JERUSALEM HOUSE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Warren Averett
CPAs AND ADVISORS

JERUSALEM HOUSE, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jerusalem House, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Jerusalem House, Inc. (a Georgia not-for-profit organization) which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Jerusalem House, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Jerusalem House, Inc.'s June 30, 2019 financial statements, and our report dated December 20, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Warren Averett, LLC

Atlanta, Georgia
December 1, 2020

JERUSALEM HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Cash	$ 480,963	$ 349,479
Grants receivable	1,531,540	1,090,853
Unconditional promises to give, net	20,833	6,899
Accounts receivable	117,032	113,866
Prepaid expenses	78,441	29,230
Property and equipment, net	1,688,071	1,773,881
TOTAL ASSETS	$ 3,916,880	$ 3,364,208

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable and accrued liabilities	$ 247,772	$ 50,847
Deferred revenue	50,000	-
Liability for conditional grant	51,354	57,776
Deferred rent	64,466	71,016
Line of credit	1,750,025	212,409
HOPWA advance	-	926,733
TOTAL LIABILITIES	2,163,617	1,318,781
NET ASSETS		
Without donor restrictions		
Undesignated	974,697	1,239,823
Board designated	150,000	150,000
Total net assets without donor restrictions	1,124,697	1,389,823
With donor restrictions		
Restricted by purpose	628,566	655,604
Total net assets with donor restrictions	628,566	655,604
TOTAL NET ASSETS	1,753,263	2,045,427
TOTAL LIABILITIES AND NET ASSETS	$ 3,916,880	$ 3,364,208

See notes to the financial statements.

JERUSALEM HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Federal financial assistance	$ 6,475,518	$ -	$ 6,475,518	$ 5,841,712
Federal CARES Act PPP grant	460,105	-	460,105	-
Other governmental assistance	14,174	-	14,174	13,666
Community group contributions	78,634	2,000	80,634	54,390
Corporate contributions	27,620	-	27,620	51,924
Faith community contributions	19,080	-	19,080	18,875
Foundations and trusts	200,672	156,500	357,172	425,422
In-kind contributions	193,245	-	193,245	193,245
Special events	139,383	-	139,383	121,834
Individuals, memorials, and bequests	126,650	-	126,650	139,397
Program service fees	765,196	-	765,196	771,751
Other income	153,455	-	153,455	6,583
Net assets released from restrictions	185,538	(185,538)	-	-
Total public support and revenue	8,839,270	(27,038)	8,812,232	7,638,799
EXPENSES				
Program services				
The Program for Single Adults	989,699	-	989,699	974,605
The Family Program	889,486	-	889,486	902,249
Scattered Site Program I	593,539	-	593,539	541,818
Scattered Site Program II	4,608,432	-	4,608,432	4,225,573
Tenant Based Rental Assistance	1,432,893	-	1,432,893	486,975
Supporting services				
Management and general	309,988	-	309,988	254,270
Fundraising	280,359	-	280,359	281,860
Total expenses	9,104,396	-	9,104,396	7,667,350
CHANGE IN NET ASSETS	(265,126)	(27,038)	(292,164)	(28,551)
NET ASSETS AT:				
BEGINNING OF YEAR	1,389,823	655,604	2,045,427	2,073,978
END OF YEAR	$ 1,124,697	$ 628,566	$ 1,753,263	$ 2,045,427

