

JHP, INC.

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

JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses, Year Ended June 30, 2024	5
Statement of Functional Expenses, Year Ended June 30, 2023	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 17



CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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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, 2024 and 2023, 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, 2024 and 2023, 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, 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.



November 8, 2024
Washington, DC

JHP, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 984,892	\$ 1,122,932
Grants receivable	348,146	274,953
Prepaid expenses	6,955	3,396
Total Current Assets	1,339,993	1,401,281
OTHER ASSETS		
Property and equipment, net	112,835	135,579
Operating lease right-of-use asset, net	595,806	93,541
Total Other Assets	708,641	229,120
TOTAL ASSETS	\$ 2,048,634	\$ 1,630,401
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 28,002	\$ 54,165
Accrued payroll expenses	61,302	64,242
Client payables	4,772	4,572
Mortgage note payable, current portion	12,496	11,858
Operating lease liability, current portion	115,842	105,102
Total Current Liabilities	222,414	239,939
LONG TERM LIABILITIES		
Mortgage note payable, net of current portion	177,090	190,384
Operating lease liability, net of current portion	514,831	-
Total Long Term Liabilities	691,921	190,384
Total Liabilities	914,335	430,323
NET ASSETS		
Without donor restrictions	1,134,299	1,200,078
TOTAL LIABILITIES AND NET ASSETS	\$ 2,048,634	\$ 1,630,401

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

JHP, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Government grants - non-federal	\$ 2,013,708	\$ 1,912,909
Government grants - federal	539,480	544,815
In-kind professional services	265,000	265,000
Grants and contributions	189,229	320,216
Client fees	26,538	26,508
Interest and other income	12,923	3,313
Total Revenue and Support Without Donor Restrictions	3,046,878	3,072,761
EXPENSES		
Program Services:		
Resident shelters	1,227,821	1,246,443
Employment program	1,628,834	1,488,237
Total Program Services	2,856,655	2,734,680
Support Services:		
Management and general	256,002	261,563
Fundraising	-	4,176
Total Support Services	256,002	265,739
Total Expenses	3,112,657	3,000,419
CHANGE IN NET ASSETS	(65,779)	72,342
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	1,200,078	1,127,736
End of year	\$ 1,134,299	\$ 1,200,078

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

JHP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Support Services	Total
	Resident Shelters	Employment Program	Total Program Services	Management and General	
Personnel:					
Salaries	\$ 619,662	\$ 762,328	\$ 1,381,990	\$ 124,920	\$ 1,506,910
Payroll taxes	49,273	60,618	109,891	9,933	119,824
Employee benefits	45,690	56,209	101,899	9,210	111,109
Total Personnel Expenses	714,625	879,155	1,593,780	144,063	1,737,843
Accounting	-	-	-	51,063	51,063
Bank fees and finance charges	-	-	-	2,676	2,676
Client assistance	43,900	2,974	46,874	-	46,874
Consultants	1,272	6,628	7,900	8,466	16,366
Depreciation and amortization	9,066	6,588	15,654	7,090	22,744
Employment assistance	-	77,580	77,580	-	77,580
Housing assistance	297,170	-	297,170	-	297,170
In-kind professional services	106,000	159,000	265,000	-	265,000
Insurance	17,857	12,975	30,832	13,964	44,796
Interest	4,181	3,038	7,219	3,269	10,488
Meals	339	278	617	7,554	8,171
Meeting facilities	236	9,747	9,983	147	10,130
Miscellaneous	907	350	1,257	447	1,704
Occupancy	-	161,036	161,036	-	161,036
Office supplies and equipment	6,506	16,542	23,048	7,312	30,360
Phone and communications	7,765	19,742	27,507	8,726	36,233
Postage and delivery	-	865	865	-	865
Printing and copying	3,587	22,501	26,088	-	26,088
Repairs and maintenance	5,097	-	5,097	400	5,497
Taxes	41	80	121	825	946
Transportation assistance	-	245,045	245,045	-	245,045
Utilities	9,272	4,710	13,982	-	13,982
TOTAL EXPENSES	\$ 1,227,821	\$ 1,628,834	\$ 2,856,655	\$ 256,002	\$ 3,112,657

