JERUSALEM HOUSE, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jerusalem House, Inc.

Opinion
We have audited the accompanying statements of Jerusalem House, Inc. (the 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 Jerusalem House, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization'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 the Organization'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.

Warren Averett, LLC

Atlanta, Georgia
November 30, 2022

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

ASSETS

	2022	2021
Cash	$ 283,355	$ 428,276
Grants receivable	2,208,305	1,939,775
Unconditional promises to give, net	-	64,236
Accounts receivable, net	239,483	184,311
Prepaid expenses and other current assets	147,280	92,940
Property and equipment, net	1,512,971	1,608,748
TOTAL ASSETS	$ 4,391,394	$ 4,318,286

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts payable and accrued liabilities	$ 99,138	$ 194,044
Deferred revenue	55,000	50,000
Liability for conditional grant	-	44,932
Deferred rent	33,523	52,021
Line of credit	1,790,976	1,464,669
HOPWA advance	-	1,175,356
Note payable	1,000,000	-
TOTAL LIABILITIES	2,978,637	2,981,022
NET ASSETS		
Without donor restrictions		
Undesignated	615,713	530,948
Board designated	150,000	150,000
Total net assets without donor restrictions	765,713	680,948
With donor restrictions		
Restricted by purpose	647,044	656,316
Total net assets with donor restrictions	647,044	656,316
TOTAL NET ASSETS	1,412,757	1,337,264
TOTAL LIABILITIES AND NET ASSETS	$ 4,391,394	$ 4,318,286

See notes to the financial statements.

JERUSALEM HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Federal financial assistance	$ 6,032,763	$ -	$ 6,032,763	$ 6,398,597
Other governmental assistance	14,153	54,066	68,219	20,367
Community group contributions	45,804	-	45,804	27,470
Corporate contributions	34,139	-	34,139	39,355
Faith community contributions	10,468	-	10,468	20,704
Foundations and trusts	337,119	38,750	375,869	390,851
In-kind contributions	265,590	-	265,590	193,245
Special events	78,585	-	78,585	112,000
Individuals, memorials and bequests	535,797	-	535,797	111,250
Program service fees	538,603	-	538,603	714,960
Other income	17,255	-	17,255	36
Net assets released from restrictions	102,088	(102,088)	-	-
Total public support and revenue	8,012,364	(9,272)	8,003,092	8,028,835
EXPENSES				
Program services				
The Program for Single Adults	1,121,653	-	1,121,653	990,938
The Family Program	923,181	-	923,181	915,261
Scattered Site Program I	584,944	-	584,944	586,912
Scattered Site Program II	4,083,833	-	4,083,833	4,159,182
Tenant Based Rental Assistance	624,107	-	624,107	1,048,578
Supporting services				
Management and general	355,692	-	355,692	442,289
Fundraising	234,189	-	234,189	301,674
Total expenses	7,927,599	-	7,927,599	8,444,834
CHANGE IN NET ASSETS	84,765	(9,272)	75,493	(415,999)
NET ASSETS AT:				
BEGINNING OF YEAR	680,948	656,316	1,337,264	1,753,263
END OF YEAR	$ 765,713	$ 647,044	$ 1,412,757	$ 1,337,264

See notes to the financial statements.

JERUSALEM HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
PUBLIC SUPPORT AND REVENUE			
Federal financial assistance	$ 6,398,597	$ -	$ 6,398,597
Other governmental assistance	20,367	-	20,367
Community group contributions	23,145	4,325	27,470
Corporate contributions	39,355	-	39,355
Faith community contributions	20,704	-	20,704
Foundations and trusts	256,676	134,175	390,851
In-kind contributions	193,245	-	193,245
Special events	112,000	-	112,000
Individuals, memorials and bequests	111,250	-	111,250
Program service fees	714,960	-	714,960
Other income	36	-	36
Net assets released from restrictions	110,750	(110,750)	-
Total public support and revenue	8,001,085	27,750	8,028,835
EXPENSES			
Program services			
The Program for Single Adults	990,938	-	990,938
The Family Program	915,261	-	915,261
Scattered Site Program I	586,912	-	586,912
Scattered Site Program II	4,159,182	-	4,159,182
Tenant Based Rental Assistance	1,048,578	-	1,048,578
Supporting services			
Management and general	442,289	-	442,289
Fundraising	301,674	-	301,674
Total expenses	8,444,834	-	8,444,834
CHANGE IN NET ASSETS	(443,749)	27,750	(415,999)
NET ASSETS AT:			
BEGINNING OF YEAR	1,124,697	628,566	1,753,263
END OF YEAR	$ 680,948	$ 656,316	$ 1,337,264

