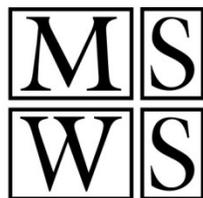


THE JUBILEE ASSOCIATION OF MARYLAND, INC.
FINANCIAL STATEMENTS
JUNE 30, 2025

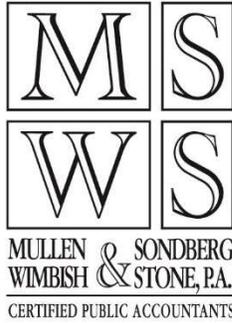


MULLEN SONDBERG WIMBISH & STONE, PA

CERTIFIED PUBLIC ACCOUNTANTS

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888 Bestgate Road • Suite 310 • Annapolis, Maryland 21401

INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Directors of
The Jubilee Association of Maryland, Inc.
Kensington, Maryland

Opinion

We have audited the accompanying financial statements of The Jubilee Association of Maryland, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jubilee Association of Maryland, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

To Management and the Board of Directors of
The Jubilee Association of Maryland, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

To Management and the Board of Directors of
The Jubilee Association of Maryland, Inc.

Report on Summarized Comparative Information

We have previously audited The Jubilee Association of Maryland, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland
October 13, 2025

The Jubilee Association of Maryland, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2025

ASSETS		2025	2024
CURRENT ASSETS			
Cash and cash equivalents	\$	5,069,981	\$ 6,487,664
Investments		2,699,749	2,615,699
Accounts receivable, funding agencies, net		4,996,557	6,582,889
Grants receivable		646,352	-
Accounts receivable, other		40,586	29,120
Deferred lease receivable		88,859	-
Unconditional promises to give		629,714	192,789
Prepaid expenses		35,660	131,821
Total current assets		14,207,458	16,039,982
PROPERTY AND EQUIPMENT			
Net of accumulated depreciation		11,384,516	4,471,004
OTHER ASSETS			
Investments - operating reserve		8,938,902	8,482,860
Restricted deposits - reserve for replacements		54,988	49,866
Unconditional promises to give, net of allowance and discount		1,502,889	318,202
Deposits and escrows		586,899	664,789
Total other assets		11,083,678	9,515,717
Total assets	\$	36,675,652	\$ 30,026,703
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	270,937	\$ 214,670
Deferred compensation		10,000	10,000
Accrued salaries and related liabilities		818,246	685,817
Accrued leave		1,568,425	1,422,525
Deferred revenue		-	225,000
Client escrow		151,537	224,134
Due to State of Maryland		17,155	-
Funds held for others		30,174	2,052
Mortgages payable		245,978	26,421
Total current liabilities		3,112,452	2,810,619
LONG-TERM LIABILITIES			
Deferred compensation		47,472	57,724
Mortgages payable, net of loan origination fees		2,538,628	106,564
Security deposits payable		143,224	-
Participation liability, net of discount		53,524	43,399
Total long-term liabilities		2,782,848	207,687
Total liabilities		5,895,300	3,018,306
NET ASSETS			
Without donor restrictions			
Undesignated		17,015,003	15,558,071
Board-designated		10,127,402	9,689,139
Total net assets without donor restrictions		27,142,405	25,247,210
With donor restrictions			
		3,637,947	1,761,187
Total net assets		30,780,352	27,008,397
Total liabilities and net assets	\$	36,675,652	\$ 30,026,703

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

The Jubilee Association of Maryland, Inc.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025
With Summarized Financial Information for the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2025	2024
REVENUES, GAINS AND OTHER SUPPORT				
State of Maryland - program service fees	\$ 32,500,555	\$ -	\$ 32,500,555	\$ 29,933,408
Contributions and grants	869,381	1,817,475	2,686,856	534,538
Montgomery County - program service fees	2,205,356	-	2,205,356	2,156,758
Capital grants	775,000	281,440	1,056,440	20,000
Realized/unrealized gain on investments	976,043	-	976,043	741,882
Investment income, net	459,234	-	459,234	560,537
Rental income	337,941	-	337,941	-
Consumer program fees	262,736	-	262,736	249,591
Other income	144,971	-	144,971	178,689
Contributions - nonfinancial assets	54,949	-	54,949	-
Gain on sale of equipment	24,787	-	24,787	13,511
Academy tuition	14,710	-	14,710	-
	<u>38,625,663</u>	<u>2,098,915</u>	<u>40,724,578</u>	<u>34,388,914</u>
Net assets released from restrictions	<u>222,155</u>	<u>(222,155)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	38,847,818	1,876,760	40,724,578	34,388,914
EXPENSES				
Program services				
Community living group home	9,879,579	-	9,879,579	8,188,033
Personal supports	2,724,637	-	2,724,637	2,372,480
Supported living	18,933,189	-	18,933,189	16,578,431
Other services	1,290,694	-	1,290,694	451,636
Total program services	<u>32,828,099</u>	<u>-</u>	<u>32,828,099</u>	<u>27,590,580</u>
Supporting services				
Management and general	3,698,314	-	3,698,314	3,434,817
Fundraising	426,210	-	426,210	404,167
Total supporting services	<u>4,124,524</u>	<u>-</u>	<u>4,124,524</u>	<u>3,838,984</u>
Total expenses	<u>36,952,623</u>	<u>-</u>	<u>36,952,623</u>	<u>31,429,564</u>
Change in net assets	1,895,195	1,876,760	3,771,955	2,959,350
NET ASSETS AT BEGINNING OF YEAR	<u>25,247,210</u>	<u>1,761,187</u>	<u>27,008,397</u>	<u>24,049,047</u>
NET ASSETS AT END OF YEAR	<u>\$ 27,142,405</u>	<u>\$ 3,637,947</u>	<u>\$ 30,780,352</u>	<u>\$ 27,008,397</u>

