

**JEWISH FOUNDATION FOR GROUP HOMES, INC.  
AND AFFILIATES  
DBA: MAKOM**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2024 AND 2023**



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**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
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**YEARS ENDED JUNE 30, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Jewish Foundation for Group Homes, Inc. and Affiliates  
dba: Makom  
Rockville, Maryland

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Jewish Foundation for Group Homes, Inc. and Affiliates dba: Makom (Makom), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Makom as of June 30, 2024 and 2023, and 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 (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Makom 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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the consolidated financial statements, in 2024, Makom adopted new accounting guidance for *Financial Instruments – Credit Losses (Topic 326)*. The guidance modifies the measurement of expected credit losses. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Makom'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Makom'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Board of Directors  
Jewish Foundation for Group Homes, Inc. and Affiliates  
dba: Makom

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Greenbelt, Maryland  
December 18, 2024

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

<b>ASSETS</b>	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,878,057	\$ 5,675,607
Investments	22,236,864	21,666,352
Accounts Receivable, Net of Expected Credit Loss	1,744,304	1,565,903
Grants Receivable	131,179	528,365
Unconditional Promise to Give, Net of Allowance	359,896	156,637
Prepaid Expenses	300,557	243,260
Total Current Assets	26,650,857	29,836,124
<b>PROPERTY AND EQUIPMENT</b>		
<b>NET OF ACCUMULATED DEPRECIATION</b>	16,789,984	15,674,936
<b>LEASES</b>		
Right-of-Use Assets - Operating Leases	357,240	458,092
Right-of-Use Assets - Financing Leases	1,384,236	1,484,108
Total Leases	1,741,476	1,942,200
<b>OTHER ASSETS</b>		
Investment - 457(b) Plan Asset	762,299	672,996
Deposits	12,542	12,542
Total Other Assets	774,841	685,538
Total Assets	\$ 45,957,158	\$ 48,138,798

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

<b>LIABILITIES AND NET ASSETS</b>	2024	2023
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 2,450,951	\$ 2,873,349
Due to State	-	5,156,666
Deferred Mortgage Payable, Current Portion	14,828	14,828
Lease Liability, Current Portion - Operating Leases	93,461	95,004
Lease Liability, Current Portion - Financing Leases	399,832	356,862
Total Current Liabilities	2,959,072	8,496,709
<b>LONG-TERM LIABILITIES</b>		
Deferred Grant Revenue	2,603,387	2,603,387
Deferred Mortgages Payable, Net of Current Portion	1,001,459	304,709
Lease Liability, Net of Current Portion - Operating Leases	276,016	369,477
Lease Liability, Net of Current Portion - Financing Leases	953,744	1,054,929
Deferred Compensation - 457(b) Plan Liability	762,299	672,996
Security Deposits	14,109	16,559
Total Long-Term Liabilities	5,611,014	5,022,057
Total Liabilities	8,570,086	13,518,766
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	14,379,867	12,227,589
Board-Designated	4,079,220	4,281,250
Total Net Assets Without Donor Restrictions	18,459,087	16,508,839
With Donor Restrictions:		
Purpose and Time Restrictions	9,037,544	8,247,208
Perpetual in Nature	9,890,441	9,863,985
Total Net Assets With Donor Restrictions	18,927,985	18,111,193
Total Net Assets	37,387,072	34,620,032
Total Liabilities and Net Assets	\$ 45,957,158	\$ 48,138,798

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
State Program Fees	\$ 24,565,927	\$ -	\$ 24,565,927	\$ 21,370,765	\$ -	\$ 21,370,765
Contributions	1,898,897	229,900	2,128,797	1,846,288	1,060,051	2,906,339
Net Investment Return	746,419	2,291,561	3,037,980	745,907	1,710,749	2,456,656
Other Grants	1,724,174	-	1,724,174	1,907,009	-	1,907,009
Consumer Fees	617,919	-	617,919	602,152	-	602,152
Gain on Disposal of Property and Equipment	1,276,199	-	1,276,199	188,014	-	188,014
Other Program Service Fees	308,336	-	308,336	292,759	-	292,759
Rental Income and Utilities Pass-Through	164,676	-	164,676	150,734	-	150,734
Other Income	36,783	-	36,783	38,366	15	38,381
Total	<u>31,339,330</u>	<u>2,521,461</u>	<u>33,860,791</u>	<u>27,141,994</u>	<u>2,770,815</u>	<u>29,912,809</u>
Net Assets Released from Restrictions	<u>1,704,669</u>	<u>(1,704,669)</u>	<u>-</u>	<u>1,555,982</u>	<u>(1,555,982)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>33,043,999</u>	<u>816,792</u>	<u>33,860,791</u>	<u>28,697,976</u>	<u>1,214,833</u>	<u>29,912,809</u>
<b>EXPENSES</b>						
Program Services:						
Residential Group Homes	20,140,817	-	20,140,817	17,754,375	-	17,754,375
In-Home Supports	1,887,593	-	1,887,593	1,574,767	-	1,574,767
MOST Program - Maryland and Virginia	2,461,878	-	2,461,878	1,910,800	-	1,910,800
MyPad	307,932	-	307,932	282,692	-	282,692
Clinical Services	1,310,704	-	1,310,704	751,799	-	751,799
Other Programs	444,502	-	444,502	300,221	-	300,221
Total Program Services	<u>26,553,426</u>	<u>-</u>	<u>26,553,426</u>	<u>22,574,654</u>	<u>-</u>	<u>22,574,654</u>
Supporting Services:						
Management and General	3,689,848	-	3,689,848	3,135,683	-	3,135,683
Fundraising	850,477	-	850,477	786,410	-	786,410
Total Supporting Services	<u>4,540,325</u>	<u>-</u>	<u>4,540,325</u>	<u>3,922,093</u>	<u>-</u>	<u>3,922,093</u>
Total Expenses	<u>31,093,751</u>	<u>-</u>	<u>31,093,751</u>	<u>26,496,747</u>	<u>-</u>	<u>26,496,747</u>
<b>CHANGE IN NET ASSETS</b>	1,950,248	816,792	2,767,040	2,201,229	1,214,833	3,416,062
Net Assets - Beginning of Year	<u>16,508,839</u>	<u>18,111,193</u>	<u>34,620,032</u>	<u>14,301,200</u>	<u>16,896,360</u>	<u>31,197,560</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,459,087</u>	<u>\$ 18,927,985</u>	<u>\$ 37,387,072</u>	<u>\$ 16,502,429</u>	<u>\$ 18,111,193</u>	<u>\$ 34,613,622</u>

See accompanying Notes to Consolidated Financial Statements.



