

JHP, INC.

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

JUNE 30, 2021 AND 2020

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Independent Auditor's Report

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

We have audited the accompanying financial statements of JHP, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

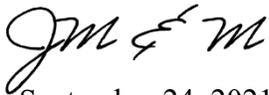
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report
JHP, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JHP, Inc. as of June 30, 2021 and 2020, 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.

A handwritten signature in black ink, appearing to read "JPM & M". The letters are cursive and somewhat stylized.

September 24, 2021
Washington, DC

JHP, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 601,339	\$ 413,730
Grants and contributions receivable	499,880	471,510
Prepaid expenses	12,610	-
Deposits	-	11,515
Total Current Assets	1,113,829	896,755
 PROPERTY AND EQUIPMENT, NET	 175,772	 135,081
 TOTAL ASSETS	 \$ 1,289,601	 \$ 1,031,836
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 109,158	\$ 82,098
Client payables	3,737	3,737
Mortgage note payable, current portion	10,679	10,134
Deferred rent, current portion	8,345	4,784
Total Current Liabilities	131,919	100,753
 LONG TERM LIABILITIES		
Mortgage note payable, net of current portion	214,998	225,764
PPP loan payable	-	296,068
Deferred rent, net of current portion	23,572	31,917
Total Long Term Liabilities	238,570	553,749
Total Liabilities	370,489	654,502
 NET ASSETS		
Without donor restrictions	919,112	377,334
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,289,601	 \$ 1,031,836

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

JHP, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Government grants - federal	\$ 697,113	\$ 1,055,507
Government grants - non-federal	2,553,573	2,007,858
PPP loan forgiveness	296,068	-
Contributions	151,778	145,742
Client fees	10,895	11,397
Interest and other income	5,945	278
In-kind contributions	265,000	265,000
Total Revenue and Support	3,980,372	3,485,782
EXPENSES		
Program Services:		
Resident shelters	1,852,793	1,860,022
Employment program	1,227,469	1,028,297
Total Program Services	3,080,262	2,888,319
Support Services:		
Management and general	358,332	399,466
Total Expenses	3,438,594	3,287,785
CHANGE IN NET ASSETS	541,778	197,997
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year,	377,334	179,337
End of year	\$ 919,112	\$ 377,334

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

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

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

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

JHP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Resident Shelters	Employment Program	Total Program Services	Management and General	Total
Personnel					
Salaries	\$ 1,132,803	\$ 393,782	\$ 1,526,585	\$ 225,986	\$ 1,752,571
Payroll taxes	106,491	37,018	143,509	21,244	164,753
Employee benefits	68,360	23,763	92,123	13,637	105,760
Total Personnel Expenses	<u>1,307,654</u>	<u>454,563</u>	<u>1,762,217</u>	<u>260,867</u>	<u>2,023,084</u>
Accounting	-	-	-	47,296	47,296
Advertising	194	-	194	95	289
Bank fees and finance charges	163	-	163	2,899	3,062
Client assistance	71,573	1,503	73,076	-	73,076
Consultants	6,429	8,542	14,971	20,888	35,859
Depreciation and amortization	10,564	3,672	14,236	2,108	16,344
Employment assistance	15	77,495	77,510	-	77,510
Housing assistance	223,133	-	223,133	-	223,133
In-kind professional services	106,000	159,000	265,000	-	265,000
Insurance	12,255	384	12,639	8,922	21,561
Interest	4,465	-	4,465	17,599	22,064
Meetings	4,987	804	5,791	4,972	10,763
Miscellaneous	102	-	102	2,281	2,383
Occupancy expenses	-	122,501	122,501	-	122,501
Office supplies and equipment	16,581	5,464	22,045	12,468	34,513
Phone and communications	31,407	4,087	35,494	11,313	46,807
Postage and delivery	436	578	1,014	412	1,426
Printing and copying	16,345	3,328	19,673	2,297	21,970
Repairs and maintenance	7,049	-	7,049	1,285	8,334
Transportation assistance	4,262	184,690	188,952	150	189,102
Utilities	36,408	1,686	38,094	3,614	41,708
TOTAL EXPENSES	<u><u>\$ 1,860,022</u></u>	<u><u>\$ 1,028,297</u></u>	<u><u>\$ 2,888,319</u></u>	<u><u>\$ 399,466</u></u>	<u><u>\$ 3,287,785</u></u>

