

JHP, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2022 AND 2021

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Independent Auditor's Report

To the Board of Directors
JHP, Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of JHP, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JHP, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JHP, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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,

Auditor's Responsibilities for the Audit of the Financial Statements - continued

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

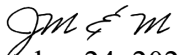
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JHP, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JHP, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended June 30, 2022, JHP, Inc. adopted new accounting guidance, Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.


October 24, 2022
Washington, DC

JHP, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 979,693	\$ 601,339
Grants receivable	307,763	499,880
Prepaid expenses	2,445	12,610
Total Current Assets	1,289,901	1,113,829
PROPERTY AND EQUIPMENT, NET	158,323	175,772
TOTAL ASSETS	\$ 1,448,224	\$ 1,289,601
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 15,459	\$ 32,668
Accrued payroll liabilities	62,615	76,490
Client payables	4,572	3,737
Mortgage note payable, current portion	11,253	10,679
Deferred rent, current portion	12,012	8,345
Total Current Liabilities	105,911	131,919
LONG TERM LIABILITIES		
Mortgage note payable, net of current portion	203,017	214,998
Deferred rent, net of current portion	11,560	23,572
Total Long Term Liabilities	214,577	238,570
Total Liabilities	320,488	370,489
NET ASSETS		
Without donor restrictions	1,127,736	919,112
TOTAL LIABILITIES AND NET ASSETS	\$ 1,448,224	\$ 1,289,601

The accompanying notes are an integral part of these financial statements.

JHP, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Government grants - federal	\$ 525,971	\$ 697,113
Government grants - non-federal	2,310,218	2,553,573
PPP loan forgiveness	-	296,068
Contributions	137,848	151,778
Client fees	11,787	10,895
Interest and other income	1,233	5,945
In-kind professional services	265,000	265,000
Total Revenue and Support	3,252,057	3,980,372
EXPENSES		
Program Services:		
Resident shelters	1,374,827	1,852,793
Employment program	1,435,594	1,227,469
Total Program Services	2,810,421	3,080,262
Support Services:		
Management and general	233,012	358,332
Total Expenses	3,043,433	3,438,594
CHANGE IN NET ASSETS	208,624	541,778
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	919,112	377,334
End of year	\$ 1,127,736	\$ 919,112

The accompanying notes are an integral part of these financial statements.

JHP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>			<u>Support Services</u>	
	Resident Shelters	Employment Program	Total Program Services	Management and General	Total
Personnel					
Salaries	\$ 780,764	\$ 628,848	\$ 1,409,612	\$ 131,901	\$ 1,541,513
Payroll taxes	65,835	53,026	118,861	11,122	129,983
Employee benefits	56,177	45,246	101,424	9,490	110,914
Total Personnel Expenses	<u>902,776</u>	<u>727,120</u>	<u>1,629,896</u>	<u>152,514</u>	<u>1,782,410</u>
Accounting	-	-	-	33,563	33,563
Bank fees and finance charges	-	-	-	3,081	3,081
Client assistance	44,764	4,015	48,779	-	48,779
Consultants	11,265	4,505	15,770	7,266	23,036
Depreciation and amortization	9,066	6,588	15,654	7,090	22,744
Employment assistance	-	57,925	57,925	-	57,925
Housing assistance	241,489	-	241,489	-	241,489
In-kind professional services	106,000	159,000	265,000	-	265,000
Insurance	10,211	320	10,531	7,433	17,964
Interest	4,679	3,400	8,079	3,659	11,738
Meetings	1,668	8,785	10,453	-	10,453
Miscellaneous	806	179	985	250	1,235
Occupancy expenses	-	123,185	123,185	-	123,185
Office supplies and equipment	6,403	7,010	13,413	6,830	20,243
Phone and communications	13,190	9,584	22,774	10,316	33,090
Postage and delivery	303	1,784	2,087	-	2,087
Printing and copying	5,436	10,738	16,174	-	16,174
Repairs and maintenance	5,708	580	6,288	221	6,509
Taxes	122	-	122	687	809
Transportation assistance	1,910	304,363	306,273	-	306,273
Utilities	9,031	6,513	15,544	102	15,646
TOTAL EXPENSES	<u><u>\$ 1,374,827</u></u>	<u><u>\$ 1,435,594</u></u>	<u><u>\$ 2,810,421</u></u>	<u><u>\$ 233,012</u></u>	<u><u>\$ 3,043,433</u></u>

The accompanying notes are an integral part of these financial statements.