**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	Program Services						Supporting Services			
	Residential Group Homes	In-Home Supports	MOST Program MD and VA	MyPad	Clinical Services	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 16,288,670	\$ 1,787,353	\$ 1,859,266	\$ 100,177	\$ 1,214,200	\$ 315,508	\$ 21,565,174	\$ 2,754,360	\$ 618,943	\$ 24,938,477
Occupancy	713,516	7,861	170,696	56,222	8,628	46,705	1,003,628	33,666	6,027	1,043,321
Repairs and Maintenance	937,909	3,430	68,088	49,548	3,257	1,321	1,063,553	72,334	4,708	1,140,595
Depreciation and Amortization	834,038	23	41,367	51,834	-	3,616	930,878	153,939	666	1,085,483
Information Technology	103,256	37,381	93,349	12,036	13,344	15,180	274,546	281,884	27,988	584,418
Other Expenses	121,257	6,266	65,375	6,505	24,490	34,966	258,859	101,715	44,843	405,417
Food	531,159	263	3,971	373	30	2,747	538,543	640	2,188	541,371
Supplies and Equipment	225,422	1,598	30,100	8,003	5,510	4,613	275,246	88,875	1,949	366,070
Insurance	157,258	13,769	56,159	1,055	67	10,036	238,344	34,369	14,218	286,931
Contracted Services	74,057	-	20,107	20,274	39,035	6,160	159,633	140,500	57,449	357,582
Transportation	154,275	29,649	53,310	1,292	2,143	3,650	244,319	26,932	907	272,158
Communications	-	-	90	613	-	-	703	634	70,591	71,928
<b>Total Expenses</b>	<b>\$ 20,140,817</b>	<b>\$ 1,887,593</b>	<b>\$ 2,461,878</b>	<b>\$ 307,932</b>	<b>\$ 1,310,704</b>	<b>\$ 444,502</b>	<b>\$ 26,553,426</b>	<b>\$ 3,689,848</b>	<b>\$ 850,477</b>	<b>\$ 31,093,751</b>

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	Program Services						Supporting Services			
	Residential Group Homes	In-Home Supports	MOST Program MD and VA	MyPad	Clinical Services	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 14,285,432	\$ 1,463,842	\$ 1,301,435	\$ 97,229	\$ 717,266	\$ 185,219	\$ 18,050,423	\$ 2,225,971	\$ 530,408	\$ 20,806,802
Occupancy	711,729	6,032	163,739	103,239	4,962	31,767	1,021,468	26,744	5,730	1,053,942
Repairs and Maintenance	898,019	4,150	95,472	42,132	3,940	1,352	1,045,065	43,589	5,697	1,094,351
Depreciation and Amortization	614,143	415	63,785	15,068	-	2,947	696,358	101,271	4,896	802,525
Information Technology	87,572	43,265	78,912	12,706	19,868	22,981	265,304	274,202	25,094	564,600
Other Expenses	224,900	25,727	109,235	4,675	5,143	24,306	393,986	83,000	41,937	518,923
Food	431,698	22	692	356	-	1,313	434,081	316	74	434,471
Supplies and Equipment	226,653	866	20,563	62	40	26,204	274,388	120,758	3,840	398,986
Insurance	131,298	10,819	23,630	832	61	21	166,661	83,272	21,307	271,240
Contracted Services	40,075	-	18,079	4,372	-	1,148	63,674	128,656	49,431	241,761
Transportation	102,844	19,629	35,258	516	494	2,963	161,704	19,502	626	181,832
Communications	12	-	-	1,505	25	-	1,542	28,402	97,370	127,314
<b>Total Expenses</b>	<b>\$ 17,754,375</b>	<b>\$ 1,574,767</b>	<b>\$ 1,910,800</b>	<b>\$ 282,692</b>	<b>\$ 751,799</b>	<b>\$ 300,221</b>	<b>\$ 22,574,654</b>	<b>\$ 3,135,683</b>	<b>\$ 786,410</b>	<b>\$ 26,496,747</b>

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATED STATEMENTS CASH FLOWS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,767,040	\$ 3,422,472
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	675,728	512,589
Noncash Lease Expense - Operating	100,852	81,188
Noncash Lease Expense - Finance	422,804	308,617
Realized/Unrealized Gain on Investments	(2,588,978)	(2,151,172)
Contributions with Donor Restrictions in Perpetuity	(16,456)	(9,847)
Gain on Disposal of Property and Equipment	(1,057,171)	(15,652)
Gain on Disposal of Leased Vehicles	(109,514)	(172,362)
Impact of ASC 842 Implementation	-	(61,913)
Donated Securities	-	(815,300)
Increase (Decrease) in Operating Assets:		
Accounts Receivable	(178,401)	197,597
Grants Receivable	397,186	(358,138)
Prepaid Expenses	(57,297)	(2,267)
Unconditional Promises to Give	(203,259)	(85,571)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses Due to State	(422,398)	444,446
Security Deposit Liability	(2,450)	6,459
Lease Liability - Operating Leases	(95,004)	-
Net Cash Used by Operating Activities	(5,523,984)	(121,109)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(2,236,000)	(3,684,711)
Proceeds from Disposal of Property and Equipment	1,611,909	281,306
Purchase of Investments and Reinvested Earnings	(8,378,297)	(6,799,750)
Proceeds from Sale of Investments	10,396,763	8,501,061
Net Cash Provided (Used) by Investing Activities	1,394,375	(1,702,094)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Draws on Line of Credit	3,770,000	-
Repayments on Line of Credit	(3,770,000)	-
Additions to Finance Leases	(322,932)	-
Proceeds from Contributions With Donor Restrictions in Perpetuity	16,456	9,847
Principal Payments on Finance Leases	(58,215)	(281,757)
Net Cash Provided (Used) by Financing Activities	332,059	(265,720)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(3,797,550)	(2,088,923)
Cash and Cash Equivalents - Beginning of Year	5,675,607	7,764,530
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,878,057	\$ 5,675,607
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 82,512	\$ 35,801

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Jewish Foundation for Group Homes, Inc. dba: Makom (Makom) is incorporated under the laws of the State of Maryland. Makom is a nonprofit organization which provides community residential services and support for persons with developmental disabilities. Makom's primary sources of support are government program service fees, grants, and charitable contributions.