See notes to the financial statements

JERUSALEM HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	2020								
	Program Services					Supporting Services			2019
	The Program for Single Adults	The Family Program	Scattered Site Program I	Scattered Site Program II	Tenant Based Rental Assistance	Management and General	Fund-Raising	Total	Total
Salaries and wages	$ 322,105	$ 322,702	$ 184,515	$ 1,001,886	$ 199,011	$ 114,335	$ 204,180	$ 2,348,734	$ 2,173,711
Workers compensation insurance	3,401	4,020	2,164	17,934	-	1,428	2,474	31,421	34,386
Payroll taxes	23,309	23,318	13,813	73,545	15,094	11,675	14,755	175,509	166,752
Employee benefits	48,614	47,446	21,315	182,175	37,719	15,453	28,735	381,457	363,036
Total salaries and related expenses	397,429	397,486	221,807	1,275,540	251,824	142,891	250,144	2,937,121	2,737,885
Apartment leases	-	-	246,327	2,240,248	1,157,324	-	-	3,643,899	2,565,782
In-kind rent	193,245	-	-	-	-	-	-	193,245	193,245
Apartment utilities	55,207	48,367	54,125	571,665	1,696	-	-	731,060	665,743
Apartment furnishings and supplies	-	-	-	62,458	-	-	-	62,458	36,305
Maintenance and repairs	38,133	33,303	203	1,943	324	-	-	73,906	87,111
Insurance	29,152	21,807	22,400	65,351	-	3,116	-	141,826	124,386
Occupancy	27,855	39,639	8,799	79,192	-	36,690	-	192,175	176,868
Communications	31,730	34,764	5,699	70,563	8,752	16,422	3,123	171,053	146,594
Professional services	9,655	9,655	8,083	32,413	-	28,273	1,588	89,667	75,095
Special events	-	-	-	-	-	-	3,911	3,911	37,838
Contract personnel	169,892	197,443	-	-	-	-	-	367,335	322,992
Supportive services	5,730	15,523	15,837	161,115	3,512	-	-	201,717	275,512
Mileage	3,329	1,810	3,525	27,100	4,239	2,342	1,547	43,892	43,406
Other	10,379	11,652	6,734	20,844	5,222	79,892	20,046	154,769	78,339
Total expenses before depreciation	971,736	811,449	593,539	4,608,432	1,432,893	309,626	280,359	9,008,034	7,567,101
Depreciation	17,963	78,037	-	-	-	362	-	96,362	100,249
TOTAL EXPENSES	$ 989,699	$ 889,486	$ 593,539	$ 4,608,432	$ 1,432,893	$ 309,988	$ 280,359	$ 9,104,396	$ 7,667,350

See notes to the financial statements

JERUSALEM HOUSE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (292,164)	$ (28,551)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	96,362	100,249
Donated materials	(31,956)	-
Conversion of conditional grant to support	(6,422)	(6,422)
(Increase) decrease in operating assets:		
Accounts receivable	(3,166)	7,568
Grants receivable	(440,687)	(561,821)
Unconditional promises to give	(13,934)	5,601
Prepaid expenses	(17,255)	(6,784)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	196,925	1,336
Deferred revenue	50,000	-
Deferred rent	(6,550)	(831)
HOPWA advance	(926,733)	-
Net cash used in operating activities	(1,395,580)	(489,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,552)	(21,747)
Net cash used in investing activities	(10,552)	(21,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	1,537,616	212,409
Net cash provided by financing activities	1,537,616	212,409
NET INCREASE (DECREASE) IN CASH	131,484	(298,993)
CASH AT BEGINNING OF YEAR	349,479	648,472
CASH AT END OF YEAR	$ 480,963	$ 349,479
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest paid	$ 40,543	$ 1,317

See notes to the financial statements

1. ORGANIZATION

Jerusalem House, Inc. (the Organization) was incorporated in the state of Georgia on August 2, 1988 as a nonprofit corporation. The Organization has five programs, four of which provide permanent housing and supportive services for homeless and low-income persons living with HIV/AIDS in the metropolitan Atlanta area. In 1989 the Organization established the Program for Adults, serving 23 homeless single men and women living with HIV/AIDS. During 1997 the Organization added the Family Program, serving 12 homeless parents with HIV/AIDS and their children. In 2003 the Organization opened the Scattered Site I Program to provide homeless individuals and family's independent permanent housing and supportive services in apartment units scattered throughout Atlanta. In 2009 the Organization added the Scattered Site II Program to provide additional permanent independent housing units. This program has expanded several times since 2009. As of June 30, 2020 the Organization provides homeless or low income individuals and families living with HIV/AIDS access to 374 units of permanent supportive housing.