JHP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Support Services	
	Resident Shelters	Employment Program	Total Program Services	Management and General	Total
Personnel					
Salaries	\$ 1,171,999	\$ 407,407	\$ 1,579,406	\$ 233,806	\$ 1,813,212
Payroll taxes	107,937	37,521	145,458	21,533	166,991
Employee benefits	65,794	22,871	88,665	13,125	101,790
Total Personnel Expenses	<u>1,345,730</u>	<u>467,799</u>	<u>1,813,529</u>	<u>268,464</u>	<u>2,081,993</u>
Accounting	-	-	-	37,100	37,100
Advertising	-	-	-	105	105
Bank fees and finance charges	-	-	-	2,966	2,966
Client assistance	32,811	-	32,811	-	32,811
Consultants	12,119	272	12,391	9,393	21,784
Depreciation and amortization	15,032	5,225	20,257	2,999	23,256
Dues and subscriptions	219	-	219	-	219
Employment assistance	217	58,142	58,359	-	58,359
Housing assistance	229,753	-	229,753	-	229,753
In-kind professional services	106,000	159,000	265,000	-	265,000
Insurance	13,799	432	14,231	10,046	24,277
Interest	5,240	4,074	9,314	3,002	12,316
Legal expenses	-	-	-	10,000	10,000
Meetings	1,425	1,827	3,252	-	3,252
Miscellaneous	1,926	-	1,926	342	2,268
Occupancy expenses	-	122,894	122,894	-	122,894
Office supplies and equipment	16,152	17,814	33,966	7,073	41,039
Phone and communications	30,370	10,557	40,927	6,058	46,985
Postage and delivery	330	2,057	2,387	576	2,963
Printing and copying	16,147	1,683	17,830	52	17,882
Repairs and maintenance	2,580	-	2,580	101	2,681
Transportation assistance	3,743	372,312	376,055	-	376,055
Utilities	19,200	3,381	22,581	55	22,636
TOTAL EXPENSES	<u>\$ 1,852,793</u>	<u>\$ 1,227,469</u>	<u>\$ 3,080,262</u>	<u>\$ 358,332</u>	<u>\$ 3,438,594</u>

The accompanying notes are an integral part of these financial statements.

JHP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 208,624	\$ 541,778
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	22,744	23,256
Amortization of deferred rent	(8,345)	(4,784)
Decrease (increase) in assets:		
Grants receivable	192,117	(28,370)
Prepaid expenses	10,165	(12,610)
Deposits	-	11,515
Increase (decrease) in liabilities:		
Accounts payable	(17,209)	2,823
Accrued payroll liabilities	(13,875)	24,237
Client payables	835	-
Net Cash Provided by Operating Activities	395,056	557,845
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,295)	(63,947)
Net Cash Used for Investing Activities	(5,295)	(63,947)
CASH FLOWS FROM FINANCING ACTIVITIES		
Forgiveness of PPP loan	-	(296,068)
Principal payments on mortgage note payable	(11,407)	(10,221)
Net Cash Used for Financing Activities	(11,407)	(306,289)
NET CHANGE IN CASH AND CASH EQUIVALENTS	378,354	187,609
CASH AND CASH EQUIVALENTS, beginning of year	601,339	413,730
CASH AND CASH EQUIVALENTS, end of year	\$ 979,693	\$ 601,339
SUPPLEMENTARY INFORMATION		
Cash paid for interest	\$ 11,738	\$ 12,316

The accompanying notes are an integral part of these financial statements.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE A – NATURE OF ORGANIZATION

JHP, Inc. is a not-for-profit organization incorporated in August 1988 under the laws of the District of Columbia. The primary purpose of JHP, Inc. is to provide and manage job training programs, employment assistance, and housing assistance for homeless people, which will enable them to participate more fully and independently in the community. JHP, Inc. is guided by the belief that a steady paycheck is more than money - it is a source of self-esteem and the catalyst for changing lives. Because of this belief JHP, Inc. focuses on employment as a key component to helping the homeless rejoin mainstream society.