JFGH Homeownership, LLC, JFGH Leasing, LLC, and JFGH Leasing PP, LLC,. filed articles of organization in the state on Maryland on October 30, 2017, to provide housing to individuals with intellectual and developmental disabilities. The entities are wholly owned limited liability company subsidiaries of Makom and are included within the accounts of Makom in the consolidating financial statements.

The Jewish Foundation for Group Homes Endowment, Inc. (JFGH-E) is a nonprofit organization whose purpose is to hold and manage those assets donated as endowments to Makom and to provide distributions to Makom consistent with explicit donor stipulation of the JFGH-E's applicable spending policies. In fiscal year 2022, JFGH-E amended its bylaws that provided Makom a controlling financial interest in JFGH-E by way of appointing the majority board of directors. Prior to this amendment, Makom had the option to consolidate due to economic interest and being the sole beneficiary of JFGH-E's operations. As a result, beginning net assets of JFGH-E were transferred to Makom, as of July 1, 2021.

Makom, JFGH Homeownership, LLC, JFGH Leasing, LLC, JFGH Leasing PP, LLC, and JFGH-E are collectively referred to as Makom throughout the consolidated financial statements and notes.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of its wholly owned subsidiaries JFGH Homeownership, LLC, JFGH Leasing, LLC, JFGH PP Leasing, LLC, and JFGH-E. Significant intercompany accounts and transactions have been eliminated in consolidation.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

Makom prepares its consolidated financial statements on the accrual basis of accounting. In accordance with accounting principles generally accepted in the United States of America, Makom is required to report information regarding its financial position and activities according to three classes of net assets: net assets without donor restrictions, net assets with donor restrictions – time and purpose, and net assets with donor restrictions – perpetuity as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category consist principally of federal and state government grants, program service fees, contributions, and related expenses associated with the operating activities of Makom. Makom reports amounts restricted by donors, that were initially conditional, as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) simultaneous to conditions being met. The board of directors has designated, from net assets without donor restrictions, an operating reserve, a capital reserve and a quasi-endowment.

*Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Makom or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

The preparation of the consolidated 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 contingencies at the consolidated statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash accounts and all highly liquid investments with an initial maturity of three months or less, except those that are part of an investment portfolio.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in investment income in the consolidated statements of activities. As a result, investment balances reported in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable and Allowance Credit Loss**

Accounts receivable are recorded at their net realizable value. The majority of the receivables consist of amounts due from governmental agencies. Accounts past due are individually analyzed for collectability. For receivables that are subject to current expected credit loss, management calculates the expected credit loss based upon prior years' experience, analysis of subsequent collections, and current and future economic conditions. The allowance for credit losses was \$93,646 and \$154,543 for the years ended June 30, 2024 and 2023, respectively. The beginning balance in accounts receivable was \$1,565,903 and \$1,763,500 at June 30, 2024 and 2023, respectively. The ending balance was \$1,744,304 and \$1,565,903 at June 30, 2024 and 2023, respectively.

**Grants Receivable and Unconditional Promises to Give**

Grants receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Promises to give are presented in the consolidated financial statements net of an allowance for credit losses. Promises to give are determined to be past due on a review of how recently payments have been received. The allowance for credit losses is determined based on an annual review of account balances, including the age of the balance and the past experience with the beneficiary or the beneficiary's sponsor. Bad debt expense is recorded when the allowance is adjusted. Uncollectible promises to give are charged to the allowance for credit losses. The allowance for credit losses was \$4,500 and \$17,015 for the years ended June 30, 2024 and 2023, respectively.

Grants receivable and unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of discounts is included in contribution revenue, when appropriate.

At June 30, 2024 and 2023, all grants receivable and unconditional promises to give are expected to be collected within one of year of the consolidated statements of financial position date.

**Unconditional Promises to Give – Fair Value Election**

Accounting Standards Codification (ASC) 825, *Financial Instruments*, provides a fair value option election that allows entities to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. Makom has elected the fair value option for unconditional promises to give in order to mitigate volatility in reported changes in net assets.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment acquisitions more than \$5,000 are capitalized and recorded at cost. The cost of maintenance and repairs is charged to current operations as incurred, whereas significant renewals and betterments are capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Gifts of long-lived assets such as land, buildings or equipment are recorded at their fair values at date of donation and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Makom reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**Leases**

Makom leases office space, vehicles and equipment. Makom determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position. Finance leases are included in financing lease ROU assets and financing lease liabilities on the consolidated statements of financial position. ROU assets represent Makom's right to use an underlying asset for the lease term and lease liabilities represent Makom's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, Makom uses risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Makom will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Makom has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

Makom has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**Revenue Recognition**

Revenue is recognized when earned. Makom recognizes contributions when cash, securities, other assets, or an unconditional promise to give are 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 met.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

At June 30, 2024, there were no nongovernment conditional grants.

Contributions and grants recognized as without or with donor restrictions depending on existence and/or nature of donor restrictions and recorded when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, either by the passage of time or incurrence of donor specified expenses, these net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Restriction.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Donated assets are recognized as contribution revenue at their estimated fair market value on the date of donation.

A portion of Makom's revenue is derived from cost-reimbursable grants and contracts. Amounts received are recognized as earned and are reported as revenue when Makom has incurred expenditures in compliance with specific contract or grant provisions.

Certain services and support for persons with developmental disabilities services, including residential, personal supports, and transitional services, provided by the Makom are paid by the various federal, state, and local agencies based on per person reimbursement at the pre-determined rate based on the verified attendance records or service agreement. The performance obligation is considered to be a delivery of services. Revenue is recognized at the point of time as the services are provided.

Makom records special events and sponsorship revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time.