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

The Jubilee Association of Maryland, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025
With Summarized Financial Information for the Year Ended June 30, 2024

	Program Services				Supporting Services		Total		
	Community Living Group Home	Personal Supports	Supported Living	Other Services	Total Program Services	Management and General	Fundraising	2025	2024
Salaries	\$ 7,258,361	\$ 1,911,788	\$ 14,665,032	\$ 864,881	\$ 24,700,062	\$ 1,820,410	\$ 196,960	\$ 26,717,432	\$ 23,711,689
Employee benefits	881,864	261,949	1,764,668	36,202	2,944,683	266,698	31,657	3,243,038	2,292,114
Payroll taxes	547,103	143,994	1,101,777	63,383	1,856,257	135,045	14,670	2,005,972	1,774,766
Total salaries and related expenses	8,687,328	2,317,731	17,531,477	964,466	29,501,002	2,222,153	243,287	31,966,442	27,778,569
Bad debts	105,051	238,753	364,508	-	708,312	13	37,025	745,350	13,702
Computer services	13,000	3,870	25,800	20,417	63,087	487,423	4,713	555,223	472,232
Professional fees	58,047	17,414	116,094	24,084	215,639	201,038	103,386	520,063	470,957
Depreciation	187,527	1,280	111,069	43,556	343,432	175,556	-	518,988	377,756
Insurance	159,507	33,707	144,600	13,845	351,659	36,059	-	387,718	300,900
Staff training	72,161	21,492	143,278	2,846	239,777	35,315	2,449	277,541	304,154
Program activities and supplies	81,832	24,583	158,306	8,297	273,018	513	-	273,531	251,998
Travel	63,223	25,357	115,349	421	204,350	52,448	1,821	258,619	298,903
Repairs and maintenance	77,505	512	11,530	15,797	105,344	111,019	-	216,363	200,847
Food and household supplies	143,454	218	54,606	11	198,289	163	-	198,452	182,427
Utilities	81,542	-	20,558	17,854	119,954	41,711	-	161,665	144,376
Miscellaneous expenses	29,843	9,026	40,359	22,002	101,230	26,932	1,853	130,015	116,855
Telephone	31,374	134	17,818	-	49,326	77,912	-	127,238	124,440
Small furniture and equipment	12,874	1,778	12,911	42,304	69,867	57,143	-	127,010	71,725
Interest	15,112	-	-	95,475	110,587	-	-	110,587	29,882
Rent	48,925	-	-	29	48,954	21,698	-	70,652	14,775
Client rent subsidy	-	25,782	44,754	-	70,536	-	-	70,536	66,719
Office supplies	2,194	581	4,923	2,601	10,299	44,816	366	55,481	42,963
Advertising and recruiting	3,333	1,000	6,667	111	11,111	16,249	18,949	46,309	58,110
Postage and printing	4,485	1,081	6,327	120	12,013	19,386	8,801	40,200	41,949
Real estate taxes	-	-	-	15,976	15,976	17,487	-	33,463	8,466
Dues and subscriptions	140	42	280	5	467	28,214	360	29,041	35,210
Contributions	-	-	-	-	-	17,768	-	17,768	11,050
Bank and credit card fees	-	-	-	444	444	4,189	2,900	7,533	2,366
Licensing expense	1,122	296	1,975	33	3,426	81	300	3,807	7,099
Board expenses	-	-	-	-	-	3,028	-	3,028	1,134
Total expenses	\$ 9,879,579	\$ 2,724,637	\$ 18,933,189	\$ 1,290,694	\$ 32,828,099	\$ 3,698,314	\$ 426,210	\$ 36,952,623	\$ 31,429,564

