	\$ 27,517,197
Occupancy	836,407	31,749	201,701	92,874	7,266	139,568	1,309,565	35,522	4,823	1,349,910
Repairs and Maintenance	514,095	2,902	52,850	26,214	2,756	2,881	601,698	60,596	8,591	670,885
Depreciation and Amortization	942,775	2,202	52,948	54,503	-	3,940	1,056,368	111,618	-	1,167,986
Information Technology	288,954	54,130	75,455	18,027	24,282	34,009	494,857	315,214	40,410	850,481
Other Expenses	104,668	9,710	62,390	5,325	4,267	118,635	304,995	172,011	29,865	506,871
Food	630,141	-	3,109	1,608	294	438	635,590	361	38	635,989
Supplies and Equipment	119,140	61	42,359	618	1,603	7,106	170,887	64,408	2,668	237,963
Insurance	245,263	19,085	31,240	1,441	115	1,246	298,390	7,462	24,160	330,012
Contracted Services	73,835	-	2,713	23,800	33,480	10,995	144,823	170,816	101,911	417,550
Transportation	135,347	33,110	61,946	1,051	6,142	4,660	242,256	15,587	4,366	262,209
Communications	-	-	-	901	-	1,759	2,660	20,000	89,171	111,831
Total Expenses	\$ 21,716,206	\$ 2,082,644	\$ 2,766,358	\$ 329,953	\$ 1,237,414	\$ 826,327	\$ 28,958,902	\$ 4,158,577	\$ 941,405	\$ 34,058,884

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services						Supporting Services			
	Residential Group Homes	In-Home Supports	MOST Program MD and VA	MyPad	Clinical Services	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 16,288,670	\$ 1,787,353	\$ 1,859,266	\$ 100,177	\$ 1,214,200	\$ 315,508	\$ 21,565,174	\$ 2,754,360	\$ 618,943	\$ 24,938,477
Occupancy	713,516	7,861	170,696	56,222	8,628	46,705	1,003,628	33,666	6,027	1,043,321
Repairs and Maintenance	937,909	3,430	68,088	49,548	3,257	1,321	1,063,553	72,334	4,708	1,140,595
Depreciation and Amortization	834,038	23	41,367	51,834	-	3,616	930,878	153,939	666	1,085,483
Information Technology	103,256	37,381	93,349	12,036	13,344	15,180	274,546	281,884	27,988	584,418
Other Expenses	121,257	6,266	65,375	6,505	24,490	34,966	258,859	101,715	44,843	405,417
Food	531,159	263	3,971	373	30	2,747	538,543	640	2,188	541,371
Supplies and Equipment	225,422	1,598	30,100	8,003	5,510	4,613	275,246	88,875	1,949	366,070
Insurance	157,258	13,769	56,159	1,055	67	10,036	238,344	34,369	14,218	286,931
Contracted Services	74,057	-	20,107	20,274	39,035	6,160	159,633	140,500	57,449	357,582
Transportation	154,275	29,649	53,310	1,292	2,143	3,650	244,319	26,932	907	272,158
Communications	-	-	90	613	-	-	703	634	70,591	71,928
Total Expenses	\$ 20,140,817	\$ 1,887,593	\$ 2,461,878	\$ 307,932	\$ 1,310,704	\$ 444,502	\$ 26,553,426	\$ 3,689,848	\$ 850,477	\$ 31,093,751