**Allocation of Functional Expenses**

Nonprofit organizations to present their expenses on a functional basis, separating program services from management and general and fundraising expenses. Functional expenses are either charged directly to program and supporting services as incurred or allocated based on usage or estimates of time and effort. Salaries and benefits of personnel in the executive office, human resources, finance and development are considered to be supporting costs and are included in management and general and fundraising. Items such as occupancy and depreciation are allocated based on square footage to each function.



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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The consolidated financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of June 30, 2024, Makom had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Makom follows the income tax standard for uncertain tax positions. Makom evaluated its tax positions and determined that they are more likely than not to be sustained on examination. Makom's tax returns are subject to review and examination by federal, state, and local authorities.

**Reclassifications**

Certain balances for the fiscal year ended June 30, 2023 have been reclassified to reflect comparative presentation with the fiscal year ended June 30, 2024.

**Recently Adopted Accounting Standards**

The organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing a modified retrospective transition method. The adoption of this standard did not have a material impact on the consolidating financial statements of Makom, but did change how the allowance for credit losses is determined.

**NOTE 2 CONCENTRATION OF RISK**

**Credit Risk**

Financial instruments, which potentially subject Makom to concentration of credit risk, include cash and cash equivalents and investments. It is Makom's practice to place its cash and cash equivalents and investments in high credit quality institutions to mitigate this risk. Makom maintains its cash balances at several financial institutions which at times, may exceed federally insured limits.

**Market Value Risk**

Makom invests in diversified investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amount reported in the consolidated financial statements.

**Revenue Concentration**

Makom received approximately 73% and 71% of its revenues from state program fees in 2024 and 2023, respectively. Makom is highly dependent upon its government funding to continue its operations.

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**NOTE 3 LIQUIDITY**

The following represents Makom's financial assets at June 30:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,878,057	\$ 5,675,607
Investments	22,236,864	21,666,352
Accounts Receivable, Net of Expected Credit Loss	1,744,304	1,565,903
Grants Receivable	131,179	528,365
Unconditional Promises, Net of Allowance and Discount	359,896	156,637
Total Financial Assets	<u>26,350,300</u>	<u>29,592,864</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	<u>(18,927,985)</u>	<u>(18,111,193)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months Before Board Designations	7,422,315	11,481,671
Less: Board-Designated Funds	<u>(4,079,220)</u>	<u>(4,281,250)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ 3,343,095</u></u>	<u><u>\$ 7,200,421</u></u>

It is the policy of Makom to manage agency cash and cash equivalents to ensure appropriate levels and liquidity are maintained to support ongoing operating expenses, capital needs and strategic initiatives. Makom shall maintain a minimum of \$620,000, approximately 14 days, and a maximum of \$3,375,000, approximately 75 days, in operating cash and cash equivalents available to meet general expenditures over the next 12 months. The policy provides instructions if operating cash falls either below the minimum or exceeds the maximum. The cash balance at June 30, 2023 exceeded the guidelines in policy, but because the money was being held to pay the state within a short term period of time, the finance committee of the board of directors agreed that the excess should remain in money market until repayment was required. In addition, Makom has a line of credit in the amount of \$3,000,000 which is secured by Makom assets, which Makom can draw upon if conditions dictate.

**NOTE 4 INVESTMENTS**

The fair market value of investments was as follows at June 30:

	<u>2024</u>	<u>2023</u>
Cash and Money Market	\$ 382,644	\$ 1,607,979
Equity Securities	13,303,948	12,174,373
Fixed Income Securities	7,970,573	7,873,500
Bonds Issued by the State of Israel	579,699	10,500
Total	<u><u>\$ 22,236,864</u></u>	<u><u>\$ 21,666,352</u></u>

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**NOTE 4 INVESTMENTS (CONTINUED)**

Net investment return is comprised of the following for the year ended June 30:

	2024	2023
Net Realized/Unrealized Gain (Loss) on Investments	\$ 2,588,978	\$ 2,151,172
Interest and Dividends	568,651	422,621
Investment Expenses	(119,649)	(117,137)
Net Investment Return	\$ 3,037,980	\$ 2,456,656

**NOTE 5 FAIR VALUE MEASUREMENTS**

ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are as described as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Makom has the ability to access at the measurement date.

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are, therefore classified with Level 1, include active listed equity securities, fixed income securities, and cash and money market funds traded in brokerage firms.

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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

Investments that trade in markets that are not considered to be active, but are valued on quoted market prices, dealer quotations, or alternative price sources supported by observable inputs are classified with Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or nontransferability, which are generally based on available market information. Investments whose values are based on inputs in markets that are not considered to be active, and are therefore classified with Level 2, include bonds issued by the state of Israel.

Assets classified with Level 3 have significant unobservable inputs.

There have been no changes in investment valuation or techniques.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market Funds	\$ 382,644	\$ -	\$ -	\$ 382,644
Equities	13,303,948	-	-	13,303,948
Fixed Income Securities	-	7,970,573	-	7,970,573
Bonds Issued by the State of Israel	-	579,699	-	579,699
Total Investments	13,686,592	8,550,272	-	22,236,864
Unconditional Promises to Give	-	-	359,896	359,896
Investment - 457(b) Plan Assets:				
Mutual Fund Equities	381,800	-	-	381,800
Mutual Fund Fixed Income Securities	18,369	-	-	18,369
Mutual Fund Other Securities	362,130	-	-	362,130
Total Investment - 457(b) Plan Assets	762,299	-	-	762,299
Total Assets	<u>\$ 14,448,891</u>	<u>\$ 8,550,272</u>	<u>\$ 359,896</u>	<u>\$ 23,359,059</u>

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market Funds	\$ 1,607,978	\$ -	\$ -	\$ 1,607,978
Equities	12,174,373	-	-	12,174,373
Fixed Income Securities	-	7,873,501	-	7,873,501
Bonds Issued by the State of Israel	-	10,500	-	10,500
Total Investments	13,782,351	7,884,001	-	21,666,352
Unconditional Promises to Give	-	-	156,637	156,637
Investment - 457(b) Plan Assets:				
Mutual Fund Equities	272,673	-	-	272,673
Mutual Fund Fixed Income Securities	15,337	-	-	15,337
Mutual Fund Other Securities	384,986	-	-	384,986
Total Investment - 457(b) Plan Assets	672,996	-	-	672,996
Total Assets	<u>\$ 14,455,347</u>	<u>\$ 7,884,001</u>	<u>\$ 156,637</u>	<u>\$ 22,495,985</u>

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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

The unobservable inputs used to determine fair value of the unconditional promises to give in have been estimated using risk-free rate available in the market. However, it is possible that different rates are reported by various sources and could differ from source to source. Due to the nature of these financial instruments and rates applied to discount them, changes in market conditions and economic environment the fair value of these financial instruments.