Program Services

Resident Shelters: JHP, Inc. operates two shelters in Prince George’s County, Maryland, and one in Washington, DC. The shelters provide meals, assistance with clothing and household essentials, comprehensive case management, and wrap-around services in order to provide the residents with the tools they need to become self-sufficient. Adult residents participate in life skills, education, and employment classes, while children are provided with tutoring and enrichment activities. Each shelter houses a computer lab equipped with high speed internet and a business office for the use of residents. The shelters provided housing and services for the following during the years ended June 30, 2022 and 2021, this program helped 112 and 323 people, respectively, to get employment, and helped 125 and 202 people, respectively, to move into permanent housing.

Employment Day Centers (DC) (previously called the Homeless Day Shelters (DC)): JHP, Inc. operates an employment program in the lobby of one of DC’s largest day shelters. At this location, JHP, Inc. links clients to the mainstream resources for which they may be eligible. JHP also operates a TANF employment program in SE DC that assists individuals who receive this benefit in obtaining employment to become self-sufficient to gradually decrease their need for financial government subsidies. Through these programs JHP offers life-skills, employment soft skills, and vocational training; computer and internet access and training; financial literacy education; housing placements and assistance; supportive services, and emergency financial aid. JHP, Inc. partners with a number of area employers and landlords to ensure that clients can secure employment and housing despite their backgrounds and/or current living situations. During the years ended June 30, 2022 and 2021, this program helped 258 and 270 people, respectively, to get employment; this program is not benchmarked for housing although this is a subsidiary service that can be provided where 245 individuals received direct housing and rental assistance.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE A – NATURE OF ORGANIZATION - continued

Program Services - continued

Satellite Center (MD): JHP, Inc. operates an employment program in satellite centers throughout Prince George's, County Maryland assisting consumers who receive Supplemental Nutrition Assistance Program funds in finding sustainable employment and who reside in substance abuse detoxification centers and homeless shelters, along with those who are referred to them from various outreach centers. JHP, Inc. offers life-skills, employment soft skills and vocational training, computer and internet access and training, financial literacy education, supportive services, emergency financial aid, and housing assistance. JHP, Inc. partners with a number of area employers to ensure that consumers can secure employment despite their backgrounds and/or current living situations. For each of the fiscal years ending June 30, 2022 and 2021, this program helped 35 individuals gain employment; this program is not benchmarked for housing although this is a subsidiary service that can be provided.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recorded as the obligations are incurred.

Adoption of New Accounting Pronouncement

In September 2020, The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires updated presentation and enhanced disclosure related to contributed nonfinancial assets received. This enhanced disclosure includes disaggregation of significant categories of contributed nonfinancial assets and additional qualitative information regarding the use of these contributed nonfinancial assets. 2020-07 has been implemented in the accompanying financial statements on a retrospective basis, however, there is no effect on net assets in connection with the implementation of ASU 2020-07 as the update only increased presentation and disclosure requirements for the prior year and did not impact amounts recorded.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation

Financial statement presentation follows FASB Accounting Standards Codification (“ASC”) Topic 958 *Financial Statements of Not-For-Profit Entities*. In accordance with the topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of JHP, Inc. and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of JHP, Inc. and/or the passage of time or that must be maintained in perpetuity by JHP, Inc. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash Equivalents