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

The Jubilee Association of Maryland, Inc.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,771,955	\$ 2,959,350
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	745,350	13,702
Depreciation	518,988	377,756
Gain on disposal of equipment	(24,787)	(13,511)
Change in equity participation liability, net of discount	10,125	23,800
Unrealized/realized gain on investments	(976,043)	(741,882)
(Increase) decrease in operating assets:		
Accounts receivable, funding agencies, net	878,020	(2,240,651)
Accounts receivable, other, net	(11,479)	18,219
Grants receivable	(646,352)	-
Deferred lease receivable	(88,859)	-
Prepaid expenses	96,161	(28,879)
Deposits and escrows	72,768	(16,002)
Unconditional promises to give, net	(1,658,637)	9,470
Increase (decrease) in operating liabilities:		
Accounts payable	56,267	(29,665)
Deferred compensation	(10,252)	(2,370)
Deferred revenue	(225,000)	198,320
Accrued salaries and related liabilities	132,429	285,469
Accrued leave	145,900	346,061
Client escrow	(72,597)	36,064
Funds held for others	28,122	(23,541)
Due to State of Maryland	17,155	(165,671)
Security deposits payable	143,224	-
Net cash provided by operating activities	2,902,458	1,006,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,635,213)	(891,077)
Proceeds from sale of property and equipment	27,500	38,000
Purchase of investments and reinvested income	(362,972)	(1,314,160)
Proceeds from sale of investments	798,923	35,194
Net cash used in investing activities	(4,171,762)	(2,132,043)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash paid on equity participation liability	-	(83,879)
Principal payments on mortgages	(148,379)	(25,458)
Net cash used in financing activities	(148,379)	(109,337)
Net change in cash and cash equivalents	(1,417,683)	(1,235,341)
Cash and cash equivalents at beginning of year	6,487,664	7,723,005
Cash and cash equivalents at end of year	\$ 5,069,981	\$ 6,487,664
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 100,462	\$ 5,982
Noncash investing and financing activities:		
Acquisition of property and equipment	\$ 7,435,213	\$ 891,077
Less: amount financed	(2,800,000)	-
Cash paid for property and equipment	\$ 4,635,213	\$ 891,077

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

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

Nature and Organization

The Jubilee Association of Maryland, Inc. (the Association) was formed to provide community-based community living group home services for individuals with developmental disabilities. The majority of the Association's funding is provided by the State of Maryland Department of Health and Montgomery County, although other services are offered as well and include:

Residential: Offers supported living, community living group home, and personal support services.

Housing Support Services: Assists adults with IDD in finding and maintaining housing, addressing barriers, and supplementing other community living support.

Nursing Support Services: Provided within supported living and community living group homes, and available to personal support services with approval.

The Academy: Offers state-compliant, advanced training for Direct Support Professionals (DSPs) and disability services to staff members and external participants to enhance technical and interpersonal skills.

Breaking Barriers: Supports underserved individuals by providing education, resources in preferred languages, service navigations, and application assistance.

Community Engagement: Promotes full community participation, relationship-building, and leadership opportunities, with emphasis on connecting people to their faith communities and civil life.

Basis of Accounting

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification of Net Assets

The financial statement presentation follows the recommendations of *ASC 958-205, "Not-for-Profit Entities: Presentation of Financial Statements"*. Under *ASC 958-205*, the Association is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and Board of Directors.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Classification of Net Assets (Cont.)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some other donor restrictions are temporary in nature: those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Revenue Recognition – Contributions and Grants

Contributions are reported as revenue in the year received and/or when the unconditional promises are made. The Association reports gifts of cash and other assets as support with donor restrictions if they are received with donor restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions, including donor-restricted conditional contributions, whose restrictions (and conditions, if applicable) are met in the same year are reported as support without donor restrictions.

Promises to give with a measurable performance or other barrier and a right of return are considered conditional promises to give and are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the years ended June 30, 2025 and 2024.

Unconditional promises to give are recognized in the period the promise is made. Promises to give are carried at original amount promised less an estimate made for doubtful promises, based on a review of all outstanding promises on a monthly basis. The Association uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises to give. The allowance for uncollectible unconditional promises to give totaled \$118,831 and \$60,500 as of June 30, 2025 and 2024, respectively. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition – Contributions and Grants (Cont.)

Grants are reported as revenue based on the terms and conditions of each specific grant agreement with the grantor. Grants that are earned based on the expenditure of specific expenses are recorded as revenue when the expenses are incurred and the Association has an unconditional right to the grant funds. Unexpended grant awards under these arrangements are classified as deferred revenue in the statement of financial position until they are earned. Grants that are received with grantor restrictions or stipulations regarding the use of the grant funds are classified as grants with donor restrictions. When a donor restriction expires, that is, when the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted grants whose restrictions are met in the same year are reported as support without donor restrictions.

Revenue Recognition – Program Service Fees and Consumer Program Fees

The Association offers several levels of services for individuals with developmental disabilities. These services are funded primarily by the Developmental Disabilities Administration of the State of Maryland Department of Health (DDA). Program service fees for DDA programs are reported at the amount that reflects the consideration to which the Association expects to be entitled to in exchange for providing services. Changes in the valuation of the consideration to which the Association expects to be entitled to in exchange for providing services are recognized in the period in which the changes are determined. Program service fees are recognized at the point in time at which performance obligations are satisfied. The point in time at which performance obligations are satisfied is based on the provision of services on a daily or quarter-hour basis, as prescribed by DDA program regulations. Revenue is recorded based on daily or quarter-hour reimbursement rates established and approved by DDA.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition – Program Service and Consumer Program Fees (Cont.)