The following table reconciles the beginning balance of Makom's unconditional promises to give assets that are measured at fair value using significant unobservable inputs (Level 3) for the years ended June 30:

	2024	2023
Balance - Beginning of Year	\$ 156,637	\$ 71,066
Contributions	516,281	906,637
Collections	(279,507)	(809,275)
Bad Debt Write Off	(21,000)	(753)
Change in Allowance for Doubtful Promises	(12,515)	(11,038)
Balance - End of Year	\$ 359,896	\$ 156,637

**NOTE 6 UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are comprised of the following at June 30:

	2024	2023
Unconditional Promises to Give Due in Less than One Year	\$ 364,396	\$ 173,652
Total Unconditional Promises to Give	364,396	173,652
Allowance for Doubtful Accounts	(4,500)	(17,015)
Net Unconditional Promises to Give	\$ 359,896	\$ 156,637

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	Estimated Useful Life	2024	2023
Land	-	\$ 4,104,991	\$ 3,489,796
Buildings and Improvements	10 to 35 Years	18,289,811	16,713,429
Furniture and Equipment	3 to 10 Years	1,819,376	1,581,889
Construction in Progress	-	38,437	1,469,346
Total		24,252,615	23,254,460
Less: Accumulated Depreciation and Amortization		(7,462,631)	(7,579,524)
Total		\$ 16,789,984	\$ 15,674,936

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**NOTE 7 PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense was \$675,728 and \$512,589 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 8 LINE OF CREDIT**

Makom has a revolving line of credit with a bank, which is due on demand. The maximum borrowing potential was \$3,000,000 as of June 30, 2024 and 2023. The line is secured by cash balances, accounts receivable, Makom's personal property, and certain investments defined in the security agreement. The line bears interest at a floor of 4.5% and was 4.5% as of June 30, 2024 and 2023. The balance outstanding on the line was \$-0- at June 30, 2024 and 2023. The line of credit maturity date was extended to March 2026.

**NOTE 9 DEFERRED GRANT REVENUE**

Makom obtained grants from the State of Maryland for the purchase or renovation of certain group homes and the Makom administrative building. These grants include the right of recovery by the state against the specific property, in an amount bearing the same ratio to the then current fair market value of the property as the amount of the state participation in the total eligible cost of the property. The circumstances that this could occur would include a sale or transfer to any person, agency or organization that would not qualify as an applicant or if the property ceases as a developmental disabilities facility during a period of 30 years for each grant, expiring in 2026 through 2036. The total amount received from the state totaled \$2,603,387 and is reflected in the consolidated statements of financial position as deferred grant revenue at June 30, 2024. If Makom does not meet the terms of the agreement the amount owed to the state may differ from the deferred grant revenue recorded and the consolidated financial statements have not been adjusted for this, as Makom intends to continue to use the properties as required under the grant and does not expect to sell any of the properties or cease to use them as group homes. At the expiration of the 30-year period for each grant, when the conditions and barriers expire, Makom will recognize the associated amount as revenue.

**NOTE 10 DEFERRED MORTGAGES PAYABLE**

On April 26, 2007, Makom entered into two loan agreements with Fairfax County, Virginia, in the amounts of \$169,955 and \$149,582. The mortgages are noninterest bearing with a 30-year term. No monthly payments are required until maturity as long as the property is owned and maintained by Makom as a group home for the duration of the loan. The mortgages are secured by the respective group home and upon maturity of the mortgages or sale of the property, the county is entitled to 28% and 26%, respectively, of Makom's equity in the respective properties.

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**NOTE 10 DEFERRED MORTGAGES PAYABLE (CONTINUED)**

On November 30, 2021, Makom received \$430,000 in the form of a -0-% loan with a term of 30 years and other conditions from Montgomery County, Maryland, through the Department of Housing and Community Affairs (DHCA). The loan was used to purchase a group home in Silver Spring, Maryland, which is to be occupied by individuals with intellectual and developmental disabilities. The annual amount due is the lesser of 50% of the property's "Surplus Cash" as defined in the Deed of Trust note or the principal amount of the note amortized over 30 years. The loan is secured by the respective home and has a due date of December 1, 2051. Annual principal payments over the next 30 years, beginning on June 1, 2025, are estimated to be \$14,828.

On October 11, 2022, Makom received \$266,750 in the form of a -0-% loan with a term of 10 years and other conditions from Montgomery County, Maryland, through the department of Community Development Block Grant Fund (CDBG Program). The loan was used to rehabilitate a group home located in Silver Spring, Maryland, a resident group home for disabled adults. Makom drew down on the loan within 2024. The loan is secured by the respective home and has a maturity date of January 1, 2033. Annual principal payments over the next 10 years, beginning on January 1, 2033, are estimated to be \$26,675.

**NOTE 11 OPERATING AND FINANCING LEASES – ASC 842**

**Operating Leases**

In October 2022, Fairfax MOST moved to a new location in Fairfax. The current lease is from October 20, 2022 till October 30, 2029.

Makom entered into a lease agreement on January 28, 2020, for property in Loudoun County, Virginia. The term of the lease is from February 1, 2020, to September 30, 2025. Monthly rent for the property ranges from \$3,842 to \$4,454 for the term of the lease.

**Financing Leases**

Makom has agreements for the lease of vehicles with a combined capitalized cost of \$2,926,419 as of June 30, 2024. The leases' terms are for 60-82 months and mature between August 2022 and April 2027. Accumulated depreciation on the leased vehicles for the year ended June 30, 2024 was \$1,542,183. Depreciation expense for the vehicles totaled \$412,348 for the year ended June 30, 2024.