See notes to the financial statements.

JERUSALEM HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(with comparative totals for 2021)

	2022								
	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	2021 Total
Salaries and wages	$ 326,483	$ 359,091	$ 129,710	$ 969,007	$ 181,038	$ 114,159	$ 95,955	$ 2,175,443	$ 2,280,472
Workers compensation insurance	4,382	4,736	1,579	9,636	-	2,283	1,171	23,787	38,967
Payroll taxes	23,059	26,379	9,534	73,468	13,823	13,460	7,590	167,313	167,482
Employee benefits	68,055	70,715	23,255	214,409	43,379	24,283	15,168	459,264	438,946
Total salaries and related expenses	421,979	460,921	164,078	1,266,520	238,240	154,185	119,884	2,825,807	2,925,867
Apartment leases	-	-	259,024	1,949,115	350,895	-	-	2,559,034	3,122,708
In-kind rent	265,590	-	-	-	-	-	-	265,590	193,245
Apartment utilities	40,140	19,721	54,562	454,380	1,652	-	-	570,455	624,284
Apartment furnishings and supplies	247	3,173	-	-	-	-	-	3,420	1,187
Maintenance and repairs	34,551	31,712	-	2,359	324	-	-	68,946	103,698
Insurance	36,338	36,214	23,555	24,316	-	-	-	120,423	142,574
Occupancy	4,170	4,170	14,873	104,700	11,903	32,294	35,602	207,712	218,969
Communications	42,527	74,293	9,291	77,364	7,565	24,400	8,381	243,821	182,428
Professional services	23,324	33,205	764	6,758	-	28,538	18,344	110,933	104,318
Special events	-	-	-	-	-	-	644	644	-
Contract personnel	203,729	165,860	-	-	-	-	-	369,589	321,706
Supportive services	24,047	8,778	53,000	169,762	8,094	-	-	263,681	198,266
Mileage	1,927	1,979	2,917	10,347	1,597	105	375	19,247	15,409
Other	5,633	5,190	2,880	18,212	3,837	115,809	50,959	202,520	195,546
Total expenses before depreciation	1,104,202	845,216	584,944	4,083,833	624,107	355,331	234,189	7,831,822	8,350,205
Depreciation	17,451	77,965	-	-	-	361	-	95,777	94,629
TOTAL EXPENSES	$ 1,121,653	$ 923,181	$ 584,944	$ 4,083,833	$ 624,107	$ 355,692	$ 234,189	$ 7,927,599	$ 8,444,834

See notes to the financial statements.

JERUSALEM HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

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

See notes to the financial statements.

JERUSALEM HOUSE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 75,493	$ (415,999)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	95,777	94,629
Donated materials	-	(31,956)
Conversion of conditional grant to support	(44,932)	(6,422)
(Increase) decrease in operating assets:		
Accounts receivable	(55,172)	(67,279)
Grants receivable	(268,530)	(408,235)
Unconditional promises to give	64,236	(43,403)
Prepaid expenses and other current assets	(54,340)	17,457
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(94,906)	(53,728)
Deferred revenue	5,000	50,000
Deferred rent	(18,498)	(62,445)
HOPWA advance	(1,175,356)	1,175,356
Net cash (used in) provided by operating activities	(1,471,228)	247,975
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(15,306)
Net cash used in investing activities	-	(15,306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	1,000,000	-
Net borrowings on line of credit	326,307	(285,356)
Net cash provided by (used in) financing activities	1,326,307	(285,356)
NET DECREASE IN CASH	(144,921)	(52,687)
CASH AT BEGINNING OF YEAR	428,276	480,963
CASH AT END OF YEAR	$ 283,355	$ 428,276
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest paid	$ 69,096	$ 90,791

See notes to the financial statements.