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

JHP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Support Services			Total
	Resident Shelters	Employment Program	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel:							
Salaries	\$ 626,944	\$ 722,634	\$ 1,349,578	\$ 143,696	\$ -	\$ 143,696	\$ 1,493,274
Payroll taxes	47,995	55,320	103,315	11,001	-	11,001	114,316
Employee benefits	36,379	41,931	78,310	8,338	-	8,338	86,648
Total Personnel Expenses	711,318	819,885	1,531,203	163,035	-	163,035	1,694,238
Accounting	-	-	-	45,291	-	45,291	45,291
Bank fees and finance charges	-	-	-	2,075	-	2,075	2,075
Client assistance	70,186	3,331	73,517	346	-	346	73,863
Consultants	1,324	6,917	8,241	8,326	-	8,326	16,567
Depreciation and amortization	9,066	6,588	15,654	7,090	-	7,090	22,744
Employment assistance	-	79,484	79,484	-	-	-	79,484
Housing assistance	283,282	-	283,282	-	-	-	283,282
In-kind professional services	106,000	159,000	265,000	-	-	-	265,000
Insurance	16,147	11,733	27,880	12,628	-	12,628	40,508
Interest	4,431	3,220	7,651	3,465	-	3,465	11,116
Meals and entertainment	-	714	714	2,654	4,176	6,830	7,544
Meeting facilities	1,668	8,785	10,453	1,408	-	1,408	11,861
Miscellaneous	8	1,796	1,804	-	-	-	1,804
Occupancy	-	123,187	123,187	-	-	-	123,187
Office supplies and equipment	10,325	13,931	24,256	6,482	-	6,482	30,738
Phone and communications	15,358	19,913	35,271	-	-	-	35,271
Postage and delivery	-	967	967	-	-	-	967
Printing and copying	869	20,984	21,853	3,019	-	3,019	24,872
Repairs and maintenance	3,923	275	4,198	3,783	-	3,783	7,981
Taxes	200	41	241	1,272	-	1,272	1,513
Transportation assistance	2,778	194,041	196,819	-	-	-	196,819
Utilities	9,560	13,445	23,005	689	-	689	23,694
TOTAL EXPENSES	\$ 1,246,443	\$ 1,488,237	\$ 2,734,680	\$ 261,563	\$ 4,176	\$ 265,739	\$ 3,000,419

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

JHP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (65,779)	\$ 72,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization:	22,744	22,744
Operating lease, right of use asset	(616,639)	(202,571)
Amortization of operating asset, right of use asset	114,374	109,030
Operating lease obligations	616,639	226,143
Decrease (increase) in assets:		
Grants receivable	(73,193)	32,810
Prepaid expenses	(3,559)	(951)
Increase (decrease) in liabilities:		
Accounts payable	(26,163)	38,706
Accrued payroll expenses	(2,940)	1,627
Client payables	200	-
Deferred rent	-	(23,572)
Operating lease liability	(91,068)	(121,041)
Net Cash Provided by (Used for) Operating Activities	(125,384)	155,267
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage note payable	(12,656)	(12,028)
Net Cash Provided by (Used for) Financing Activities	(12,656)	(12,028)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(138,040)	143,239
CASH AND CASH EQUIVALENTS, beginning of year	1,122,932	979,693
CASH AND CASH EQUIVALENTS, end of year	\$ 984,892	\$ 1,122,932
SUPPLEMENTARY INFORMATION		
Cash paid for interest	\$ 10,488	\$ 11,116

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

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, D.C. 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. During the years ended June 30, 2024 and 2023, this program helped 349 and 327 people to get employment, respectively; and helped 430 and 425 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 the District of Columbia’s largest day shelters. At this location, JHP, Inc. links clients to the mainstream resources for which they may be eligible. JHP, Inc. also operates a TANF employment program in south eastern part of the District of Columbia 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, Inc. 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, 2024 and 2023, this program helped 310 and 264 people, respectively, to obtain employment. This program is not considered a benchmark for housing, although it is a subsidiary service that is offered to clients.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(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, 2024 and 2023, this program helped 35 individuals gain employment.

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.

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.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

For purposes of the statements of cash flows, JHP, Inc. considers all money market funds with 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 for up to \$250,000. At times, the accounts may exceed this limit. 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, 2024 and 2023, management has determined that all significant receivables are collectible within one year or less; therefore, no allowance for doubtful accounts has been established.

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 the 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

Right-of-Use (“ROU”) Assets (Operating Leases)

ROU assets are measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Operating Lease Liability

JHP, Inc. accounts for leases in accordance with FASB ASC Topic 842. JHP, Inc. is a lessee in an operating lease for building space. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use assets are amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line occupancy expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract); (2) certain contingencies related to variable lease payments are resolved; or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rate of JHP, Inc.'s lease was determined as the risk free rate (US Treasury Rate) as of the date JHP, Inc. adopted FASB ASC Topic 842, which was 2.84% as of July 1, 2022.