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**NOTE 11 OPERATING AND FINANCING LEASES – ASC 842 (CONTINUED)**

The following provides quantitative information concerning Makom's leases:

Lease Costs:	2024	2023
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 422,805	\$ 308,617
Interest on Lease Liabilities	64,764	35,801
Operating Lease Costs	117,214	95,108
Total Lease Costs	\$ 604,783	\$ 439,526

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities

Finance - Finance Cash Flows	\$ 336,829	\$ 281,757
Finance - Operating Cash Flows	\$ 64,764	\$ 35,801
Operating - Operating Cash Flows	\$ 111,366	\$ 88,719
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ 322,932	\$ 1,086,009
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 539,280
Weighted-Average Remaining Lease Term - Financing Leases	3.4 Years	4.01 Years
Weighted-Average Remaining Lease Term - Operating Leases	4.8 Years	5.4 Years
Weighted-Average Discount Rate - Financing Leases	5.08%	3.96%
Weighted-Average Discount Rate - Operating Leases	4.04%	3.94%

Makom classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for the lease liabilities as of June 30, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Financing Leases</u>
2025	\$ 106,403	\$ 456,974
2026	65,272	439,394
2027	67,880	371,032
2028	70,592	185,549
2029	73,420	28,027
Thereafter	24,792	-
Total Lease Payments	408,359	1,480,976
Less: Interest	(38,882)	(127,400)
Present Value of Lease Liabilities	\$ 369,477	\$ 1,353,576



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**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Employment Contract**

Makom has entered into an employment contract with an employee. In the event of termination for reasons other than cause, the employee will receive severance pay as stipulated in the agreement.

**Contingent Liabilities**

Makom has received grant funds from the State of Maryland for capital projects to group homes. The grant agreements include a disposition clause whereby Makom may not sell or otherwise transfer or dispose of real or personal property acquired with grant funds without prior written consent from the state. If the state elects to permit any such transfer or disposition, it may, in its sole discretion, require that Makom thereupon repay the state a percentage of the proceeds allocable to the grant that was used to acquire such property.

**Conditional Revenue**

Makom earns a portion of its revenues through contracts with various federal, state, and county agencies, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses and all of which may be subject to audit. Amounts received are recognized as revenue when Makom has incurred expenditures in compliance with specific grant provisions. Until such audits have been completed and final settlement reached, there exists a potential to refund any amounts received in excess of allowable costs. Management is not aware of any liability as a result of these audits. Makom received cost-reimbursable grants of which approximately \$-0- had not been recognized as of June 30, 2024, because qualifying expenditures have not yet been incurred.

**Contingency**

In the ordinary course of activities, Makom is party to various legal and administrative actions. In the opinion of management, the potential adverse impact of these legal and administrative actions is insignificant to the financial statements of Makom.

**NOTE 13 RETIREMENT PLANS**

All employees of Makom are eligible to participate in a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code (IRC). Employees may elect to contribute up to 20% of their salary, up to a maximum amount established by federal regulations. Makom did not contribute to this plan until the year beginning July 1, 2019. Makom's annual contribution to this plan is either 1%, 2%, or 4% of salaries for all eligible employees based upon length of service.

Makom has an IRC section 457(b) plan to supplement retirement income for certain key members of the Makom's executive management team. Makom's annual contribution to this plan is determined by the board of directors for the CEO and by the CEO for other key members.

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**NOTE 13 RETIREMENT PLANS (CONTINUED)**

Makom's contributions to the plans for the years ended June 30, 2024 and 2023, were \$320,570 and \$281,111, respectively, and are included in Employee Benefits in the consolidated statements of functional expenses.

**NOTE 14 RELATED PARTY TRANSACTIONS**

**Board Donations**

For the years ended June 30, 2024 and 2023, cash received from board members for contributions, including payments on pledges, totaled approximately \$144,000 and \$87,000, respectively.

**NOTE 15 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED**

The board of directors of Makom has designated funds for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Operating Reserve	\$ 1,809,580	\$ 1,710,736
Capital Reserve	450,000	900,000
Marschka Fund	103,295	99,146
Quasi-Endowment	1,716,345	1,571,368
Total	<u>\$ 4,079,220</u>	<u>\$ 4,281,250</u>

**NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with time and purpose donor restrictions consisted of the following as of and for the years ended June 30:

	Beginning July 1, 2023	Contributions and Net Investment Return	Releases	Balance June 30, 2024
Home Maintenance, Well-Being, Cultural, and Other Program Funds	\$ 2,283,959	\$ 228,116	\$ (868,918)	\$ 1,643,157
Earnings from Endowment Fund	5,963,249	2,276,889	(845,751)	7,394,387
Funds Held in Perpetuity	9,863,985	16,456	10,000	9,890,441
Total	<u>\$ 18,111,193</u>	<u>\$ 2,521,461</u>	<u>\$ (1,704,669)</u>	<u>\$ 18,927,985</u>

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

	Beginning July 1, 2022	Contributions and Net Investment Return	Releases	Balance June 30, 2023
Home Maintenance, Well-Being, Cultural, and Other Program Funds	\$ 1,980,371	\$ 1,027,581	\$ (723,993)	\$ 2,283,959
Earnings from Endowment Fund	5,061,851	1,733,387	(831,989)	5,963,249
Funds Held in Perpetuity	9,854,138	9,847	-	9,863,985
Total	<u>\$ 16,896,360</u>	<u>\$ 2,770,815</u>	<u>\$ (1,555,982)</u>	<u>\$ 18,111,193</u>

Time and purpose net assets are released from donor restrictions when expenditures are made in accordance with the purposes specified by the donor. Included in home maintenance, well-being, cultural, and other program funds are time restricted annual fund donations in the amount of \$26,000 that are to be used in fiscal year 2025.