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATED STATEMENTS CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 487,091	\$ 2,767,040
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	716,034	675,728
Noncash Lease Expense - Operating	309,599	100,852
Amortization of Right-of-Use Asset - Financing	439,915	422,804
Realized/Unrealized Gain on Investments	(1,164,958)	(2,588,978)
Contributions with Donor Restrictions in Perpetuity	(4,574)	(16,456)
(Gain)/Loss on Disposal of Property and Equipment	693,761	(1,057,171)
(Gain)/Loss on Disposal of Leased Vehicles	23,387	(109,514)
Donated Securities	(300,370)	-
Increase (Decrease) in Operating Assets:		
Accounts Receivable	(423,474)	(178,401)
Grants Receivable	3,563	397,186
Prepaid Expenses	37,213	(57,297)
Unconditional Promises to Give	(371,604)	(203,259)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	487,872	(422,398)
Deferred Revenue	46,088	-
Due to State	-	(5,156,666)
Security Deposit Liability	4,350	(2,450)
Lease Liability - Operating Leases	285,235	(95,004)
Net Cash Provided (Used) by Operating Activities	1,269,128	(5,523,984)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,029,644)	(2,236,000)
Proceeds from Disposal of Property and Equipment	1,894,122	1,611,909
Capital Contributions for Investment in Building	(1,738,183)	-
Purchase of Investments and Reinvested Earnings	(10,262,484)	(8,378,297)
Proceeds from Sale of Investments	10,822,412	10,396,763
Net Cash Provided (Used) by Investing Activities	(1,313,777)	1,394,375
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Borrowing (Mortgages Payable)	357	696,750
Draws on Line of Credit	-	3,770,000
Repayments on Line of Credit	-	(3,770,000)
Proceeds from Contributions With Donor Restrictions in Perpetuity	4,574	16,456
Principal Payments on Finance Leases	(456,812)	(381,147)
Net Cash Provided (Used) by Financing Activities	(451,881)	332,059
NET CHANGE IN CASH AND CASH EQUIVALENTS	(496,530)	(3,797,550)
Cash and Cash Equivalents - Beginning of Year	1,878,057	5,675,607
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,381,527	\$ 1,878,057
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 69,148	\$ 82,512
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 3,950,194	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 248,885	\$ -

See accompanying Notes to Consolidated Financial Statements.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Jewish Foundation for Group Homes, Inc. dba: Makom (Makom or the Organization) is incorporated under the laws of the state of Maryland. Makom is a nonprofit organization which provides community residential services and support for persons with developmental disabilities. Makom'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 Makom and are included within the accounts of Makom in the consolidating financial statements.

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 Makom and to provide distributions to Makom consistent with explicit donor stipulation of the JFGH-E's applicable spending policies. In fiscal year 2022, JFGH-E amended its bylaws that provided Makom a controlling financial interest in JFGH-E by way of appointing the majority board of directors. Prior to this amendment, Makom had the option to consolidate due to economic interest and being the sole beneficiary of JFGH-E's operations. As a result, beginning net assets of JFGH-E were transferred to Makom, as of July 1, 2021.

Makom, JFGH Homeownership, LLC, JFGH Leasing, LLC, JFGH Leasing PP, LLC, and JFGH-E are collectively referred to as Makom 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, JFGH PP Leasing, LLC, and JFGH-E. Significant intercompany accounts and transactions have been eliminated in consolidation.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Makom prepares its consolidated financial statements on the accrual basis of accounting. In accordance with accounting principles generally accepted in the United States of America, Makom 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 Makom. Makom 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 Makom or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance Credit Loss

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. For receivables that are subject to current expected credit loss, management calculates the expected credit loss based upon prior years' experience, analysis of subsequent collections, and current and future economic conditions. The allowance for credit losses was \$146,146 and \$93,646 for the years ended June 30, 2025 and 2024, respectively. The beginning balance in net accounts receivable was \$1,744,304 and \$1,565,903 at June 30, 2025 and 2024, respectively. The ending balance was \$2,167,778 and \$1,744,304 at June 30, 2025 and 2024, 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 uncollectible promises to give. Promises to give are determined to be past due on a review of how recently payments have been received. The allowance for uncollectible promises to give 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. The allowance for uncollectible promises to give was \$-0- and \$4,500 for the years ended June 30, 2025 and 2024, 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, when appropriate.

Unconditional Promises to Give – Fair Value Election

Accounting Standards Codification (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. Makom has elected the fair value option for unconditional promises to give in order to mitigate volatility in reported changes in net assets.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment acquisitions more than \$5,000 are capitalized and recorded at cost. 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, Makom reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Leases

Makom leases office space, vehicles and equipment. Makom determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position. Finance leases are included in financing lease ROU assets and financing lease liabilities on the consolidated statements of financial position. ROU assets represent Makom's right to use an underlying asset for the lease term and lease liabilities represent Makom's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, Makom uses risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Makom will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Makom has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated statements of financial position.

Makom has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Revenue Recognition

State and other program fees are recognized as revenue when earned. Makom provides residential and personal supports services to individuals within the state of Maryland who qualify for these services. This fee for service income is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing those services.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization determines the transaction price based on the rates established by the third-party payors (including government entities) and billings are calculated based on verified attendance records or service agreements. These amounts are due from third-party payors (including government payors) and others. Generally, the Organization bills the third-party after the services are performed and the related revenue is recognized as the performance obligations are satisfied over time.

Makom 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, 2025, there were no nongovernment conditional grants.

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.

