

**JERUSALEM HOUSE, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**JERUSALEM HOUSE, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021**

---

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

## **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, 2021, 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, 2021, 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, 2020 financial statements, and our report dated December 1, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Warren Averett, LLC*

Atlanta, Georgia  
July 25, 2022

**JERUSALEM HOUSE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash	\$ 428,276	\$ 480,963
Grants receivable	1,939,775	1,531,540
Unconditional promises to give, net	64,236	20,833
Accounts receivable, net	184,311	117,032
Prepaid expenses and other current assets	92,940	78,441
Property and equipment, net	1,608,748	1,688,071
<b>TOTAL ASSETS</b>	<b>\$ 4,318,286</b>	<b>\$ 3,916,880</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 194,044	\$ 247,772
Deferred revenue	50,000	50,000
Liability for conditional grant	44,932	51,354
Deferred rent	52,021	64,466
Line of credit	1,464,669	1,750,025
HOPWA advance	1,175,356	-
<b>TOTAL LIABILITIES</b>	2,981,022	2,163,617
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	530,948	974,697
Board designated	150,000	150,000
Total net assets without donor restrictions	680,948	1,124,697
With donor restrictions		
Restricted by purpose	656,316	628,566
Total net assets with donor restrictions	656,316	628,566
<b>TOTAL NET ASSETS</b>	<b>1,337,264</b>	<b>1,753,263</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,318,286</b>	<b>\$ 3,916,880</b>

See notes to the financial statements.

**JERUSALEM HOUSE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
*(with comparative totals for 2020)*

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Federal financial assistance	\$ 6,398,597	\$ -	\$ 6,398,597	\$ 6,475,518
Federal CARES Act PPP grant	-	-	-	460,105
Other governmental assistance	20,367	-	20,367	14,174
Community group contributions	23,145	4,325	27,470	80,634
Corporate contributions	39,355	-	39,355	27,620
Faith community contributions	20,704	-	20,704	19,080
Foundations and trusts	256,676	134,175	390,851	357,172
In-kind contributions	193,245	-	193,245	193,245
Special events	112,000	-	112,000	139,383
Individuals, memorials and bequests	111,250	-	111,250	126,650
Program service fees	714,960	-	714,960	765,196
Other income	36	-	36	153,455
Net assets released from restrictions	110,750	(110,750)	-	-
<b>Total public support and revenue</b>	<b>8,001,085</b>	<b>27,750</b>	<b>8,028,835</b>	<b>8,812,232</b>
<b>EXPENSES</b>				
Program services				
The Program for Single Adults	990,938	-	990,938	989,699
The Family Program	915,261	-	915,261	889,486
Scattered Site Program I	586,912	-	586,912	593,539
Scattered Site Program II	4,159,182	-	4,159,182	4,608,432
Tenant Based Rental Assistance	1,048,578	-	1,048,578	1,432,893
Supporting services				
Management and general	442,289	-	442,289	309,988
Fundraising	301,674	-	301,674	280,359
<b>Total expenses</b>	<b>8,444,834</b>	<b>-</b>	<b>8,444,834</b>	<b>9,104,396</b>
<b>CHANGE IN NET ASSETS</b>	<b>(443,749)</b>	<b>27,750</b>	<b>(415,999)</b>	<b>(292,164)</b>
<b>NET ASSETS AT:</b>				
<b>BEGINNING OF YEAR</b>	<b>1,124,697</b>	<b>628,566</b>	<b>1,753,263</b>	<b>2,045,427</b>
<b>END OF YEAR</b>	<b>\$ 680,948</b>	<b>\$ 656,316</b>	<b>\$ 1,337,264</b>	<b>\$ 1,753,263</b>