**NOTE 17 ENDOWMENTS**

Makom's endowment (net assets restricted into perpetuity) has been funded by donor-restricted contributions to be held in perpetuity, the earnings of which can be used for specific donor-imposed purposes. In addition, prior to July 1, 2019, Makom established quasi-endowment funds to provide for the long-term needs of group home renovations and maintenance. While functioning as an endowment, the quasi-endowment funds were established by Makom and are net assets without donor restriction. Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets consist of the following at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Quasi-Endowment Funds	\$ 1,716,345	\$ -	\$ 1,716,345
Donor Restricted Endowment Funds:			
Original Donor Restricted Gifts to be Held in Perpetuity	-	9,890,441	9,890,441
Portion Subject to Appropriation under UPMIFA	-	7,394,387	7,394,387
Total	<u>\$ 1,716,345</u>	<u>\$ 17,284,828</u>	<u>\$ 19,001,173</u>

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES  
DBA: MAKOM  
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**NOTE 17 ENDOWMENTS (CONTINUED)**

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Board-Designated Quasi-Endowment Funds	\$ 1,470,389	\$ -	\$ 1,470,389
Donor Restricted Endowment Funds:			
Original Donor Restricted Gifts to be Held in Perpetuity	-	9,863,985	9,863,985
Portion Subject to Appropriation under UPMIFA	-	5,963,249	5,963,249
Total	<u>\$ 1,470,389</u>	<u>\$ 15,827,234</u>	<u>\$ 17,297,623</u>

**Interpretation of Relevant Law**

Makom has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Makom classifies as net assets restricted into perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted into perpetuity is classified as net assets restricted for time or purpose until those amounts are appropriated for expenditure by Makom in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Makom considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of Makom and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of Makom; and (7) investment policies of Makom.

**Spending Policy**

Makom's spending policy for endowments designed to stabilize annual spending levels and preserve the real value of the endowment over time. In accordance with the Makom's policy, a predetermined endowment spending rate has been established. The endowment spending rate is calculated at 5% of the total fair value of the available funds managed by JFGH-E and Makom based on a three-year rolling average.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 17 ENDOWMENTS (CONTINUED)**

**Return Objectives, Risk Parameters, and Strategies**

Makom follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Should significant new donations be made to the endowment assets, the Makom's investment policy would permit a strategy of long-term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce favorable results while taking a prudent approach to risk.

**Changes in Endowment Net Assets**

Changes in endowment net assets was as follows for the years ended June 30:

	Without Donor Restrictions - Quasi- Endowment	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets - July 1, 2023	\$ 1,571,368	\$ 5,963,249	\$ 9,863,985	\$ 17,398,602
Contributions	2,650	-	16,456	19,106
Transfers				
Investment Income, Net of Investment Fees	23,968	243,476	-	267,444
Net Depreciation (Realized and Unrealized)	200,463	2,033,413	-	2,233,876
Donor Release of Restriction	-	-	10,000	10,000
Appropriated for Expenditure	(82,104)	(845,751)	-	(927,855)
Endowment Net Assets - June 30, 2024	<u>\$ 1,716,345</u>	<u>\$ 7,394,387</u>	<u>\$ 9,890,441</u>	<u>\$ 19,001,173</u>
Endowment Net Assets - July 1, 2022	\$ 1,470,389	\$ 5,061,851	\$ 9,854,138	\$ 16,386,378
Contributions	16,089	50,000	9,847	75,936
Transfers				
Investment Income, Net of Investment Fees	22,402	227,746	-	250,148
Net Depreciation (Realized and Unrealized)	143,102	1,455,641	-	1,598,743
Appropriated for Expenditure	(80,614)	(831,989)	-	(912,603)
Endowment Net Assets - June 30, 2023	<u>\$ 1,571,368</u>	<u>\$ 5,963,249</u>	<u>\$ 9,863,985</u>	<u>\$ 17,398,602</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as a deduction into the corresponding category of net assets. As of June 30, 2024 and 2023, there were no underwater endowments to report. Subsequent gains that restore the fair value of the endowment fund assets to the required level stipulated by the donor will be classified as increases in corresponding net assets category to the extent that the shortfalls were charged to the fund.

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 18 DEVELOPMENTAL DISABILITIES ADMINISTRATION REVENUE AND EXPENSES**

Makom had total revenue and expenses from Developmental Disabilities Administration of \$21,548,979 and \$19,808,955, respectively, for the year ended June 30, 2024. Total revenue and expenses from Developmental Disabilities Administration were \$18,464,203 and \$16,968,385, respectively, for the year ended June 30, 2023.

Additionally, during fiscal year 2024, Makom repaid the State of Maryland \$5,156,666 related to advances received during the transition from PCIS2 to LTSS, the State's payment system.

**NOTE 19 SUBSEQUENT EVENTS**

In preparing the consolidated financial statements, Makom has evaluated events and transactions for potential recognition or disclosure through December 18, 2024, the date the consolidated financial statements were available to be issued.

On July 29, 2024, Makom purchased one property and paid \$244,328 in cumulative purchase price.

On November 1, 2024, Makom purchased for \$1,663,333 a 49.9% interest in an LLC that owns the building that will become the new headquarters for Makom. Simultaneously, it signed a lease with the LLC to rent 15008 Square feet for \$500,000 per year, with a 3% annual escalation clause. This lease ends on August 31, 2034.

On November 20, 2024, Makom received a donated home.

On August 28, 2024, the Maryland Department of Health issued a Notice of Release of the Right of Recovery to Makom for the land attached to 1500 East Jefferson Street (its then headquarters to be sold), totaling \$1,500,000 for the transfer and recordation of new Right of Recovery in the land records for the following properties:

- Beaumont Road, Silver Spring, MD with a value of \$400,000
- Tifton Drive, Rockville, MD with a value of \$400,000
- Colt Terrance, Silver Spring, MD with a value of \$300,000
- Cresthaven Drive, Silver Spring MD with a value of \$400,000.

## **SUPPLEMENTARY INFORMATION**

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

<b>ASSETS</b>	<u>Makom</u>	<u>JFGH-E</u>	<u>Elimination</u>	<u>Consolidated Total</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,878,057	\$ -	\$ -	\$ 1,878,057
Investments	3,182,429	19,054,435	-	22,236,864
Accounts Receivable, Net of Expected Credit Loss	1,744,304	-	-	1,744,304
Grants Receivable	131,179	-	-	131,179
Due from Makom	-	37,889	(37,889)	-
Unconditional Promises to Give, Net of Allowance	359,896	-	-	359,896
Prepaid Expenses	300,557	-	-	300,557
Total Current Assets	<u>7,596,422</u>	<u>19,092,324</u>	<u>(37,889)</u>	<u>26,650,857</u>
<b>PROPERTY AND EQUIPMENT</b>				
NET OF ACCUMULATED DEPRECIATION	16,789,984	-	-	16,789,984
<b>LEASES</b>				
Right-of-Use Assets - Operating Leases	357,240	-	-	357,240
Right-of-Use Assets - Financing Leases	1,384,236	-	-	1,384,236
Total Leases	<u>1,741,476</u>	<u>-</u>	<u>-</u>	<u>1,741,476</u>
<b>OTHER ASSETS</b>				
Endowment Funds Held With Makom	15,960,344	-	(15,960,344)	-
Investment - 457(b) Plan Asset	762,299	-	-	762,299
Deposits	12,542	-	-	12,542
Total Other Assets	<u>16,735,185</u>	<u>-</u>	<u>(15,960,344)</u>	<u>774,841</u>
Total Assets	<u>\$ 42,863,067</u>	<u>\$ 19,092,324</u>	<u>\$ (15,998,233)</u>	<u>\$ 45,957,158</u>