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 Makom's revenue is derived from cost-reimbursable grants and contracts. Amounts received are recognized as earned and are reported as revenue when Makom 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 Makom 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 at the point of time as the services are provided.

Makom 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.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

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. Salaries and benefits of personnel in the executive office, human resources, finance and development are considered to be supporting costs and are included in management and general and fundraising. Items such as occupancy and depreciation are allocated based on square footage to each function.

Income Taxes

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, 2025, Makom had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

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

NOTE 2 CONCENTRATION OF RISK

Credit Risk

Makom manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the Organization had approximately \$1,184,109 and \$1,765,710, respectively, in excess of FDIC insurance limits. To date, Makom has not experienced losses in any of these accounts.

Market Value Risk

Makom 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

Makom received approximately 79% and 73% of its revenues from state program fees in 2025 and 2024, respectively. Makom is highly dependent upon its government funding to continue its operations.

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JUNE 30, 2025 AND 2024

NOTE 3 LIQUIDITY

The following represents Makom's financial assets at June 30:

	2025	2024
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,381,527	\$ 1,878,057
Investments	23,142,264	22,236,864
Accounts Receivable, Net of Expected Credit Loss	2,167,778	1,744,304
Grants Receivable	127,616	131,179
Unconditional Promises, Net of Allowance and Discount	731,500	359,896
Total Financial Assets	27,550,685	26,350,300
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	(17,734,382)	(18,927,985)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months Before Board Designations	9,816,303	7,422,315
Less: Board-Designated Funds	(6,092,572)	(4,079,220)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 3,723,731	\$ 3,343,095

It is the policy of Makom 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. Makom 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, Makom has a line of credit in the amount of \$3,000,000 which is secured by Makom assets, which Makom can draw upon if conditions dictate.

In addition, Makom's performance indicator is reported as the change in net assets, which is analogous to income from continuing operations.

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NOTE 4 INVESTMENTS

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

	<u>2025</u>	<u>2024</u>
Cash and Money Market	\$ 2,435,876	\$ 382,644
Equity Securities	12,338,249	13,303,948
Fixed Income Securities	7,783,880	7,970,573
Bonds Issued by the State of Israel	584,259	579,699
Total	<u>\$ 23,142,264</u>	<u>\$ 22,236,864</u>

Net investment return is comprised of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Net Realized/Unrealized Gain on Investments	\$ 1,164,958	\$ 2,588,978
Interest and Dividends	542,507	568,651
Investment Expenses	<u>(120,647)</u>	<u>(119,649)</u>
Net Investment Return	<u>\$ 1,586,818</u>	<u>\$ 3,037,980</u>

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 ASC 820 are as described as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Makom 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.

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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 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:

	2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market Funds	\$ 2,435,876	\$ -	\$ -	\$ 2,435,876
Equities	12,338,249	-	-	12,338,249
Fixed Income Securities	-	7,783,880	-	7,783,880
Bonds Issued by the State of Israel	-	584,259	-	584,259
Total Investments	<u>14,774,125</u>	<u>8,368,139</u>	<u>-</u>	<u>23,142,264</u>
Unconditional Promises to Give	-	-	731,500	731,500
Investment - 457(b) Plan Assets:				
Mutual Fund Equities	472,565	-	-	472,565
Mutual Fund Fixed Income Securities	23,462	-	-	23,462
Mutual Fund Other Securities	426,554	-	-	426,554
Total Investment - 457(b) Plan Assets	<u>922,581</u>	<u>-</u>	<u>-</u>	<u>922,581</u>
Total Assets	<u>\$ 15,696,706</u>	<u>\$ 8,368,139</u>	<u>\$ 731,500</u>	<u>\$ 24,796,345</u>

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market Funds	\$ 382,644	\$ -	\$ -	\$ 382,644
Equities	13,303,948	-	-	13,303,948
Fixed Income Securities	-	7,970,573	-	7,970,573
Bonds Issued by the State of Israel	-	579,699	-	579,699
Total Investments	<u>13,686,592</u>	<u>8,550,272</u>	<u>-</u>	<u>22,236,864</u>
Unconditional Promises to Give	-	-	359,896	359,896
Investment - 457(b) Plan Assets:				
Mutual Fund Equities	381,800	-	-	381,800
Mutual Fund Fixed Income Securities	18,369	-	-	18,369
Mutual Fund Other Securities	362,130	-	-	362,130
Total Investment - 457(b) Plan Assets	<u>762,299</u>	<u>-</u>	<u>-</u>	<u>762,299</u>
Total Assets	<u>\$ 14,448,891</u>	<u>\$ 8,550,272</u>	<u>\$ 359,896</u>	<u>\$ 23,359,059</u>

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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 may affect the fair value of these financial instruments.