Program service fees recognized for DDA programs are as follows:

<u>Service Type:</u>	<u>Measurement Period for Performance Obligations</u>	<u>Revenue Recognized June 30, 2025</u>	<u>Revenue Recognized June 30, 2024</u>
Supported living	Daily and Quarter-Hour	\$ 19,770,848	\$ 19,111,070
Community living group home	Daily and Quarter-Hour	9,518,113	8,250,488
Personal supports	Quarter-Hour	2,802,611	2,415,008
Housing supports	Quarter-Hour	405,518	154,066
Nursing supports	Quarter-Hour	3,465	2,776
		<u>\$ 32,500,555</u>	<u>\$ 29,933,408</u>

The Association also receives a supplement from Montgomery County to support all DDA programs which is paid monthly.

The Association collects consumer program fees for room and board and contribution to care from individuals in the Association’s community living group home services program. Consumer program fee revenue is recognized at the point in time at which performance obligations are satisfied. The point in time at which performance obligations are satisfied is based on the provision of services on a monthly basis. The monthly reimbursement rate is determined for each individual based on rates established and approved by DDA.

Program service fees from consumers were as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Room and board fees	\$ 166,875	\$ 157,125
Residential consumer fees	74,114	62,730
Private pay fees	21,747	29,736
	<u>\$ 262,736</u>	<u>\$ 249,591</u>

Revenue Recognition – Rental Income

Rental income is recognized on a straight-line basis as revenue on a monthly basis. Total revenue from renters for the years ended June 30, 2025 and 2024 amounted to \$337,941 and \$-0-, respectively. There is also a deferred lease receivable on the statement of financial position which has been recorded on the straight line basis.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition – Academy Tuition

The Association recognizes academy tuition when participants register for class and pay electronically via credit card on their website. Academy tuition for the years ended June 30, 2025 and 2024 totaled \$14,710 and \$0-, respectively.

Contributions – Nonfinancial Assets and Services

Contributed services are recognized at fair value if the services (a) create or enhance long-lived assets or (b) require specialized skill, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements included in donations are offset by like amounts included in expenses or additions to property and equipment.

The Association's general practice is to utilize donated items to support the Association's overall purpose. These contributions of tangible assets were utilized in the Association's programs in the provision of services for individuals with developmental disabilities and were valued based on the comparable sales.

The amounts that have been recognized in the statement of activities because the criteria for recognition has been satisfied for the years ended June 30, 2025 and 2024 amounted to \$54,949 and \$0-, respectively, and consist of donated furniture.

A significant number of unpaid volunteers contribute time to the Association. The value of these services are not reflected in the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America because the recognition criteria was not met. There were no amounts recorded for contributed services for the years ended June 30, 2025 and 2024.

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 contingencies at the 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

For purpose of the statement of cash flows, except for funds held by investment managers, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Investments

Investments consist of money market and mutual funds that are held by an investment broker and are presented in the financial statements at quoted fair values. Interest and dividends income is reflected net of fees as investment income, net on the statement of activities. The net realized and unrealized appreciation (depreciation) in market value of investments is reflected in the statement of activities.

Property and Equipment

Property and equipment acquisitions over \$1,000 are capitalized and carried at cost. Depreciation is expensed 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 and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Leases

The Association recognizes a right of use (ROU) asset and lease liability on the statement of financial position for all leases with a term of longer than 12 months. Leases are classified as finance or operating. Finance leases are expensed through interest and amortization expense and operating leases are expensed through lease expense on the statement of activities.

During the years ending June 30, 2025 and 2024, the Association did not have any leases with a term of longer than 12 months that required recognition as a ROU asset or lease liability. Certain leases may include one or more options to renew, with renewal terms that can be extended beyond the original lease term at management's discretion. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised by management. There are no leases that contain any material residual value guarantees, material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded as liabilities at the present value of the minimum lease payments not yet paid. Rates are determined and estimated based on various incremental borrowing risk-free rates when the rate implicit in the lease is not readily determinable.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but expensed on a straight-line basis over the lease term.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Allocation of Functional Expenses

Accounting principles generally accepted in the United States of America require all non-profit organizations to present their expenses on a functional basis, separating program services from management and general and fundraising expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated based on asset usage, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Other functional expenses are either charged directly to program services as incurred or allocated based on usage.

Included in other services on the statement of functional expenses are housing support services, breaking barriers, rental expenses for Kensington and academy.