For the purposes of the statements of cash flows, JHP, Inc. considers all highly liquid investments with original maturities of three months or less to be cash equivalents. JHP, Inc. maintains its cash and cash equivalents balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the accounts may exceed these limits. However, JHP, Inc. has not experienced any losses in such accounts and management believes that JHP, Inc. is not exposed to any significant credit risk on cash and cash equivalents.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon its ongoing review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of June 30, 2022 and 2021, management has determined that all significant receivables are collectible within one year or less; therefore, no allowance for doubtful accounts has been established.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Property and equipment valued in excess of \$1,000 and with a useful life of more than one year is capitalized and recorded at cost. Donated property and equipment are recorded at estimated fair value. Building improvements are capitalized at cost and amortized over the remaining life of the asset. Repairs and maintenance are generally expensed. Depreciation and amortization is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 - 10 years
Building and building improvements	20 - 40 years
Vehicles	10 years

Deferred Rent

Deferred rent represents rent abatement and increases in monthly rent payments over the term of the lease agreement. Occupancy expense is recognized on a straight-line basis over the term of the lease.

In-kind Professional Services

JHP, Inc. recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Revenue Recognition

Government Grants

Revenues are primarily received either directly or indirectly from (state, local or) federal government agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

As of June 30, 2022, JHP, Inc. received conditional promises to give in the amount of \$397,818 that are expected to be recognized as revenue during the year ending June 30, 2023.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition - continued

PPP Loan Forgiveness

Proceeds received from City First Bank of D.C. (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) are recognized as a forgiveness of debt upon their forgiveness by the SBA. The PPP loan is considered forgivable by the SBA if the proceeds are used to cover certain expenses during the COVID-19 crisis. On January 22, 2021, JHP, Inc. received notice from the SBA that the PPP loan had been forgiven and is therefore recorded as forgiveness of debt in the accompanying statements of activities.

Client Fees

Client fees revenue is recognized at a point in time, when services are provided, which includes voluntary payments by clients for case management services, utilities, food, supplies, uniforms, transportation and employment assistance. Amounts received in advance are recorded as deferred revenue.

JHP, Inc. recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is 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 substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Use of Estimates

The preparation of 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office, supplies and equipment, and occupancy, salaries and related cost, which are allocated on the basis of time and effort.

NOTE C – INCOME TAXES

JHP, Inc. is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

JHP, Inc. believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

JHP, Inc.'s information tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. JHP, Inc.'s Form 990 returns for the years ended June 30, 2019 through 2021, are open for examination by the Internal Revenue Service, although no such request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

JHP, Inc.'s primary sources of revenue are government grants and contributions from foundations. JHP, Inc. regularly monitors the liquidity required to meet its operating needs and other contractual commitments. JHP, Inc. strives to maintain liquid financial assets sufficient to cover general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, JHP, Inc. operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Reclassification

For comparative purposes, the presentation of accounts payable and accrued payroll liabilities in the statements of financial position and cash flows as of June 30, 2021, have been reclassified from accounts payable and accrued expenses to conform to the current year presentation. The reclassification had no effect on the previously reported net assets or changes in net assets.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY – continued

JHP, Inc.’s financial assets available within one year of the statements of financial position date for general expenditure are as follows as of June 30,:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 979,693	\$ 601,339
Grants receivable	307,763	499,880
Total Financial Assets	<u>1,287,456</u>	<u>1,101,219</u>
Financial Assets Available for General Expenditures		
Within One Year	<u>\$ 1,287,456</u>	<u>\$ 1,101,219</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	<u>2022</u>	<u>2021</u>
Building	\$ 169,962	\$ 169,962
Furniture and equipment	106,719	101,424
Vehicles	49,632	49,632
Building improvements	<u>169,622</u>	<u>169,622</u>
	495,935	490,640
Less: accumulated depreciation and amortization	<u>337,612</u>	<u>314,868</u>
Property and Equipment, Net	<u>\$ 158,323</u>	<u>\$ 175,772</u>

Depreciation and amortization expense totaled \$22,744 and \$23,256, for the years ended June 30, 2022 and 2021, respectively.