The Organization introduced an additional program, New Horizons, in July 2015. New Horizons is a Tenant Based Rental Assistance (TBRA) program providing eligible individuals and families with a rental and utilities subsidy to offset their housing rental payments. The Organization's TBRA program allows individuals to remain housed in their homes or lease an apartment of their choice. Eligible applicants must be able to secure a lease and utilities in their name, and participate in case management. The program will allow individuals and families to move toward greater independence as they transition into their own apartment or home with no subsidy. TBRA is not considered permanent housing and residents can remain in the program for up to five years. As people with HIV disease are living longer and healthier lives due to advancements in treatment options, the New Horizons program allows them to maintain their independence while maintaining their health.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities at year-end. Net assets, revenues, expenses, gains, and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Board Designated – Assets designated by the Board of Directors (the Board) to be held for other specified purposes. The Board can elect to remove these designations in the future.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Adoption of New Accounting Standards

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, was issued by the FASB in May 2014 and is intended to improve the financial reporting requirements for revenue from contracts with customers. The ASU establishes a five-step model and application guidance for determining the timing and amount of revenue recognition. The related application guidance in the ASU replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (GAAP). The ASU became effective for the Organization for the year ended June 30, 2020. The Organization's adoption of the ASU did not materially change the timing or amount of revenue recognized by the Organization.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the year ended June 30, 2020 and was adopted on a modified prospective basis. The timing, amount, and presentation of revenue from grants and contributions has not materially changed as a result of adopting the provisions of ASU 2018-08.

As discussed in Note 10, the Organization's adoption of ASU 2018-08 permitted recognition of Paycheck Protection Program (PPP) loan proceeds, totaling approximately $460,000, as revenue in the year ended June 30, 2020.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues received, which are purpose restricted, are reported as increases in net assets with donor restrictions and subsequently released as the donor-stipulated time restriction ends or purpose restriction is accomplished. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use in restricted by explicit donor stipulations or by law. Expirations of donor time restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions subject to donor-imposed restrictions that the corpus is maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Federal grants are primarily reimbursement basis grants and revenue is recognized as expenditures are made and related work progresses.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year end. Management does not consider any amounts to be uncollectible at June 30, 2020 and 2019.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. Contributions or assets other than cash are recorded at estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of future cash flows with discounts computed using risk adjusted rates commensurate with associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Program Service Fees

Program service fees represent rent paid by residents in accordance with Section 3(a)(1) of the U.S. Housing Act of 1937. The amount of rent charged to each resident is based on the family's monthly adjusted income. Adjusted income is determined in accordance with HUD guidelines, and is adjusted at least annually. Fees collected are required to be used to offset program expenses. Program service fees are recognized as services are delivered. Accounts receivable represent program service fees that are due from residents at year end. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on historical experience and management's analysis of specific accounts. Accounts are considered past due after 30 days. It is management's policy to write off accounts receivable when management determines the receivable will not be collectible. Management did not believe that an allowance was necessary at June 30, 2020 or 2019.

Donated Materials

Donated materials are reflected as contributions at their estimated value at date of receipt. During each of the years ended June 30, 2020 and 2019, approximately $32,000 and $10,000, respectively, of materials were donated for special events. These amounts are included in special events revenue on the statement of activities. At June 30, 2020 the donated materials are included in other assets on the statement of financial position because the event will be held after year end. Donated materials of $10,000 were used during the year ended June 30, 2019 and are included in special events expense on the statement of activities.

Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services meeting these criteria for the years ended June 30, 2020 and 2019 were not significant.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities. The Organization received 2,467 and 597 volunteer hours in the years ended June 30, 2020 and 2019, respectively, which are not valued in the financial statements.

Contributed Facility

As described in Note 9, the Organization leases land and a building for $1 per year. The estimated fair value of the annual rental of $193,245 for each of the years ended June 30, 2020 and 2019 is included in support revenue and program expense in the accompanying financial statements.

