

**JRC SENIOR SERVICES AND
JRC LEARNING CENTER
COMBINED FINANCIAL REPORT
JUNE 30, 2022 AND 2021**

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

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Independent Auditors' Report

To the Boards of Directors
JRC Senior Services and JRC Learning Center
Canton, Ohio

Opinion

We have audited the accompanying combined financial statements of JRC Senior Services and JRC Learning Center (nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of JRC Senior Services and JRC Learning Center as of June 30, 2022 and 2021 and results of their operations and their 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 Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of JRC Senior Services and JRC Learning Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JRC Senior Services and JRC Learning Center's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the combined 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 it 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 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 JRC Senior Services and JRC Learning Center'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JRC Senior Services and JRC Learning Center'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 21 to 26 is presented for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the combined financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 21 to 26 is fairly stated in all material respects in relation to the combined financial statements as a whole.



Canton, Ohio
February 2, 2023

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 229,624	\$ 1,215,661
Receivables:		
Trade, net	174,295	89,866
Contributions	67,867	86,466
Prepaid expenses	-	20
Total current assets	<u>471,786</u>	<u>1,392,013</u>
Property and equipment		
Land	206,489	206,489
Buildings and improvements	10,543,601	5,268,534
Construction in progress	-	4,810,461
Furniture, fixtures and equipment	977,892	802,763
Vehicles	90,028	90,028
Total property and equipment	<u>11,818,010</u>	<u>11,178,275</u>
Accumulated depreciation	<u>(3,659,221)</u>	<u>(3,397,583)</u>
Net property and equipment	8,158,789	7,780,692
Other assets		
Board designated cash for capital improvements	175,000	175,000
Restricted cash	-	18,530
Contributions receivable, net	11,401	91,681
Beneficial interest in assets held by Stark Community Foundation	29,445	31,646
Total other assets	<u>215,846</u>	<u>316,857</u>
Total assets	<u>\$ 8,846,421</u>	<u>\$ 9,489,562</u>

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

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

<u>Liabilities and Net Assets</u>	<u>2022</u>	<u>2021</u>
Current liabilities		
Accounts payable	\$ 119,508	\$ 46,876
Accrued payroll and taxes	96,087	42,950
Notes payable	175,000	-
Other current liabilities	250	18,569
Total current liabilities	<u>390,845</u>	<u>108,395</u>
PPP notes payable	-	350,200
Net assets		
Without donor restrictions:		
Undesignated	8,186,111	4,102,031
Board designated funds	204,445	206,646
Total without donor restrictions	<u>8,390,556</u>	<u>4,308,677</u>
With donor restrictions	65,020	4,722,290
Total net assets	<u>8,455,576</u>	<u>9,030,967</u>
 Total liabilities and net assets	 \$ <u>8,846,421</u>	 \$ <u>9,489,562</u>

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

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINED STATEMENTS OF ACTIVITIES

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support	\$ 941,406	\$ 24,100	\$ 965,506
Revenue	1,738,972	-	1,738,972
Forgiveness of PPP notes payable	<u>350,200</u>	<u>-</u>	<u>350,200</u>
Total public support and revenue	3,030,578	24,100	3,054,678
Net assets released from restrictions	<u>4,681,370</u>	<u>(4,681,370)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	7,711,948	(4,657,270)	3,054,678
Expenses			
Program services	2,902,441	-	2,902,441
Management and general	585,920	-	585,920
Fundraising	<u>141,709</u>	<u>-</u>	<u>141,709</u>
Total expenses	<u>3,630,070</u>	<u>-</u>	<u>3,630,070</u>
Change in net assets	4,081,878	(4,657,270)	(575,392)
Net assets, beginning	<u>4,308,677</u>	<u>4,722,290</u>	<u>9,030,967</u>
Net assets, ending	<u>\$ 8,390,555</u>	<u>\$ 65,020</u>	<u>\$ 8,455,575</u>

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

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINED STATEMENTS OF ACTIVITIES

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support	\$ 470,056	\$ 1,249,383	\$ 1,719,439
Revenue	1,329,133	-	1,329,133
Forgiveness of PPP notes payable	<u>365,600</u>	<u>-</u>	<u>365,600</u>
Total public support and revenue	2,164,789	1,249,383	3,414,172
Net assets released from restrictions	<u>215,746</u>	<u>(215,746)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	2,380,535	1,033,637	3,414,172
Expenses			
Program services	1,896,082	-	1,896,082
Management and general	413,030	-	413,030
Fundraising	<u>79,419</u>	<u>-</u>	<u>79,419</u>
Total expenses	<u>2,388,531</u>	<u>-</u>	<u>2,388,531</u>
Change in net assets	(7,996)	1,033,637	1,025,641
Net assets, beginning	<u>4,316,673</u>	<u>3,688,653</u>	<u>8,005,326</u>
Net assets, ending	<u>\$ 4,308,677</u>	<u>\$ 4,722,290</u>	<u>\$ 9,030,967</u>