NOTE F – NOTES PAYABLE

On November 9, 2004, JHP, Inc. secured a \$175,000 loan with the City First Bank of DC (the “Lender”) for a deed of trust mortgage. On October 12, 2012, JHP, Inc. refinanced this mortgage and included an additional principal amount of \$23,161. On February 2, 2016, JHP, Inc. refinanced this mortgage again and included an additional principal amount of \$89,090. This mortgage is secured by real property located at 1526 Pennsylvania Avenue, SE, Washington, DC. The mortgage is scheduled to mature on February 2, 2026. Principal and interest are payable monthly over 120 payments with a balloon payment of \$173,203 due at maturity. Interest accrues

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE F – NOTES PAYABLE - continued

at a fixed rate of 5.25% per annum. The mortgage balance for the years ended June 30, 2022 and 2021, totaled \$214,270 and \$225,677, respectively.

Mortgage interest expense for the years ended June 30, 2022 and 2021, totaled \$11,738 and \$12,316, respectively.

Future principal payments are due as follows for the years ended June 30,:

2023	\$	11,253
2024		11,858
2025		12,496
2026		178,663
Total	\$	<u>214,270</u>

On April 30, 2020, JHP, Inc. secured a \$296,086 loan with the City First Bank of D.C., N.A. (the “Lender”) under the Small Business Administration’s Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. This loan could be used to cover certain expenses during the COVID-19 crisis. The loan amount was able to be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan was made. On January 22, 2021, the loan and any accrued interest was forgiven as notified to JHP, Inc. by the SBA and was recognized as forgiveness of PPP loan for the year ended June 30, 2021.

NOTE G – LEASE COMMITMENTS

On December 31, 2018, JHP, Inc. signed a lease for space at 810 Potomac Avenue, Washington, DC. Monthly rental payments under this lease are \$9,460 with a 3% annual increase beginning with the second year of the lease. The landlord has granted an abatement of rent for four months, beginning January 15, 2019 through April 30, 2019, which is being recognized as occupancy expense over a period of 64 months, the term of the lease.

Future rental payments are due as follows for the years ending June 30,:

2023	\$	125,909
2024		106,475
Total	\$	<u>232,384</u>

Occupancy expenses for the years ended June 30, 2022 and 2021, totaled \$123,185, and \$122,894, respectively.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
(continued)

NOTE H – CONCENTRATION OF RISK

JHP, Inc. received approximately 87% and 89% of its revenue from federal and other government grants for the years ended June 30, 2022 and 2021, respectively.

NOTE I – CONTINGENCIES

JHP, Inc. operates programs funded by grants that are renewed annually depending on the availability of funds and JHP, Inc.'s compliance with the requirements of the grants and contracts. Therefore, annual funding under these grants is not guaranteed. JHP, Inc. is also subject to an audit by its funding sources. Accordingly, all costs charged to federal and state grants are subject to verification.

NOTE J – RETIREMENT PLAN

JHP, Inc. sponsors a Section 403(b) Elective Deferral Retirement Plan, the ("Plan"), for the benefits of its employees. Employees may contribute to the Plan through elective salary deferrals and are eligible immediately upon beginning employment but must contribute at least \$200 annually in order to participate in the Plan. Contributions to the Plan are tax deferred. JHP, Inc. did not make any contributions to the Plan for the years ending June 30, 2022 and 2021.

NOTE K – IN KIND PROFESSIONAL SERVICES

A significant amount of donated professional services are contributed to JHP, Inc. by churches, ministries, home owner associations, and therapy clinics. Donated services recorded for the years ended June 30, 2022 and 2021, included clinical assessment, engagement seminars, meal preparation, and enrichment activities in the Employment and Residential Shelters programs, and totaled \$265,000 for each of the years ended June 30, 2022 and 2021, and have been included in the statements of activities and statements of functional expenses, as in-kind professional services. The in-kind professional services are evaluated by the donors based on the ongoing hourly rates for those services in the area that they are located.

Unless otherwise noted contributed in-kind professional services did not have any donor-imposed restrictions.

NOTE L – SUBSEQUENT EVENTS

In preparing these financial statements, JHP, Inc.'s management has evaluated events and transactions for potential recognition or disclosure through October 24, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.