1. ORGANIZATION

Jerusalem House, Inc. (the Organization) was incorporated in the state of Georgia on August 2, 1988, as a nonprofit corporation. The Organization has five programs, four of which provide permanent housing and supportive services for homeless and low-income persons living with HIV/AIDS in the metropolitan Atlanta area. In 1989, the Organization established the Program for Adults, serving 23 homeless single men and women living with HIV/AIDS. During 1997, the Organization added the Family Program, serving 12 homeless parents with HIV/AIDS and their children. In 2003, the Organization opened the Scattered Site I Program to provide homeless individuals and family's independent permanent housing and supportive services in apartment units scattered throughout Atlanta. In 2009, the Organization added the Scattered Site II Program to provide additional permanent independent housing units. This program has expanded several times since 2009. As of June 30, 2022, the Organization provides homeless or low-income individuals and families living with HIV/AIDS access to 252 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

Adoption of New Accounting Standards

On July 1, 2021, Jerusalem House adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires the disaggregation of the contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. For each type of contributed nonfinancial asset certain additional disclosures are required.

Jerusalem House applied the retrospective approach to the statement of activities when adopting ASU 2020-07. Other than these changes in presentation on the statement of activities and in the footnotes to the financial statements for the years ended June 30 2022 and 2021, the adoption of ASU 2020-07 did not have an impact on its results of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued accounting guidance in Accounting Standards Update (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.

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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2022 and 2021.

Contributions
Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give depend on the occurrence of a specified future and uncertain event to bind the promises. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met, there is not right of return of the assets received and no indications of barriers imposed by the donor, that is, when a conditional promise becomes unconditional. Contributions or assets other than cash are recorded at estimated fair value at the date of the gift, as determined by independent appraisal or other valuation methods as deemed appropriate by management. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of future cash flows with discounts computed using risk adjusted rates commensurate with associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

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

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 $38,350 and $40,000 was recorded at June 30, 2022 and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In-Kind Contributions

The Organization utilizes in-kind contributions to carry out the mission of the Organization. All in-kind contributions received during the years ended June 30, 2022 and 2021, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management. The Organization values in-kind contributed services and rent based on current market rates for comparable services and rental facilities. In-kind contributions are included in support revenue and program expense in the accompanying statements of activities.

Donated Materials: Donated materials are reflected as contributions at their estimated value at date of receipt. Generally donated materials are received for use in special events. None were received during the years ended June 30, 2022 and 2021. At June 30, 2022 and 2021, the materials that were donated during the year ended June 30, 2020 and valued at $31,956, are included in other current assets on the statements 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, 2022 and 2021, were not significant.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities which is not valued in the financial statements.

Contributed Facility: As described in Note 10, the Organization leases land and a building for $1 per year. The estimated fair value of the annual rental of $265,590 and $193,245 for the years ended June 30, 2022 and 2021, respectively, is included in support revenue and program expense in the accompanying financial statements.

Financial Instruments and Credit Risk

Financial instruments, principally cash, receivables, line of credit and accounts payable are reported at values, which the Organization believes are not significantly different from fair values. At times, cash in the bank is in excess of the Federal Deposit Insurance Corporation's 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 $0 for each of the years ended June 30, 2022 and 2021, respectively. Deferred revenue at June 30, 2022 and 2021, 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 statements 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.

Events Occurring After Report Date
Management has evaluated events and transactions that occurred between June 30, 2022 and November 30, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. See Note 13.