Accounts Receivable and Allowance

Accounts receivable consists of program fees and grants due from funding agencies and consumers. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Association uses the allowance method to account for uncollectible accounts receivable and an adjustment to a valuation allowance based on management's assessment of the current status of individual accounts, historical levels of credit losses and current economic conditions that may affect ability to pay, and credit worthiness of the State of Maryland. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Allowance for credit losses established by management for years ended June 30, 2025 and 2024 was \$201,244 and \$-0-, respectively. Accounts receivable due from funding agencies as of June 30, 2025, 2024, and 2023 was \$4,996,557, \$6,582,889, and \$4,342,238, respectively. Grants receivable as of June 30, 2025, 2024, and 2023 was \$646,352, \$-0-, and \$-0-, respectively. Accounts receivable from others as of June 30, 2025, 2024, and 2023 was \$40,586, \$29,120, and \$61,041, respectively.

Advertising

The Association expenses advertising costs as incurred. Advertising expenses were \$30,168 and \$35,837 for the years ended June 30, 2025 and 2024, respectively.

Income Tax Status

The Association is exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income. Rental income derived from their debt-financed property is considered unrelated business income.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Cont.)

Income Tax Position

The Association follows the guidance of *ASC 740-10, "Accounting for Uncertainty in Income Taxes"* which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Association's financial statements.

The Association analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c)(3) to qualify as a tax exempt organization, activities performed by volunteers and Board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland State statute. The Association does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Association's financial position or changes in net assets as a result of analyzing its tax positions.

The Association owns debt-financed property that is being leased to for-profit entities, and is therefore, subject to income taxes.

Income tax incurred for the year was approximately \$21,000 for federal and state income taxes and is included in miscellaneous expenses on the statement of functional expenses.

Reclassifications

Certain reclassifications of prior year balances were made to conform to current year presentation.

Note 2 - Concentration of Cash Balances

On June 30, 2025 and 2024, and at various times during the fiscal years then ended, the Association maintained cash balances in excess of the federally insured limit. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association also established an Insured Cash Sweep (ICS) account for their bank accounts. Daily, the ICS sweeps money from the Association's accounts into Demand Deposit Accounts spread to Federally Insured banking institutions across the United States with no single account being greater than \$250,000. This ensures that the Association's banking funds remain eligible for full FDIC insurance. These ICS/deposit funds are always accessible for the Association's use.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 3 - Availability and Liquidity

The following represents the Association's financial assets at June 30:

Financial assets at year end:	2025	2024
Cash and cash equivalents	\$ 5,069,981	\$ 6,487,664
Investments	2,699,749	2,615,699
Accounts receivable, funding agencies, net	4,996,557	6,582,889
Grants receivable	646,352	-
Accounts receivable, other	40,586	29,120
Unconditional promises to give	2,132,603	510,991
Total financial assets	15,585,828	16,226,363
Less: amounts not available to be used within one year:		
Unconditional promises to give, net - long term	1,502,889	318,202
Net assets with donor restrictions	2,583,507	998,187
Board-designated funds	1,188,500	1,206,279
Total amounts not available to be used within one year	5,274,896	2,522,668
Financial assets available to meet general expenditures over next twelve months	\$ 10,310,932	\$ 13,703,695

The Association's goal is to establish at least three months of average recurring operating costs in available liquidity (approximately \$9,235,000). Monthly average recurring costs are calculated by dividing total operating expenses for the year by twelve months.

In addition to the financial assets available to meet general expenditures over the next twelve months listed above, the Association also has a \$1,500,000 line of credit available (See Note 10) and a Board-designated reserve fund available (upon Board committee approval, see Note 17) to meet cash flow needs (if needed).

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 4 - Fair Value Measurement

ASC 820, "Fair Value Measurements and Disclosures," 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 described as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Association 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.

Money Market Funds

A money market fund is valued at original cost, which equals fair value, it is a mutual fund that invests solely in cash and cash equivalent securities, which are also called money market instruments. These vehicles are very liquid short-term investments with high credit quality.

Mutual Funds

A mutual fund is valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 4 - Fair Value Measurement (Cont.)

Unconditional Promises to Give

Unconditional promises to give are valued at the present value of estimated future cash flows using a discount rate of 3.79% and 4.33% based on the five year Daily Treasury Yield Curve Rate as of June 30, 2025, and 2024, respectively.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of:

	June 30, 2025			Total
	Level 1	Level 2	Level 3	
Assets				
Investments				
Cash and money market funds	\$ 2,227,169	\$ -	\$ -	\$ 2,227,169
Mutual funds:				
International funds	3,367,540	-	-	3,367,540
Growth funds	3,337,479	-	-	3,337,479
Fixed income funds	2,152,004	-	-	2,152,004
Other funds	554,459	-	-	554,459
Total mutual funds	<u>9,411,482</u>	<u>-</u>	<u>-</u>	<u>9,411,482</u>
Total investments	<u>11,638,651</u>	<u>-</u>	<u>-</u>	<u>11,638,651</u>
Unconditional promises to give, net of allowance and discount	<u>-</u>	<u>-</u>	<u>2,132,603</u>	<u>2,132,603</u>
Total assets	<u><u>\$11,638,651</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,132,603</u></u>	<u><u>\$13,771,254</u></u>