Financial Instruments and Credit Risk

Financial instruments, principally cash, receivables, line of credit and accounts payable are reported at values which the Organization believes are not significantly different from fair values. At times cash in the bank is in excess of the Federal Deposit Insurance Corporation insured limits. The Organization believes no significant credit risk exists with respect to any of its financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

The Organization capitalizes all expenditures for property, furniture, fixtures, and equipment in excess of $5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods ranging from three to 40 years based upon their estimated useful lives.

Deferred Rent

Deferred rent represents the net amount of the excess of recognized rent expense over scheduled lease payments that will be amortized over the respective lease term.

Special Events

Special events revenue is shown net of cost of direct benefit to donors which amounted to approximately $0 and $6,000 for the years ended June 30, 2020 and 2019, respectively. Deferred revenue at June 30, 2020 relates to event sponsorships that will be recognized as revenue when the event takes place in the subsequent year.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited and personnel costs have been allocated based on estimates of time and effort.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Upcoming Accounting Pronouncements

The FASB has issued accounting guidance in ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The ASU allows for a modified retrospective application and is effective for the Organization as of the first quarter of the year ending June 30, 2023. The Organization is currently reviewing the impact of this update to the Organization's financial statements.

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between June 30, 2020 and December 1, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. PROPERTY AND EQUIPMENT

As of June 30, 2020 and 2019, property and equipment, net consisted of:

	2020	2019
Land	$ 482,202	$ 482,202
Buildings and land improvements	2,371,195	2,360,643
Leasehold improvements	224,828	224,828
Furniture, fixtures, and equipment	304,153	304,153
	3,382,378	3,371,826
Less accumulated depreciation	(1,694,307)	(1,597,945)
	$ 1,688,071	$ 1,773,881

Depreciation expense of $96,362 and $100,249 was recorded for the years ended June 30, 2020 and 2019, respectively.

4. LINE OF CREDIT

The Organization has a line of credit with a bank. In November 2019 the line of credit was increased from $1,500,000 to $2,500,000. The credit line's maturity was subsequently extended to January 20, 2021. The line accrues interest monthly at prime plus 0.5%, with a minimum of 4.5% and a maximum of 9% (6% at June 30, 2020), and is secured by all property. The balance at June 30, 2020 and 2019 was $1,750,025 and $212,409, respectively.

5. GRANTS FROM GOVERNMENT AGENCIES

The Organization is the recipient of federal financial assistance under Department of Housing and Urban Development programs. The balances of these grants and awards as of June 30, 2020 that are available for use in the year ending June 30, 2020 are as follows:

Cumulative awards	$ 494,773
Cumulative expenditures	(214,114)
Unexpended funds on grants	$ 280,659

Grants receivable on the statements of financial position are receivable within one year.

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are expected to be collected during the subsequent year. Management did not deem an allowance necessary at June 30, 2020 and 2019.

7. LIABILITY FOR CONDITIONAL GRANT

During 1994 the Organization purchased property to implement a new program to provide a facility to house homeless families who have AIDS or symptomatic HIV disease and their children. Renovation of the facility began in January 1997. The facility was completed and opened in October 1997. During the year ended June 30, 1998, Federal Home Loan Bank granted the Organization a $192,633 forgivable loan for construction of the property. As long as the property is used for housing income eligible residents, the Bank will forgive a portion of the loan on an annual basis over 30 years. Consequently, during each of the years ended June 30, 2019 and 2018, $6,422 of the loan was converted to support. This conditional grant is recorded as a liability on the financial statements.