3. PROPERTY AND EQUIPMENT

As of June 30, 2022 and 2021, property and equipment, net consisted of:

	2022	2021
Land	$ 482,202	$ 482,202
Buildings and land improvements	2,371,195	2,371,195
Leasehold improvements	233,485	233,485
Furniture, fixtures and equipment	310,802	310,802
	3,397,684	3,397,684
Less accumulated depreciation	(1,884,713)	(1,788,936)
	$ 1,512,971	$ 1,608,748

Depreciation expense of $95,777 and $94,629 was recorded for the years ended June 30, 2022 and 2021, 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, 2022), and is secured by all property. The balance at June 30, 2022 and 2021, was $1,790,976 and $1,464,669, respectively.

5. NOTE PAYABLE

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. Future maturities are due as follows:

Year ending June 30,	
2024	$ 2,612
2025	25,592
2026	26,305
2027	27,037
Thereafter	918,454
	$ 1,000,000

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are expected to be collected during the subsequent year.

7. LIABILITY FOR CONDITIONAL GRANT

During 1994, the Organization purchased property to implement a new program to provide a housing facility for 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 (FHLB) 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, FHLB will forgive a portion of the loan on an annual basis over 30 years. Consequently, each year a portion of the loan is converted from a liability to support. The remaining balance on the loan was forgiven by FHLB during the year ended June 30, 2022.

8. COMPOSITION OF NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30,2022 and 2021:

	2022	2021
Subject to expenditures for specific purpose:		
Capital campaign	$ 222,719	$ 222,719
Maintenance and repairs	63,930	64,172
Client support	84,283	98,770
Expansion support	141,021	141,449
Furnishings	12,307	12,334
Supportive services	101,478	93,396
Resident medical costs	15,306	17,476
College tour expenses	6,000	6,000
	$ 647,044	$ 656,316

Net assets with donor restrictions released from restrictions during the year ended June 30, 2022 was as follows:

	2022	2021
Capital campaign	$ -	$ 2,574
Maintenance and repairs	241	-
Client support	76,053	19,163
Expansion support	6,678	25,908
Furnishings	27	4,677
Supportive services	16,919	25,904
Resident medical costs	2,170	32,524
	$ 102,088	$ 110,750

Total board designated net assets as of June 30, 2022 and 2021, 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 Community Foundation for Greater Atlanta (CFGA). 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 CFGA. The Organization has made cumulative contributions of $2,100,976 to CFGA. The contributions were made to enhance fund raising as well as to ensure that the property will consistently be used for the community good. CFGA has committed to leasing the property to the Organization indefinitely provided the Organization's use of the property does not significantly change.

10. 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, 2022 and 2021, amounted to approximately $230,000 and $237,000, respectively. Future minimum lease payments are as follows:

For the Year Ending June 30:	Amount
2023	$ 174,969
2024	125,374
2025	10,148

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

In addition, the Organization leases apartments for its scattered site programs under annual renewable leases. Related rent expense amounted to approximately $2,524,000 and $2,847,000 in the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments are as follows:

For the Year Ending June 30:	Amount
2023	$ 1,323,066
2024	103,792

11. 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 $61,234 and $63,563 for the years ended June 30, 2022 and 2021, respectively.

12. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, 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.

	2022	2021
Financial assets:		
Cash	$ 283,355	$ 428,276
Grants receivable	2,208,305	1,939,775
Unconditional promises to give, net	-	64,236
Accounts receivable	239,483	184,311
Financial assets, at year-end	2,731,143	2,616,598
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	647,044	656,316
Board designations	150,000	150,000
Financial assets available to meet cash needs for general expenditures within one year	$ 1,934,099	$ 1,810,282

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.

13. SUBSEQUENT EVENT

On April 23, 2022 Jerusalem House, Inc. entered into agreement to sell the property located at 1500 North Decatur Road in Dekalb County, Georgia, which houses The Family Program. The purchase price for the premise is $5,700,000. The sale closed on October 14, 2022. The agreement includes a lease back provision to allow adequate time for the relocation of the families.