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 4 - Fair Value Measurement (Cont.)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of:

	June 30, 2024			Total
	Level 1	Level 2	Level 3	
Assets				
Investments				
Cash and money market funds	\$ 55,601	\$ -	\$ -	\$ 55,601
Mutual funds:				
Fixed income funds	3,753,887	-	-	3,753,887
Growth funds	2,813,095	-	-	2,813,095
International funds	2,504,172	-	-	2,504,172
Other funds	1,002,059	-	-	1,002,059
Value funds	969,745	-	-	969,745
Total mutual funds	11,042,958	-	-	11,042,958
Total investments	11,098,559	-	-	11,098,559
Unconditional promises to give, net of allowance and discount	-	-	510,991	510,991
Total assets	\$11,098,559	\$ -	\$ 510,991	\$11,609,550

The following table includes a roll forward of the amounts for the years ended June 30, 2025 and 2024, for financial instruments classified within Level 3. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measure. Fair value measurements using Level 3 inputs are as follows at June 30:

<u>Unconditional Promises to Give</u>	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 510,991	\$ 520,461
Contributions	1,960,835	249,106
Write-offs	(12,000)	(8,600)
Collections	(177,219)	(250,767)
Change in allowance for uncollectible pledges	(58,331)	1,026
Change in present value discount	(91,673)	(235)
	<u>\$ 2,132,603</u>	<u>\$ 510,991</u>

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 5 - Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2025	2024
Pledges receivable in less than one year	\$ 629,714	\$ 192,789
Pledges receivable due in one to five years	1,746,899	412,208
Total pledges receivable	2,376,613	604,997
Less: discounts to net present value	(125,179)	(33,506)
Less: allowance for doubtful accounts	(118,831)	(60,500)
	\$ 2,132,603	\$ 510,991

The Association elected to follow *FASB ASC 825* to account for changes in fair value for unconditional promises to give. Unconditional promises to give are reflected at present value of estimated future cash flows using a discount rate of 3.79% and 4.33% based on the five year Daily Treasury Yield Curve Rate as of June 30, 2025, and 2024, respectively.

Note 6 - Property and Equipment

Property and equipment consisted of the following at June 30:

	Estimated Life	2025	2024
Land	-	\$ 3,723,451	\$ 1,262,222
Buildings	25 years	6,630,565	2,887,733
Building and leasehold improvements	5 - 37 years	4,553,608	3,508,732
Building improvements in progress	-	122,112	148,461
Vehicles	5 years	1,195,275	1,146,740
Furniture and equipment	3 - 15 years	539,167	482,411
		16,764,178	9,436,299
Less: accumulated depreciation		(5,379,662)	(4,965,295)
		\$ 11,384,516	\$ 4,471,004

Depreciation expense for the years ended June 30, 2025 and 2024 amounted to \$518,988 and \$377,756, respectively.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 7 - Mortgages Payable

Mortgages payable consisted of the following at June 30:

Property Mortgaged	Maturity Date	Face Amount	Monthly Payment	Interest Rate	2025	2024
Kensington Parkway	Nov-34	\$2,800,000	\$ 31,061	5.90%	\$ 2,678,046	\$ -
Snowdrop*	Jun-29	\$ 192,600	\$ 892	3.75%	39,114	48,142
Landgreen*	Aug-29	\$ 176,874	\$ 1,027	4.50%	40,814	49,506
Camellia*	Jun-28	\$ 174,000	\$ 970	4.00%	26,632	35,337
* Properties have equity participation assessments with MCPA rates.					2,784,606	132,985
					Less: current portion	(245,978)
					<u>\$ 2,538,628</u>	<u>\$ 106,564</u>

Interest expense for the years ended June 30, 2025 and 2024 was \$110,587 and \$29,882, respectively.

Future maturities of mortgages payable are as follows:

<u>Years Ended June 30</u>	
2026	\$ 245,978
2027	260,555
2028	273,969
2029	281,607
2030	279,115
Thereafter	<u>1,443,382</u>
	<u>\$ 2,784,606</u>

During the year ended June 30, 2025, the Association entered into an agreement with a local bank for a mortgage totaling \$2,800,000. The loan calls for 120 principal and interest payments sufficient to fully amortize the loan. The loan matures in November 2034.

Among other restrictions, the Kensington Parkway loan contains financial covenants, which must be maintained by the Association. The Association is in compliance with the financial covenants, which include:

- a. Maintain minimum liquidity policy of \$1,000,000.
- b. Maintain a debt service coverage ratio of not less than 1.25 to 1.00.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 8 - Equity Participation Agreement with Maryland Community Development Administration

The Association has entered into certain participation mortgage loans with the Maryland Department of Housing and Community Development (DHCD) under the Group Home Financing Program. These loans totaled \$106,560 and \$132,985, as of June 30, 2025 and 2024, respectively. These arrangements entitle DHCD to 50% of the appreciation, as defined in the agreement, upon sale, refinancing, or transfer of the related property; upon ceasing use of the related property for its stated purpose; or default or maturity of the related note. At June 30, 2025 and 2024, the Association has recorded a participation liability of \$173,650 and \$119,250, respectively, and net a related mortgage loan discount of \$120,126 and \$75,851, respectively, in connection with these arrangements.