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

	<u>2025</u>	<u>2024</u>
Balance - Beginning of Year	\$ 359,896	\$ 156,637
Contributions	1,462,160	516,281
Collections	(1,086,056)	(279,507)
Bad Debt Write Off	(9,000)	(21,000)
Change in Allowance for Doubtful Promises	4,500	(12,515)
Balance - End of Year	<u>\$ 731,500</u>	<u>\$ 359,896</u>

NOTE 6 UNCONDITIONAL PROMISES TO GIVE

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

	<u>2025</u>	<u>2024</u>
Unconditional Promises to Give Due in Less than		
One Year	\$ 431,500	\$ 364,396
Five Years	300,000	-
Total Unconditional Promises to Give	<u>731,500</u>	<u>364,396</u>
Allowance for Doubtful Promises	-	(4,500)
Net Unconditional Promises to Give	<u>\$ 731,500</u>	<u>\$ 359,896</u>

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NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	Estimated Useful Life	2025	2024
Land	-	\$ 4,055,633	\$ 4,104,991
Buildings and Improvements	10 to 35 Years	15,422,169	18,289,811
Furniture and Equipment	3 to 10 Years	1,872,514	1,819,376
Construction in Progress	-	381,413	38,437
Total		<u>21,731,729</u>	<u>24,252,615</u>
Less: Accumulated Depreciation and Amortization		<u>(6,216,018)</u>	<u>(7,462,631)</u>
Total		<u>\$ 15,515,711</u>	<u>\$ 16,789,984</u>

Depreciation expense was \$716,034 and \$675,728 for the years ended June 30, 2025 and 2024, respectively.

NOTE 8 LINE OF CREDIT

Makom 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, 2025 and 2024. The line is secured by cash balances, accounts receivable, Makom's personal property, and certain investments defined in the security agreement. The line bears interest at a floor of 4.5% and was 7.5% and 4.5% as of June 30, 2025 and 2024, respectively. The balance outstanding on the line was \$-0- at June 30, 2025 and 2024. The line of credit maturity date was extended to March 2026.

NOTE 9 DEFERRED GRANT REVENUE

Makom obtained grants from the State of Maryland for the purchase or renovation of certain group homes and the Makom 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 totaled \$2,603,387 and is reflected in the consolidated statements of financial position as deferred grant revenue at June 30, 2025. If Makom 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 Makom 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, Makom will recognize the associated amount as revenue.

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NOTE 10 DEFERRED MORTGAGES PAYABLE

On April 26, 2007, Makom 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 Makom 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 Makom's equity in the respective properties.

On November 30, 2021, Makom 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 group home in Silver Spring, Maryland, which is to be occupied by individuals with intellectual and developmental disabilities. The annual amount due is the lesser of 50% of the property's "Surplus Cash" as defined in the Deed of Trust note or the principal amount of the note amortized over 30 years. The loan is secured by the respective home and has a due date of December 1, 2051. Makom was granted a deferral on the repayment of the loan for two years commencing on June 1, 2023. Beginning June 1, 2025, and on the anniversary date each year thereafter, Makom owes 50% of net cash flow to pay down the balance of the loan. Since there was no net cash flow during the year ended June 30, 2025, there was no payment due on June 1, 2025. The entire unpaid principal balance will be due on December 1, 2051.

On October 11, 2022, Makom received \$266,750 in the form of a -0-% loan with a term of 10 years and other conditions from Montgomery County, Maryland, through the department of Community Development Block Grant Fund (CDBG Program). The loan was used to rehabilitate a group home located in Silver Spring, Maryland, a resident group home for disabled adults. Makom drew down on the loan within 2024. The loan is secured by the respective home and has a maturity date of January 1, 2033. Annual principal payments over the next 10 years, beginning on January 1, 2033, are estimated to be \$26,675.

NOTE 11 OPERATING AND FINANCING LEASES – ASC 842

Operating Leases

In October 2022, Fairfax MOST moved to a new location in Fairfax. The current lease is from October 20, 2022 till October 30, 2029.

Makom 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 September 30, 2025. Monthly rent for the property ranges from \$3,842 to \$4,454 for the term of the lease.

Makom entered into a lease agreement on November 1, 2024 for an office space. The term of the lease is from November 1, 2024 to August 31, 2034. Monthly rent for the property begins at \$41,667 with a 3% annual escalation provision for the term of the lease.