8. COMPOSITION OF NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30, 2020 and 2019:

	2020	2019
Subject to expenditures for specific purpose:		
Capital campaign	$ 225,269	$ 224,867
Maintenance, repairs and program services	64,171	96,647
Client support	69,757	124,379
Expansion support	146,358	192,576
Furnishings	17,011	17,135
Supportive services	75,000	-
Resident medical costs	25,000	-
College tour expenses	6,000	-
	$ 628,566	$ 655,604

Net assets with donor restrictions released from restrictions during the year ended June 30, 2020 was as follows:

	2020	2019
Maintenance, repairs and program services	$ 32,475	$ 38,748
Client support	79,121	47,277
Expansion support	73,819	99,947
Furnishings	123	-
Supportive services	-	15,000
	$ 185,538	$ 200,972

Total board designated net assets as of June 30, 2020 and 2019 amounted to $150,000 and are included as net assets without restrictions. The amounts are designated for programs.

9. CONTRIBUTION OF LAND AND BUILDING

During 1990 the Organization purchased land and a building for its operations. Title to the land and building was subsequently transferred to Metropolitan Atlanta Community Foundation (MACF). The Organization now leases the land and building for $1 per year. During the year ended June 30, 1992, leasehold improvements and capitalized construction costs related to the 1992 renovation of and addition to the building were contributed to MACF. The Organization has made cumulative contributions of $2,100,976 to MACF. The contributions were made to enhance fund raising as well as to ensure that the property will consistently be used for the community good. MACF has committed to leasing the property to the Organization indefinitely provided the Organization’s use of the property does not significantly change.

10. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

In early 2020 an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity.

On March 27, 2020 in response to the pandemic, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES). In the weeks that followed, the Organization applied for and received a $460,105 PPP loan granted by the Small Business Administration. The Organization has elected to account for the PPP loan as a conditional contribution in accordance with the guidance provided by FASB ASU 2018-08. Under the guidance a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. The barriers for a PPP loan require that qualifying expenses must be incurred (compensation, mortgage interest, rent and utilities) and that the recipient maintains employee headcount and compensation levels at pre-established levels. If these barriers are not met, the recipient will be required to repay the loan over a specified period of time.

At June 30, 2020, the Organization believes it has met the conditions of the grant and that all of the loan will be ultimately forgiven. However, if a portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the Organization has sufficient liquidity to repay the unforgiven portion.

11. COMMITMENTS

The Organization leases its administrative offices and certain office equipment under noncancelable operating leases. Office rent and office equipment rental expense for the years ended June 30, 2020 and 2019 amounted to approximately $214,000 and $195,000, respectively. Future minimum lease payments are as follows:

For the Year Ending June 30:	Amount
2021	$ 205,784
2022	208,619
2023	165,999
2024	120,889
2025	10,148
Thereafter	-

Rent expense for the Organization's administrative office leases, which generally have escalating rentals over the term of the lease and may include rent holidays, is recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. The difference between rent expense and rent paid is recorded as deferred rent and is included in the Organization's statements of financial position.

In addition, the Organization leases apartments for its scattered site programs under annual renewable leases. Related rent expense amounted to approximately $3,644,000 and $2,566,000 in the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are as follows:

For the Year Ending June 30:	Amount
2021	$ 1,414,094
2022	241,088

12. EMPLOYEE BENEFIT PLAN

Effective July 2010 the Organization adopted a 403(b) Employee Benefit Plan (the Plan) for those employees who meet the eligibility requirements set forth in the Plan. All Plan participants are allowed to contribute any amount up to the legal maximum allowed. The Organization matches 100% of the first 3% of a participants' compensation and 50% of each additional 1% of a participants' compensation deferred to the Plan with a maximum match of 4%. Employer contributions amounted to $64,583 and $58,324 for the years ended June 30, 2020 and 2019, respectively.

13. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2020	2019
Financial assets:		
Cash	$ 480,963	$ 349,479
Grants receivable	1,531,540	1,090,853
Unconditional promises to give, net	20,833	6,899
Accounts receivable	117,032	113,866
Financial assets, at year-end	2,150,368	1,561,097
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	628,566	655,604
Board designations	150,000	150,000
Financial assets available to meet cash needs for general expenditures within one year	$ 1,371,802	$ 755,493

The Organization is substantially supported by federal awards and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a line of credit that can be used to cover expenses as needed and Board designated amounts could be made available if necessary.