The Association accounts for the liability in accordance with the *ASC 470-30* which requires recording a participation liability and an offsetting loan discount, upon execution of the agreement, equal to the present value of the estimated participation liability at maturity. The loan discount is amortized as interest expense over the term of the loan. The estimated participation is calculated using the appraised values of the properties.

Note 9 - Lease Commitments/Rental Income

The Association purchased a building during the year ended June 30, 2025 and entered into lease agreements with several unrelated tenants. Three leases are in place; below is a table summarizing the lease terms:

	Commencement Date	Term (years)	Extension Option (years)	Monthly Rent (as of acquisition of building)	Escalation Clause
Lease 1	2/26/2024	10.67	5	\$ 33,915	2.75%
Lease 2	3/22/2022	7.03	N/A	\$ 3,750	N/A
Lease 3	7/9/2009	10	10	\$ 3,914	3%

Rental income is included in the statement of activities.

The building and land have been capitalized and recorded as property and equipment in the statement of financial position. The capitalized cost of the building and land amounted to \$4,375,883 and \$-0- as of June 30, 2025 and 2024, respectively.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 9 - Lease Commitments/Rental Income (Cont.)

Future minimum rental income is as follows for the years ended June 30:

2026		\$ 410,843
2027		421,025
2028		541,862
2029		544,404
2030		524,829
Thereafter		<u>2,370,341</u>
Total undiscounted cash flows		<u><u>\$ 4,813,304</u></u>

Note 10 - Line of Credit

The Association obtained a \$1,500,000 line of credit, secured by general assets of the Association. The line of credit bears interest at 0.25% below U.S. prime rate as published in the Wall Street Journal. The published interest rate as of June 30, 2025 was 7.5%. Accrued interest is payable monthly and outstanding principle is due in full at maturity on May 30, 2027. There were no amounts outstanding on the line of credit at June 30, 2025 and 2024.

Among other restrictions, the loan and line of credit agreement list a financial covenant, which must be maintained by the Association. This covenant requires the Association to maintain a cash flow coverage ratio of 1.25 times debt service. The cash flow coverage ratio equates to the change in net assets plus depreciation, amortization, and interest, to the sum of the required principal payments based on the prior year's current maturities and interest.

Note 11 - Accrued Leave

The Association grants four weeks of paid vacation leave per year to each employee. Employees are permitted to carry over a maximum of four weeks from one fiscal year to the next. The liability for compensated absences at June 30, 2025 and 2024 was \$1,481,172 and \$1,283,452, respectively and is included in accrued leave on the statement of financial position.

The Association grants 12 weeks of sabbatical (extended) leave to full time staff who have been employed with the Association for ten consecutive years. The liability for extended leave at June 30, 2025 and 2024 was \$87,253 and \$139,073, respectively and is included in accrued leave on the statement of financial position.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 12 - Significant Funding Source

The Association recognizes the majority of its revenue from the State of Maryland Department of Health and Montgomery County during the years ended June 30, 2025 and 2024. The Association is highly dependent on the State of Maryland Department of Health and Montgomery County to continue its operations.

Note 13 - Contingencies

The Association receives a substantial portion of its revenue from government grants and contracts, all of which are subject to audit by the government. Until such audits have been completed and final settlement reached, there exists a contingent liability to refund any amounts received in excess of allowable costs. The Association is of the opinion that no significant liability will result from audit adjustments, if any.

The Association was awarded a \$550,000 grant from the State of Maryland during the year ended June 30, 2025 for construction of a DSP training academy. If the property is sold or transferred before the State of Maryland's general obligation bond matures, the Association is required to return a portion of the grant to the State of Maryland.

Note 14 - Retirement Plans

The Association has a 403(b) retirement plan through Mennonite Retirement Trust. The Association matches employee contributions up to 5% of gross wages for staff who work at least 20 hours per week and have completed one year of service. Participants vest in employer contributions at a rate of 20% per year of service, becoming fully vested after five years of service. For the years ended June 30, 2025 and 2024, the Association's contributions to the plans were \$559,006 and \$413,349, respectively.