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, 2024, JHP, Inc. received conditional promises to give in the amount of \$478,872 that are expected to be recognized as revenue during the year ending June 30, 2025.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition - continued

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.

Grants and Contributions

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.

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.

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, 2024 AND 2023
(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 and amortization, office supplies and equipment, occupancy, and salaries and related cost, which are allocated on the basis of time and effort expended.

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 were no unrecognized tax benefits or liabilities that needed 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, 2021 through 2023, 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.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(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>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 984,892	\$ 1,122,932
Grants receivable	348,146	274,953
Total Financial Assets	<u>1,333,038</u>	<u>1,397,885</u>
Financial Assets Available for General Expenditures Within One Year	<u>\$ 1,333,038</u>	<u>\$ 1,397,885</u>

NOTE E – PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Building	\$ 169,962	\$ 169,962
Furniture and equipment	106,719	106,719
Vehicles	49,632	49,632
Building improvements	169,622	169,622
Total Property and Equipment	<u>495,935</u>	<u>495,935</u>
Less: accumulated depreciation and amortization	<u>(383,100)</u>	<u>(360,356)</u>
Property and Equipment, Net	<u>\$ 112,835</u>	<u>\$ 135,579</u>

Depreciation and amortization expense totaled \$22,744 and \$22,744, for the years ended June 30, 2024 and 2023, respectively.

NOTE F – NOTES PAYABLE

On November 9, 2004, JHP, Inc. secured a \$175,000 loan with the City First Bank of the District of Columbia (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, D.C. The mortgage is scheduled to mature on February 2, 2026. Principal and interest are payable monthly over 120 payments with a balloon payment of \$171,120 due at maturity. Interest accrues at a fixed rate of 5.25% per annum. The mortgage balance for the years ended June 30, 2024 and 2023, totaled \$189,586 and \$202,242, respectively.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(continued)

NOTE F – NOTES PAYABLE - continued

Mortgage interest expense for the years ended June 30, 2024 and 2023, totaled \$10,488 and \$11,116, respectively.

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

2025	12,496
2026	177,090
Total	<u>\$ 189,586</u>

NOTE G – LEASE

On December 31, 2018, JHP, Inc. signed a lease for space at 810 Potomac Avenue, Washington, D.C. Monthly rental payments under this lease are \$9,460 with a 3% annual increase beginning with the second year of the lease. The landlord granted an abatement of rent for four months, beginning on January 15, 2019 through April 30, 2019. The original term of the lease ended on April 30, 2024, and as per the lease agreement, JHP, Inc. exercised its option to extend the lease. Since management has deemed it more likely than not that JHP, Inc. will opt in for all possible lease renewals, it was determined that the initial ROU measurement of the lease should be reassessed as of May 1, 2024, and applied prospectively.

The balance of the ROU operating asset is as follows:

	6/30/2024	6/30/2023	7/1/2022
Operating lease ROU asset - building	\$ 819,210	\$ 202,571	\$ 202,571
Amortization of ROU operating asset - building	(223,404)	(109,030)	-
Total Operating ROU Building Asset, Net	<u>\$ 595,806</u>	<u>\$ 93,541</u>	<u>\$ 202,571</u>

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(continued)

NOTE G – LEASE - continued

The following are the future maturities of the operating lease liabilities for the year ending June 30:

	2025	\$	132,262
	2026		136,230
	2027		140,316
	2028		144,526
	2029		123,434
			676,768
Total lease payments			676,768
Less: interest			(46,095)
Present Value of Lease Liabilities		\$	630,673

For the years ended June 30, 2024 and 2023, occupancy expenses totaled \$161,036 and \$123,187, respectively.

For the years ended June 30, 2024 and 2023, the weighted-average remaining lease term for JHP, Inc.'s operating lease was 4.83 and 0.83 years, respectively.

Because JHP, Inc. generally does not have access to the rate implicit in the lease, it utilizes the risk free rate (US Treasury Rate). The weighted average discount rate associated with the operating lease for each of the years ended June 30, 2024 and 2023, was 2.84%.

NOTE H – CONCENTRATION OF RISK

JHP, Inc. received approximately 84% and 80% of its revenue from federal and other government grants for the years ended June 30, 2024 and 2023, 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.

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(continued)

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 ended June 30, 2024 and 2023.

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, 2024 and 2023, 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, 2024 and 2023. Donated services are included in the statements of activities and functional expenses, as in-kind professional services. The in-kind professional services are based on an estimated fair value, and were allocated to program services on the statements of functional expenses. The in-kind professional services are based on the donor's hourly rate.

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 November 8, 2024, 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.