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

JHP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 541,778	\$ 197,997
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization expense	23,256	16,344
Amortization of deferred rent	(4,784)	(1,328)
Decrease (increase) in assets:		
Grants and contributions receivable	(28,370)	(36,745)
Prepaid expenses	(12,610)	-
Deposits	11,515	(2,055)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	27,060	(51,798)
Client payables	-	(259)
Net Cash Provided by Operating Activities	557,845	122,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(63,947)	(7,085)
Net Cash Used for Investing Activities	(63,947)	(7,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	296,068
Forgiveness of PPP loan	(296,068)	-
Payments on line of credit	-	(100,000)
Principal payments on mortgage note payable	(10,221)	(9,161)
Net Cash (Used for) Provided by Financing Activities	(306,289)	186,907
NET CHANGE IN CASH AND CASH EQUIVALENTS	187,609	301,978
CASH AND CASH EQUIVALENTS, beginning of year	413,730	111,752
CASH AND CASH EQUIVALENTS, end of year	\$ 601,339	\$ 413,730
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 12,316	\$ 22,064

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

JHP, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A – NATURE OF ORGANIZATION

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

Program Services

Resident Shelters: JHP, Inc. operates two shelters in Prince George’s County, Maryland, and one in Washington, DC. The shelters provide meals, assistance with clothing and household essentials, comprehensive case management, and wrap-around services in order to provide the residents with the tools they need to become self-sufficient. Adult residents participate in life skills, education, and employment classes, while children are provided with tutoring and enrichment activities. Each shelter houses a computer lab equipped with high speed internet and a business office for the use of residents. The shelters provided housing and services for the following during the years ended June 30, 2021 and 2020, this program helped 323 and 108 people, respectively, to get employment, and helped 202 and 185 people, respectively, to move into permanent housing.

Employment Day Centers (DC) (previously called the Homeless Day Shelters (DC)): JHP, Inc. operates an employment program in the lobby of one of DC’s largest day shelters. At this location, JHP, Inc. links clients to the mainstream resources for which they may be eligible. JHP also operates a TANF employment program in SE DC that assists individuals who receive this benefit in obtaining employment to become self-sufficient to gradually decrease their need for financial government subsidies. Through these programs JHP offers life-skills, employment soft skills, and vocational training; computer and internet access and training; financial literacy education; housing placements and assistance; supportive services, and emergency financial aid. JHP, Inc. partners with a number of area employers and landlords to ensure that clients can secure employment and housing despite their backgrounds and/or current living situations. During the years ended June 30, 2021 and 2020, this program helped 270 and 135 people, respectively, to get employment; this program is not benchmarked for housing although this is a subsidiary service that can be provided.

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE A – NATURE OF ORGANIZATION - continued

Program Services - continued

Satellite Center (MD): JHP, Inc. operates an employment program in satellite centers throughout Prince George’s County Maryland assisting consumers who receive Supplemental Nutrition Assistance Program funds in finding sustainable employment and who reside in substance abuse detoxification centers and homeless shelters, along with those who are referred to them from various outreach centers. JHP, Inc. offers life-skills, employment soft skills and vocational training, computer and internet access and training, financial literacy education, supportive services, emergency financial aid, and housing assistance. JHP, Inc. partners with a number of area employers to ensure that consumers can secure employment despite their backgrounds and/or current living situations. During the fiscal years ending June 30, 2021 and 2020, this program helped 35 and 12 individuals gain employment; this program is not benchmarked for housing although this is a subsidiary service that can be provided.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

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

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

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

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash Equivalents

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

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon its ongoing review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of June 30, 2021 and 2020, management has determined that all significant receivables are collectible within one year or less; therefore, no allowance for doubtful accounts has been established.

Property and Equipment

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

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

Deferred Rent

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

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In-kind Contributions

JHP, Inc. recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services recorded for the years ended June 30, 2021 and 2020, included clinical assessment, engagement seminars, meal preparation, and enrichment activities in the employment and residential shelters programs, and totaled \$265,000 and \$265,000, respectively.