The Association has entered into an agreement with the Former Executive Director to establish a non-qualified deferred compensation plan. Effective January 1, 1990 and for each calendar year in which the Director was employed by the Association, the Association contributed \$1,327 toward the purchase of an annuity policy which enables the Association to provide certain benefits to the Director. The Association is the beneficiary of the policy. During the fiscal year ending June 30, 2017, the Director had remained continuously employed by the Association, attained age 65, and became entitled to receive \$10,000 from the Association annually during the next 15 years. At years end June 30, 2025 and 2024, the present value of the remaining payments due to the Director was \$57,472 and \$67,724, respectively.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 15 - Self-Insured Health Plan

The Association entered into a self-insured health plan for their employees on April 1, 2013. The Association contracts with a provider to procure medical care and the provider invoices the Association for claims filed. The self-insured plan has secondary coverage to cover cost over \$25,000 per individual per plan year, and also an aggregate limit on all costs, which is approximately 125% of expected costs. The self-insured premiums expensed by the Association for the years ended June 30, 2025 and 2024 were \$306,662 and \$294,596, respectively. The medical claims expensed by the Association for the years ended June 30, 2025 and 2024 were \$1,564,360 and \$918,865, respectively.

Note 16 - Operating Leases

The Association leases various community living group homes under operating lease agreements, all of which are month-to-month leases.

Rental expense of the Association and client subsidy rent for the years ended June 30, 2025 and 2024 was \$141,188 and \$81,494, respectively.

Note 17 - Board-Designated Net Assets Without Donor Restrictions

The Board of Directors has designated funds for the following purposes as of June 30:

	2025	2024
Operating reserve	\$ 8,938,901	\$ 8,482,860
Funds functioning as endowment	960,556	978,334
Health insurance reserve	173,000	173,000
Long-term capital reserves	54,945	54,945
	\$ 10,127,402	\$ 9,689,139

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 18 - Net Assets With Donor Restrictions

The following summarizes net assets with donor restrictions as of June 30:

	2025	2024
Unconditional promises to give	\$ 2,132,603	\$ 514,347
Employee Recognition fund	773,000	763,000
State of Maryland capital grants*	350,000	350,000
Montgomery County capital grant**	281,440	-
Kline client social and spiritual fund	84,339	89,938
Bethlehem House activities	11,250	11,250
Dental fund	4,546	4,546
Parkside pizza parties fund	769	1,000
Spiritual grant	-	25,000
Julian Pendelton memorial	-	1,606
Linda Hanna fund	-	500
	\$ 3,637,947	\$ 1,761,187

*State of Maryland capital grants relate to funding received for the acquisition and renovation of the Montgomery Avenue building. If the property is not used for the purpose disclosed in the grant agreements, or if the property is sold or transferred to an unapproved party, the Association is required to return a portion of the grant proceeds to the State of Maryland. These are set to expire in FY 2040 and FY 2041.

**Montgomery County Community Development Block Grant (CDBG) relates to funding for the renovation of the Scott Drive home. If the property is not used for the purpose disclosed in the grant agreement, or if the property is sold or transferred to an unapproved party, the Association is required to return grant proceeds. This is set to expire in FY 2035.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 19 - Endowment Funds

The Association has established an endowment fund, which is comprised of both board designated funds functioning as endowment and the donor restricted employee recognition fund. Management follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of Maryland. As a result, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation (depreciation) of investments, (6) other resources of the Association, and (7) the Association's investment policies. Although funds without donor restrictions functioning as endowment are not subject to donor restrictions, decisions to spend their principal require the approval of the Board of Directors.

Investment Return Objectives, Risk Parameters and Strategies: The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. In order to maintain the purchasing power of the endowment and the income flow, the long-term annualized rate of return objective is to equal or exceed inflation plus 3%.

Spending Policy: The Association has a spending policy where all endowment earnings are to be used to for the Employee Recognition Fund. The donor restricted portion is only based on the original contributed amount established by the donor. All endowment earnings are not restricted by the donor and are deemed board designated and used as approved by the Board of Directors.

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 19 - Endowment Funds (Cont.)

Endowment net assets consist of the following for the years ended June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 960,556	\$ 773,000	\$ 1,733,556
Total endowed net assets	\$ 960,556	\$ 773,000	\$ 1,733,556
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 978,335	\$ 763,000	\$ 1,741,335
Total endowed net assets	\$ 978,335	\$ 763,000	\$ 1,741,335

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 978,335	\$ 763,000	\$ 1,741,335
Contributions	-	10,000	10,000
Investment income, net of fees	323,841	-	323,841
Net appreciation (depreciation)	(85,090)	-	(85,090)
Amounts appropriated for expenditure	(256,530)	-	(256,530)
Endowment net assets, end of year	\$ 960,556	\$ 773,000	\$ 1,733,556
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 851,708	\$ 729,353	\$ 1,581,061
Contributions	-	33,647	33,647
Investment income, net of fees	81,576	-	81,576
Net appreciation	86,928	-	86,928
Amounts appropriated for expenditure	(41,877)	-	(41,877)
Endowment net assets, end of year	\$ 978,335	\$ 763,000	\$ 1,741,335

The Jubilee Association of Maryland, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2025

Note 20 - Subsequent Events

The Association has evaluated the impact of significant subsequent events. There have been no subsequent events through October 13, 2025, the date the financial statements were available to be issued, that require recognition or disclosure.