**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2024**

<b>LIABILITIES AND NET ASSETS</b>	<u>Makom</u>	<u>JFGH-E</u>	<u>Elimination</u>	<u>Consolidated Total</u>
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 2,450,951	\$ -	\$ -	\$ 2,450,951
Due to JFGH-E	37,889	-	(37,889)	-
Endowment Funds Held for Makom	-	15,960,344	(15,960,344)	-
Deferred Mortgage Payable, Current Portion	14,828	-	-	14,828
Lease Liability, Current Portion - Operating Leases	93,461	-	-	93,461
Lease Liability, Current Portion - Financing Leases	399,832	-	-	399,832
Total Current Liabilities	<u>2,996,961</u>	<u>15,960,344</u>	<u>(15,998,233)</u>	<u>2,959,072</u>
<b>LONG-TERM LIABILITIES</b>				
Deferred Grant Revenue	2,603,387	-	-	2,603,387
Lease Liability, Net of Current Portion - Operating Leases	276,016	-	-	276,016
Lease Liability, Net of Current Portion - Financing Leases	953,744	-	-	953,744
Deferred Compensation - 457(b) Plan Liability	762,299	-	-	762,299
Deferred Mortgages Payable	1,001,459	-	-	1,001,459
Security Deposits	14,109	-	-	14,109
Total Long-Term Liabilities	<u>5,611,014</u>	<u>-</u>	<u>-</u>	<u>5,611,014</u>
Total Liabilities	8,607,975	15,960,344	(15,998,233)	8,570,086
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	14,379,867	-	-	14,379,867
Board-Designated	4,079,220	-	-	4,079,220
Total Net Assets Without Donor Restrictions	<u>18,459,087</u>	<u>-</u>	<u>-</u>	<u>18,459,087</u>
With Donor Restrictions:				
Purpose and Time Restrictions	7,781,999	1,255,545	-	9,037,544
Perpetual in Nature	8,014,006	1,876,435	-	9,890,441
Total Net Assets With Donor Restrictions	<u>15,796,005</u>	<u>3,131,980</u>	<u>-</u>	<u>18,927,985</u>
Total Net Assets	<u>34,255,092</u>	<u>3,131,980</u>	<u>-</u>	<u>37,387,072</u>
Total Liabilities and Net Assets	<u>\$ 42,863,067</u>	<u>\$ 19,092,324</u>	<u>\$ (15,998,233)</u>	<u>\$ 45,957,158</u>

**JEWISH FOUNDATION FOR GROUP HOMES, INC. AND AFFILIATES**  
**DBA: MAKOM**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

	Makom			JFGH-E			Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>								
State Program Fees	\$ 24,565,927	\$ -	\$ 24,565,927	\$ -	\$ -	\$ -	\$ -	\$ 24,565,927
Contributions	2,053,888	229,900	2,283,788	-	-	-	(154,991)	2,128,797
Net Investment Return	746,419	1,877,823	2,624,242	-	413,738	413,738	-	3,037,980
Other Grants	1,724,174	-	1,724,174	-	-	-	-	1,724,174
Consumer Fees	617,919	-	617,919	-	-	-	-	617,919
Other Program Service Fees	308,336	-	308,336	-	-	-	-	308,336
Rental Income and Utilities Pass-Through	164,676	-	164,676	-	-	-	-	164,676
Other Income	43,529	-	43,529	-	-	-	(6,746)	36,783
Gain on Disposal of Property and Equipment	1,276,199	-	1,276,199	-	-	-	-	1,276,199
Total	31,501,067	2,107,723	33,608,790	-	413,738	413,738	(161,737)	33,860,791
Net Assets Released from Restriction	1,542,932	(1,542,932)	-	161,737	(161,737)	-	-	-
Total Revenues, Gains, and Other Support	33,043,999	564,791	33,608,790	161,737	252,001	413,738	(161,737)	33,860,791
<b>EXPENSES</b>								
Program Services:								
Residential Group Homes	20,140,817	-	20,140,817	-	-	-	-	20,140,817
In-Home Supports	1,887,593	-	1,887,593	-	-	-	-	1,887,593
MOST Program - Maryland and Virginia	2,461,878	-	2,461,878	-	-	-	-	2,461,878
MyPad	307,932	-	307,932	-	-	-	-	307,932
Clinical Services	1,310,704	-	1,310,704	-	-	-	-	1,310,704
Other Programs	444,502	-	444,502	154,991	-	154,991	(154,991)	444,502
Total Program Services	26,553,426	-	26,553,426	154,991	-	154,991	(154,991)	26,553,426
Supporting Services:								
Management and General	3,689,848	-	3,689,848	6,746	-	6,746	(6,746)	3,689,848
Fundraising	850,477	-	850,477	-	-	-	-	850,477
Total Supporting Services	4,540,325	-	4,540,325	6,746	-	6,746	(6,746)	4,540,325
Total Expenses	31,093,751	-	31,093,751	161,737	-	161,737	(161,737)	31,093,751
<b>CHANGE IN NET ASSETS</b>	1,950,248	564,791	2,515,039	-	252,001	252,001	-	2,767,040
Net Assets - Beginning of Year	16,508,839	15,231,214	31,740,053	-	2,879,979	2,879,979	-	34,620,032
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,459,087</u>	<u>\$ 15,796,005</u>	<u>\$ 34,255,092</u>	<u>\$ -</u>	<u>\$ 3,131,980</u>	<u>\$ 3,131,980</u>	<u>\$ -</u>	<u>\$ 37,387,072</u>



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