Revenue Recognition

Government Grants

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

As of June 30, 2021, JHP, Inc. received conditional promises to give in the amount of \$431,857 that are expected to be recognized as revenue during the year ending June 30, 2022.

PPP Loan

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

Client Fee

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

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition - continued

JHP, Inc. recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Methods Used for Allocation of Expenses

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

NOTE C – INCOME TAXES

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

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

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE C – INCOME TAXES - continued

JHP, Inc.’s information tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. JHP, Inc.’s Form 990 returns for the years ended June 30, 2018 through 2020, are open for examination by the Internal Revenue Service, although no such request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

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

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

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

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents	\$ 601,339	\$ 413,730
Grants and contributions receivable	499,880	471,510
Total Financial Assets	<u>1,101,219</u>	<u>885,240</u>
Financial Assets Available for General Expenditures		
Within One Year	<u>\$ 1,101,219</u>	<u>\$ 885,240</u>

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE E – PROPERTY AND EQUIPMENT

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

	2021	2020
Building	\$ 169,962	\$ 169,962
Furniture and equipment	101,424	87,109
Vehicles	49,632	-
Building improvements	169,622	169,622
	490,640	426,693
Less: accumulated depreciation and amortization	314,868	291,612
Property and Equipment, Net	\$ 175,772	\$ 135,081

Depreciation and amortization expense totaled \$23,256 and \$16,344, for the years ended June 30, 2021 and 2020, respectively.

NOTE F – NOTES PAYABLE

On November 9, 2004, JHP, Inc. secured \$175,000 with the City First Bank of DC (the “Lender”) for a deed of trust mortgage. On October 12, 2012, JHP, Inc. refinanced this mortgage and included an additional principal amount of \$23,161. On February 2, 2016, JHP, Inc. refinanced this mortgage again and included an additional principal amount of \$89,090. This mortgage is secured by real property located at 1526 Pennsylvania Avenue, SE, Washington, DC. The mortgage is scheduled to mature on February 2, 2026. Principal and interest are payable monthly over 120 payments with a balloon payment of \$173,203 due at maturity. Interest accrues at a fixed rate of 5.25% per annum. The mortgage balance for the years ended June 30, 2021 and 2020, totaled \$225,677 and \$235,898 respectively.

Mortgage interest expense for the years ended June 30, 2021 and 2020, totaled \$12,316 and \$13,073, respectively.

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE F – NOTES PAYABLE - continued

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

2022	10,679
2023	11,253
2024	11,858
2025	12,496
2026	179,391
Total	<u>\$ 225,677</u>

On April 30, 2020, JHP, Inc. secured \$296,086 with the City First Bank of D.C., N.A. (the “Lender”) under the Small Business Administration’s Paycheck Protection Plan (“PPP”) that authorized forgivable loans to small businesses. This loan can be used to cover certain expenses during the COVID-19 crisis. The loan amount was able to be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan was made. On January 22, 2021, the loan and any accrued interest was forgiven as notified to JHP, Inc. by the SBA and was recognized as forgiveness of debt in 2021. The PPP loan balance as of June 30, 2021 and 2020, totaled \$0 and \$296,086, respectively.

NOTE G – LEASE COMMITMENTS

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

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

2022	\$ 122,242
2023	125,909
2024	106,475
Total	<u>\$ 354,626</u>

Occupancy expense for the years ended June 30, 2021 and 2020 totaled \$122,894, and \$122,501, respectively.

JHP INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE H – CONCENTRATION OF RISK

JHP, Inc. received approximately 91% and 88% of its revenue from federal and other government grants for the years ended June 30, 2021 and 2020, respectively.

NOTE I – CONTINGENCIES

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

NOTE J – RETIREMENT PLAN

JHP, Inc. sponsors a Section 403(b) Elective Deferral Only, retirement plan for the benefit of its employees (the "Plan"). Employees may contribute to the Plan through elective salary deferrals and are eligible immediately upon beginning employment but must contribute at least \$200 annually in order to participate in the Plan. Contributions to the Plan are tax deferred. JHP, Inc. did not make any contributions to the Plan for the years ending June 30, 2021 and 2020.

NOTE K – SUBSEQUENT EVENTS

In preparing these financial statements, JHP, Inc.'s management has evaluated events and transactions for potential recognition or disclosure through September 24, 2021, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.