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NOTE 11 OPERATING AND FINANCING LEASES – ASC 842 (CONTINUED)

Financing Leases

Makom has agreements for the lease of vehicles with a combined capitalized cost of \$2,369,771 as of June 30, 2025. The leases' terms are for 31-61 months and mature between July 2022 and March 2030. Accumulated depreciation on the leased vehicles for the year ended June 30, 2025 was \$1,202,807. Depreciation expense for the vehicles totaled \$451,952 for the year ended June 30, 2025.

The following provides quantitative information concerning Makom's leases:

Lease Costs:	2025	2024
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 439,915	\$ 422,804
Interest on Lease Liabilities	69,148	64,764
Operating Lease Costs	450,359	117,214
Total Lease Costs	\$ 959,422	\$ 604,782
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Finance - Finance Cash Flows	\$ 423,473	\$ 336,829
Finance - Operating Cash Flows	\$ 69,148	\$ 64,764
Operating - Operating Cash Flows	\$ 355,526	\$ 111,366
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ 248,885	\$ 322,932
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 3,950,194	\$ -
Weighted-Average Remaining Lease Term - Financing Leases	2.9 Years	3.4 Years
Weighted-Average Remaining Lease Term - Operating Leases	8.9 Years	4.8 Years
Weighted-Average Discount Rate - Financing Leases	5.68%	5.08%
Weighted-Average Discount Rate - Operating Leases	4.36%	4.04%

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NOTE 11 OPERATING AND FINANCING LEASES – ASC 842 (CONTINUED)

Makom classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for the lease liabilities as of June 30, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Financing Leases</u>
2026	\$ 575,272	\$ 486,148
2027	593,180	417,786
2028	611,651	240,133
2029	630,711	86,525
2030	598,802	16,545
Thereafter	<u>2,582,216</u>	<u>-</u>
Total Lease Payments	5,591,832	1,247,137
Less: Interest	<u>(986,926)</u>	<u>(101,488)</u>
Present Value of Lease Liabilities	<u>\$ 4,604,906</u>	<u>\$ 1,145,649</u>

NOTE 12 COMMITMENTS AND CONTINGENCIES

Employment Contract

Makom 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.

Contingent Liabilities

Makom has received grant funds from the state of Maryland for capital projects to group homes. The grant agreements include a disposition clause whereby Makom 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 Makom thereupon repay the state a percentage of the proceeds allocable to the grant that was used to acquire such property.

Conditional Revenue

Makom 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 Makom 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. Makom received cost-reimbursable grants of which approximately \$435,484 had not been recognized as of June 30, 2025, because qualifying conditions have not yet been met.

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NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingency

In the ordinary course of activities, Makom 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 consolidated financial statements of Makom.

NOTE 13 RETIREMENT PLANS

All employees of Makom are eligible to participate in a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code (IRC). Employees may elect to contribute up to 20% of their salary, up to a maximum amount established by federal regulations. Makom did not contribute to this plan until the year beginning July 1, 2019. Makom's annual contribution to this plan is either 1%, 2%, or 4% of salaries for all eligible employees based upon length of service.

Makom has an IRC section 457(b) plan to supplement retirement income for certain key members of the Makom's executive management team. Makom's annual contribution to this plan is determined by the board of directors for the CEO and by the CEO for other key members.

Makom's contributions to the plans for the years ended June 30, 2025 and 2024, were \$365,834 and \$320,570, respectively, and are included in Employee Benefits in the consolidated statements of functional expenses.

NOTE 14 RELATED PARTY TRANSACTIONS

Board Donations

For the years ended June 30, 2025 and 2024, Makom received contributions from board members, including pledges, totaling approximately \$741,000 and \$144,000, respectively.

NOTE 15 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED

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

	2025	2024
Operating Reserve	\$ 3,744,362	\$ 1,809,580
Capital Reserve	864,299	450,000
Marschka Fund	105,449	103,295
Quasi-Endowment	1,378,462	1,716,345
Total	<u>\$ 6,092,572</u>	<u>\$ 4,079,220</u>

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NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with time and purpose donor restrictions consisted of the following as of and for the years ended June 30:

	Beginning July 1, 2024	Contributions and Net Investment Return	Releases	Balance June 30, 2025
Home Maintenance, Well-Being, Cultural, and Other Program Funds	\$ 1,643,157	\$ 64,881	\$ (287,729)	\$ 1,420,309
Earnings from Endowment Fund	7,394,387	1,151,565	(2,126,894)	6,419,058
Funds Held in Perpetuity	9,890,441	4,574	-	9,895,015
Total	<u>\$ 18,927,985</u>	<u>\$ 1,221,020</u>	<u>\$ (2,414,623)</u>	<u>\$ 17,734,382</u>

	Beginning July 1, 2023	Contributions and Net Investment Return	Releases	Balance June 30, 2024
Home Maintenance, Well-Being, Cultural, and Other Program Funds	\$ 2,283,959	\$ 228,116	\$ (868,918)	\$ 1,643,157
Earnings from Endowment Fund	5,963,249	2,276,889	(845,751)	7,394,387
Funds Held in Perpetuity	9,863,985	16,456	10,000	9,890,441
Total	<u>\$ 18,111,193</u>	<u>\$ 2,521,461</u>	<u>\$ (1,704,669)</u>	<u>\$ 18,927,985</u>

Time and purpose net assets are released from donor restrictions when expenditures are made in accordance with the purposes specified by the donor.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 17 ENDOWMENTS

Makom'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, Makom 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 Makom 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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated			
Quasi-Endowment Funds	\$ 1,378,462	\$ -	\$ 1,378,462
Donor Restricted Endowment			
Funds:			
Original Donor Restricted Gifts			
to be Held in Perpetuity	-	9,895,707	9,895,707
Portion Subject to Appropriation			
under UPMIFA	-	6,418,466	6,418,466
Total	<u>\$ 1,378,462</u>	<u>\$ 16,314,173</u>	<u>\$ 17,692,635</u>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated			
Quasi-Endowment Funds	\$ 1,716,345	\$ -	\$ 1,716,345
Donor Restricted Endowment			
Funds:			
Original Donor Restricted Gifts			
to be Held in Perpetuity	-	9,890,441	9,890,441
Portion Subject to Appropriation			
under UPMIFA	-	7,394,387	7,394,387
Total	<u>\$ 1,716,345</u>	<u>\$ 17,284,828</u>	<u>\$ 19,001,173</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 17 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

Makom 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, Makom 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 Makom in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Makom 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 Makom 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 Makom; and (7) investment policies of Makom.

Spending Policy

Makom'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 Makom'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 and Makom based on a three-year rolling average.

Return Objectives, Risk Parameters, and Strategies

Makom 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 Makom'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.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 17 ENDOWMENTS (CONTINUED)

Changes in Endowment Net Assets

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

	Without Donor Restrictions - Quasi- Endowment	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets - July 1, 2024	\$ 1,716,345	\$ 7,394,387	\$ 9,890,441	\$ 19,001,173
Contributions	2,000	100	4,574	6,674
Investment Income, Net of Investment Fees	24,727	275,170	-	299,897
Net Appreciation (Realized and Unrealized)	85,272	875,703	692	961,667
Appropriated for Expenditure	(449,882)	(2,126,894)	-	(2,576,776)
Endowment Net Assets - June 30, 2025	<u>\$ 1,378,462</u>	<u>\$ 6,418,466</u>	<u>\$ 9,895,707</u>	<u>\$ 17,692,635</u>

	Without Donor Restrictions - Quasi- Endowment	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets - July 1, 2023	\$ 1,571,368	\$ 5,963,249	\$ 9,863,985	\$ 17,398,602
Contributions	2,650	-	16,456	19,106
Investment Income, Net of Investment Fees	23,968	243,476	-	267,444
Net Appreciation (Realized and Unrealized)	200,463	2,033,413	-	2,233,876
Donor Release of Restriction	-	-	10,000	10,000
Appropriated for Expenditure	(82,104)	(845,751)	-	(927,855)
Endowment Net Assets - June 30, 2024	<u>\$ 1,716,345</u>	<u>\$ 7,394,387</u>	<u>\$ 9,890,441</u>	<u>\$ 19,001,173</u>

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, 2025 and 2024, 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.

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 18 CONTRIBUTED NONFINANCIAL ASSETS

During the year ended June 30, 2025, the Organization received a donation of real property consisting of a residential home located in Rockville, Maryland. The property was recorded at its estimated fair value of \$394,000 on the date of donation, based on an independent appraisal. Makom received various furniture donations, valued at \$30,834 for the year ended June 30, 2025. The donated home and furniture are recognized as in-kind revenues at their estimated fair value, without donor restrictions. There were no contributed nonfinancial assets for the year ended June 30, 2024.