See notes to the financial statements

**JERUSALEM HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
*(with comparative totals for 2020)*

	2021							2020	
	Program Services							Supporting Services	
	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	\$ 329,958	\$ 356,867	\$ 167,992	\$ 903,516	\$ 205,018	\$ 115,682	\$ 201,439	\$ 2,280,472	\$ 2,348,734
Workers compensation insurance	5,446	5,593	2,734	8,208	-	15,638	1,348	38,967	31,421
Payroll taxes	20,188	24,340	11,483	71,470	14,635	10,969	14,397	167,482	175,509
Employee benefits	53,052	56,137	24,286	203,469	42,280	17,637	42,085	438,946	381,457
<b>Total salaries and related expenses</b>	<b>408,644</b>	<b>442,937</b>	<b>206,495</b>	<b>1,186,663</b>	<b>261,933</b>	<b>159,926</b>	<b>259,269</b>	<b>2,925,867</b>	<b>2,937,121</b>
Apartment leases	-	-	235,718	2,120,802	766,188	-	-	3,122,708	3,643,899
In-kind rent	193,245	-	-	-	-	-	-	193,245	193,245
Apartment utilities	44,591	42,383	62,962	472,719	1,629	-	-	624,284	731,060
Apartment furnishings and supplies	-	1,187	-	-	-	-	-	1,187	62,458
Maintenance and repairs	42,178	56,751	-	4,277	492	-	-	103,698	73,906
Insurance	43,167	43,451	20,080	35,876	-	-	-	142,574	141,826
Occupancy	2,178	5,057	17,406	96,899	5,730	57,626	34,073	218,969	192,175
Communications	31,090	45,352	7,878	59,231	6,244	28,141	4,492	182,428	171,053
Professional services	11,374	15,366	6,919	34,423	-	36,236	-	104,318	89,667
Special events	-	-	-	-	-	-	-	-	3,911
Contract personnel	168,209	153,497	-	-	-	-	-	321,706	367,335
Supportive services	12,171	26,497	25,083	131,793	2,722	-	-	198,266	201,717
Mileage	1,154	1,053	2,147	6,241	448	3,466	900	15,409	43,892
Other	16,413	3,987	2,224	10,258	3,192	156,532	2,940	195,546	154,769
<b>Total expenses before depreciation</b>	<b>974,414</b>	<b>837,518</b>	<b>586,912</b>	<b>4,159,182</b>	<b>1,048,578</b>	<b>441,927</b>	<b>301,674</b>	<b>8,350,205</b>	<b>9,008,034</b>
Depreciation	16,524	77,743	-	-	-	362	-	94,629	96,362
<b>TOTAL EXPENSES</b>	<b>\$ 990,938</b>	<b>\$ 915,261</b>	<b>\$ 586,912</b>	<b>\$ 4,159,182</b>	<b>\$ 1,048,578</b>	<b>\$ 442,289</b>	<b>\$ 301,674</b>	<b>\$ 8,444,834</b>	<b>\$ 9,104,396</b>

See notes to the financial statements

**JERUSALEM HOUSE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (415,999)	\$ (292,164)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	94,629	96,362
Donated materials	(31,956)	(31,956)
Conversion of conditional grant to support	(6,422)	(6,422)
(Increase) decrease in operating assets:		
Accounts receivable	(67,279)	(3,166)
Grants receivable	(408,235)	(440,687)
Unconditional promises to give	(43,403)	(13,934)
Prepaid expenses and other current assets	17,457	(17,255)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(53,728)	196,925
Deferred revenue	50,000	50,000
Deferred rent	(62,445)	(6,550)
HOPWA advance	1,175,356	(926,733)
Net cash provided by (used in) operating activities	<u>247,975</u>	<u>(1,395,580)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(15,306)</u>	<u>(10,552)</u>
Net cash used in investing activities	<u>(15,306)</u>	<u>(10,552)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings on line of credit	<u>(285,356)</u>	<u>1,537,616</u>
Net cash (used in) provided by financing activities	<u>(285,356)</u>	<u>1,537,616</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(52,687)	131,484
<b>CASH AT BEGINNING OF YEAR</b>	<u>480,963</u>	<u>349,479</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 428,276</u>	<u>\$ 480,963</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>		
Cash paid during the year for:		
Interest paid	<u>\$ 90,791</u>	<u>\$ 40,543</u>

See notes to the financial statements



**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

## **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 families 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, 2021, the Organization provides homeless or low-income individuals and families living with HIV/AIDS access to 321 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.

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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, 2020, 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.

**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 is 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, 2021 and 2020.

**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.

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Contributions – Continued**

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.

**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. An allowance of \$40,000 and \$0 was recorded at June 30, 2021 and 2020, respectively.

**Donated Materials**

Donated materials are reflected as contributions at their estimated value at date of receipt. During each of the years ended June 30, 2021 and 2020, approximately \$0 and \$32,000, respectively, of materials were donated for special events. These amounts are included in special events revenue on the statement of activities. At June 30, 2021 and 2020, the materials that were donated during the year ended June 30, 2020, are included in other current assets on the statement of financial position because the event was postponed until October 2022.