NOTE 19 MEMBERSHIP INTEREST PURCHASE

On November 1, 2024, Makom purchased a 49.9% membership interest in JFGW Building LLC for capital contributions totaling \$1,738,183. The investment provides Makom with significant influence over the operations of the LLC but does not constitute control; therefore, the investment is accounted for under the equity method of accounting in accordance with U.S. GAAP.

As of June 30, 2025, the carrying amount of the investment was \$1,738,183, which is reported as "Investment - Building" in the Consolidated Statement of Financial Position. Makom's maximum exposure to loss as of June 30, 2025 is limited to its investment balance. No impairment indicators were identified as of the reporting date.

NOTE 20 DEVELOPMENTAL DISABILITIES ADMINISTRATION REVENUE AND EXPENSES

Makom had total revenue and expenses from Developmental Disabilities Administration of \$23,996,198 and \$21,669,624, respectively, for the year ended June 30, 2025. Total revenue and expenses from Developmental Disabilities Administration were \$21,548,979 and \$19,808,955, respectively, for the year ended June 30, 2024.

Additionally, during fiscal year 2024, Makom repaid the State of Maryland \$5,156,660 related to advances received during the transition from PCIS2 to LTSS, the state's payment system.

NOTE 21 SUBSEQUENT EVENTS

In preparing the consolidated financial statements, Makom has evaluated events and transactions for potential recognition or disclosure through December 22, 2025, the date the consolidated financial statements were available to be issued.

On September 12, 2025, Makom purchased one property and paid \$276,709 in purchase price.

On October 24, 2025, Makom purchased another property and paid \$214,031 in purchase price.

On November 14, 2025, Makom sold a property and received \$649,900 in sales price.

SUPPLEMENTARY INFORMATION

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Makom</u>	<u>JFGH-E</u>	<u>Elimination</u>	<u>Consolidated Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,381,527	\$ -	\$ -	\$ 1,381,527
Investments	5,409,485	17,732,779	-	23,142,264
Accounts Receivable, Net of Expected Credit Loss	2,167,778	-	-	2,167,778
Grants Receivable	127,616	-	-	127,616
Due from Makom	-	53,475	(53,475)	-
Unconditional Promises to Give, Net of Allowance	431,500	-	-	431,500
Prepaid Expenses	263,344	-	-	263,344
Total Current Assets	<u>9,781,250</u>	<u>17,786,254</u>	<u>(53,475)</u>	<u>27,514,029</u>
PROPERTY AND EQUIPMENT				
NET OF ACCUMULATED DEPRECIATION	15,515,711	-	-	15,515,711
LEASES				
Right-of-Use Assets - Operating Leases	3,997,835	-	-	3,997,835
Right-of-Use Assets - Financing Leases	1,169,819	-	-	1,169,819
Total Leases	<u>5,167,654</u>	<u>-</u>	<u>-</u>	<u>5,167,654</u>
OTHER ASSETS				
Endowment Funds Held With Makom	14,525,723	-	(14,525,723)	-
Unconditional Promises to Give, Net of Allowance	300,000	-	-	300,000
Investment - 457(b) Plan Asset	922,581	-	-	922,581
Investment - Buildings	1,738,183	-	-	1,738,183
Deposits	12,542	-	-	12,542
Total Other Assets	<u>17,499,029</u>	<u>-</u>	<u>(14,525,723)</u>	<u>2,973,306</u>
Total Assets	<u>\$ 47,963,644</u>	<u>\$ 17,786,254</u>	<u>\$ (14,579,198)</u>	<u>\$ 51,170,700</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	<u>Makom</u>	<u>JFGH-E</u>	<u>Elimination</u>	<u>Consolidated Total</u>
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 2,938,823	\$ -	\$ -	\$ 2,938,823
Due to JFGH-E	53,475	-	(53,475)	-
Endowment Funds Held for Makom	-	14,525,723	(14,525,723)	-
Deferred Revenue	46,088	-	-	46,088
Deferred Mortgage Payable, Current Portion	14,828	-	-	14,828
Lease Liability, Current Portion - Operating Leases	384,148	-	-	384,148
Lease Liability, Current Portion - Financing Leases	433,636	-	-	433,636
Total Current Liabilities	<u>3,870,998</u>	<u>14,525,723</u>	<u>(14,579,198)</u>	<u>3,817,523</u>
LONG-TERM LIABILITIES				
Deferred Grant Revenue	2,603,387	-	-	2,603,387
Lease Liability, Net of Current Portion - Operating Leases	4,220,758	-	-	4,220,758
Lease Liability, Net of Current Portion - Financing Leases	712,013	-	-	712,013
Deferred Compensation - 457(b) Plan Liability	922,581	-	-	922,581
Deferred Mortgages Payable	1,001,816	-	-	1,001,816
Security Deposits	18,459	-	-	18,459
Total Long-Term Liabilities	<u>9,479,014</u>	<u>-</u>	<u>-</u>	<u>9,479,014</u>
Total Liabilities	13,350,012	14,525,723	(14,579,198)	13,296,537
NET ASSETS				
Without Donor Restrictions:				
Undesignated	14,047,209	-	-	14,047,209
Board-Designated	6,092,572	-	-	6,092,572
Total Without Donor Restrictions	<u>20,139,781</u>	<u>-</u>	<u>-</u>	<u>20,139,781</u>
With Donor Restrictions:				
Purpose and Time Restrictions	6,465,285	1,373,390	-	7,838,675
Perpetual in Nature	8,008,566	1,887,141	-	9,895,707
Total With Donor Restrictions	<u>14,473,851</u>	<u>3,260,531</u>	<u>-</u>	<u>17,734,382</u>
Total Net Assets	<u>34,613,632</u>	<u>3,260,531</u>	<u>-</u>	<u>37,874,163</u>
Total Liabilities and Net Assets	<u>\$ 47,963,644</u>	<u>\$ 17,786,254</u>	<u>\$ (14,579,198)</u>	<u>\$ 51,170,700</u>

JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES
DBA: MAKOM
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Makom			JFGH-E			Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
REVENUES, GAINS, AND OTHER SUPPORT								
State Program Fees	\$ 27,262,659	\$ -	\$ 27,262,659	\$ -	\$ -	\$ -	\$ -	\$ 27,262,659
Contributions	3,503,216	69,441	3,572,657	-	14	14	(76,269)	3,496,402
Net Investment Return	435,253	939,485	1,374,738	-	212,080	212,080	-	1,586,818
Other Grants	1,615,015	-	1,615,015	-	-	-	-	1,615,015
Consumer Fees	692,931	-	692,931	-	-	-	-	692,931
Other Program Service Fees	303,910	-	303,910	-	-	-	-	303,910
Rental Income and Utilities Pass-Through	198,696	-	198,696	-	-	-	-	198,696
Other Income	67,192	-	67,192	-	-	-	(7,274)	59,918
Loss on Disposal of Property and Equipment	(670,374)	-	(670,374)	-	-	-	-	(670,374)
Total	33,408,498	1,008,926	34,417,424	-	212,094	212,094	(83,543)	34,545,975
Net Assets Released from Restriction	2,331,080	(2,331,080)	-	83,543	(83,543)	-	-	-
Total Revenues, Gains, and Other Support	35,739,578	(1,322,154)	34,417,424	83,543	128,551	212,094	(83,543)	34,545,975
EXPENSES								
Program Services:								
Residential Group Homes	21,716,206	-	21,716,206	-	-	-	-	21,716,206
In-Home Supports	2,082,644	-	2,082,644	-	-	-	-	2,082,644
MOST Program - Maryland and Virginia	2,766,358	-	2,766,358	-	-	-	-	2,766,358
MyPad	329,953	-	329,953	-	-	-	-	329,953
Clinical Services	1,237,414	-	1,237,414	-	-	-	-	1,237,414
Other Programs	826,327	-	826,327	76,269	-	76,269	(76,269)	826,327
Total Program Services	28,958,902	-	28,958,902	76,269	-	76,269	(76,269)	28,958,902
Supporting Services:								
Management and General	4,158,577	-	4,158,577	7,274	-	7,274	(7,274)	4,158,577
Fundraising	941,405	-	941,405	-	-	-	-	941,405
Total Supporting Services	5,099,982	-	5,099,982	7,274	-	7,274	(7,274)	5,099,982
Total Expenses	34,058,884	-	34,058,884	83,543	-	83,543	(83,543)	34,058,884
CHANGE IN NET ASSETS	1,680,694	(1,322,154)	358,540	-	128,551	128,551	-	487,091
Net Assets - Beginning of Year	18,459,087	15,796,005	34,255,092	-	3,131,980	3,131,980	-	37,387,072
NET ASSETS - END OF YEAR	\$ 20,139,781	\$ 14,473,851	\$ 34,613,632	\$ -	\$ 3,260,531	\$ 3,260,531	\$ -	\$ 37,874,163



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