**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, 2021 and 2020 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 71 and 2,497 volunteer hours in the years ended June 30, 2021 and 2020, 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, 2021 and 2020, is included in support revenue and program expense in the accompanying financial statements.

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

**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, 2021 and 2020, respectively. Deferred revenue, at June 30, 2021 and 2020, relates to event sponsorships that will be recognized as revenue when the event takes place in October 2022.

**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.

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Events Occurring After Report Date**

Management has evaluated events and transactions that occurred between June 30, 2021 and July 25, 2022, 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, 2021 and 2020, property and equipment, net consisted of:

	<u>2021</u>	<u>2020</u>
Land	\$ 482,202	\$ 482,202
Buildings and land improvements	2,371,195	2,371,195
Leasehold improvements	233,485	224,828
Furniture, fixtures, and equipment	<u>310,802</u>	<u>304,153</u>
	3,397,684	3,382,378
Less accumulated depreciation	<u>(1,788,936)</u>	<u>(1,694,307)</u>
	<u>\$ 1,608,748</u>	<u>\$ 1,688,071</u>

Depreciation expense of \$94,629 and \$96,362 was recorded for the years ended June 30, 2021 and 2020, 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 renewed and extended to January 28, 2023. The line accrues interest monthly at the Index Rate, as defined in the loan documents, plus 0.5% (4% at June 30, 2021), and is secured by all property. The balance at June 30, 2021 and 2020, was \$1,464,669 and \$1,750,025, 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, 2021, that are available for use in the year ending June 30, 2022, are as follows:

Cumulative awards	\$ 14,585,466
Cumulative expenditures	<u>(6,136,413)</u>
Unexpended funds on grants	<u>\$ 8,449,053</u>

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

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

**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, 2021 and 2020.

**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, 2021 and 2020, \$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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purpose:		
Capital campaign	\$ 222,719	\$ 225,269
Maintenance and repairs	64,172	64,171
Client support	98,770	69,757
Expansion support	141,449	146,358
Furnishings	12,334	17,011
Supportive services	93,396	75,000
Resident medical costs	17,476	25,000
College tour expenses	6,000	6,000
	<u>\$ 656,316</u>	<u>\$ 628,566</u>

**JERUSALEM HOUSE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

---

**8. COMPOSITION OF NET ASSETS – CONTINUED**

Net assets with donor restrictions released from restrictions during the year ended June 30, 2021 was as follows:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 2,574	\$ -
Maintenance and repairs	-	32,475
Client support	19,163	79,121
Expansion support	25,908	73,819
Furnishings	4,677	123
Supportive services	25,904	-
Resident medical costs	32,524	-
	<u>\$ 110,750</u>	<u>\$ 185,538</u>

Total board designated net assets as of June 30, 2021 and 2020, 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.

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

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

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 believed it met the conditions of the grant and that all of the loan will be ultimately forgiven and recognized grant revenue of \$460,105. The PPP loan was forgiven in November 2020.

**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, 2021 and 2020, amounted to approximately \$237,000 and \$214,000, respectively. Future minimum lease payments are as follows:

<b><u>For the Year Ending June 30:</u></b>	<b><u>Amount</u></b>
2022	\$ 219,913
2023	177,294
2024	123,624
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.



**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**11. COMMITMENTS – CONTINUED**

In addition, the Organization leases apartments for its scattered site programs under annual renewable leases. Related rent expense amounted to approximately \$2,847,000 and \$3,644,000 in the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments are as follows:

<u>For the Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 1,869,415
2023	435,233

**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 \$63,563 and \$64,583 for the years ended June 30, 2021 and 2020, respectively.

**13. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, 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.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 428,276	\$ 480,963
Grants receivable	1,939,775	1,531,540
Unconditional promises to give, net	64,236	20,833
Accounts receivable	184,311	117,032
Financial assets, at year-end	2,616,598	2,150,368
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	656,316	628,566
Board designations	150,000	150,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,810,282</u>	<u>\$ 1,371,802</u>

**JERUSALEM HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

---

**13. LIQUIDITY AND FUNDS AVAILABLE – CONTINUED**

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.

**14. SUBSEQUENT EVENTS**

In December 2021 the Organization obtained a \$1,000,000 Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL). The loan bears 2.75% interest and provides for monthly principal and interest payments beginning in December 2023 through its December 2051 maturity date. The COVID-19 EIDL program was designed to provide funding to small businesses that were hurt economically during the COVID-19 pandemic. The loan is collateralized by substantially all of the Organization's assets and has restrictions on the use of the funds.