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

JRC SENIOR SERVICES AND JRC LEARNING CENTER
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,527,030	\$ 446,491	\$ 73,266	\$ 2,046,787
Payroll taxes	116,574	29,172	3,606	149,352
Employee benefits	155,656	18,011	3,624	177,291
Employee discounts	12,264	-	-	12,264
Employee travel and training	32,062	1,556	102	33,720
Professional fees:				
Legal and audit	6,426	43,909	15,833	66,168
Payroll	13,908	7,302	-	21,210
Occupancy	104,746	-	-	104,746
Building cleaning	62,785	-	-	62,785
Real estate and property taxes	22,482	-	-	22,482
Equipment rental and maintenance	59,687	-	2,317	62,004
Telephone and internet	18,926	-	-	18,926
Computer maintenance, software and upgrades	25,417	-	12,582	37,999
Furniture, fixtures and equipment	127,947	-	-	127,947
Insurance	33,972	-	-	33,972
Supplies	153,874	-	-	153,874
Food	97,031	34	-	97,065
Transportation	53,737	-	-	53,737
Printing	13,737	751	113	14,601
Postage and shipping	2,075	-	-	2,075
Dues and subscriptions	9,544	-	115	9,659
Fees and licenses	10,417	-	-	10,417
Charitable contributions	3,156	-	-	3,156
Fundraising	-	-	14,681	14,681
Marketing/advertising	6,275	-	-	6,275
Depreciation	227,443	34,195	-	261,638
Miscellaneous	5,270	4,499	15,470	25,239
Total expenses	\$ 2,902,441	\$ 585,920	\$ 141,709	\$ 3,630,070

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

JRC SENIOR SERVICES AND JRC LEARNING CENTER
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,069,352	\$ 312,670	\$ 51,307	\$ 1,433,329
Payroll taxes	64,101	16,041	1,983	82,125
Employee benefits	133,380	15,434	3,105	151,919
Employee discounts	2,832	-	-	2,832
Employee travel and training	8,780	426	28	9,234
Professional fees:				
Legal and audit	6,467	44,186	15,933	66,586
Payroll	5,765	3,027	-	8,792
Occupancy	91,085	-	-	91,085
Building cleaning	32,221	-	-	32,221
Real estate and property taxes	20,557	-	-	20,557
Equipment rental and maintenance	32,410	-	1,258	33,668
Telephone and internet	18,179	-	-	18,179
Computer maintenance, software and upgrades	4,509	-	2,232	6,741
Furniture, fixtures and equipment	23,703	-	-	23,703
Insurance	32,222	-	-	32,222
Supplies	56,262	-	-	56,262
Food	89,398	31	-	89,429
Transportation	28,874	-	-	28,874
Home repairs/construction	2,703	-	-	2,703
Printing	10,546	576	87	11,209
Postage and shipping	1,431	-	-	1,431
Dues and subscriptions	12,847	-	155	13,002
Fees and licenses	2,005	-	-	2,005
Bad debt expense	5,918	-	-	5,918
Fundraising	-	-	2,454	2,454
Marketing/advertising	2,350	-	375	2,725
Depreciation	136,306	20,493	-	156,799
Finance charges/bank fees	1,708	-	-	1,708
Miscellaneous	171	146	502	819
Total expenses	\$ <u>1,896,082</u>	\$ <u>413,030</u>	\$ <u>79,419</u>	\$ <u>2,388,531</u>

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

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (575,392)	\$ 1,025,641
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	261,638	156,799
Contributions restricted for long-term purposes	(174,297)	(1,569,973)
Change in beneficial interest in assets held by Stark Community Foundation	2,201	(7,122)
Forgiveness of PPP notes payable	(350,200)	(365,600)
Decrease (increase) in:		
Receivables	14,450	596,077
Prepaid expenses	20	1,547
Increase (decrease) in:		
Accounts payable - trade	72,632	21,595
Accrued payroll and taxes	53,137	1,522
Other current liabilities	(18,319)	8,880
Net cash (used) by operating activities	<u>(714,130)</u>	<u>(130,634)</u>
Cash flows from investing activities		
Purchase of property and equipment	(639,735)	(1,838,070)
(Decrease) in accounts payable for property and equipment	-	(309,870)
Net cash (used) by investing activities	<u>(639,735)</u>	<u>(2,147,940)</u>
Cash flows from financing activities		
Proceeds from PPP notes payable	-	350,200
Proceeds from notes payable	175,000	-
Contributions restricted for property and equipment	174,297	1,569,973
Net cash provided by financing activities	<u>349,297</u>	<u>1,920,173</u>
Net (decrease) in cash, cash equivalents and restricted cash	(1,004,568)	(358,401)
Cash, cash equivalents and restricted cash, beginning	<u>1,409,191</u>	<u>1,767,592</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 404,623</u>	<u>\$ 1,409,191</u>
Supplemental disclosure of non-cash financing activities		
Decrease in accounts payable for property and equipment	-	(309,870)

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

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS

Organization and Summary of Significant Accounting Policies

A. Organization

In September 2013, after 18 months of planning by the Board of Directors and administrative staff, the J. R. Coleman Organizations informally began doing business as JRC. This change was made due to confusion in the community concerning other organizations using "Coleman" in their name. All J. R. Coleman operations took the JRC name. Formalizing the change to the J. R. Coleman Organizations doing business as (dba) JRC was completed during the fiscal year ending June 30, 2014. The names currently being used and the corresponding names as registered are:

<u>Name in current use</u>	<u>Registered name</u>
JRC Senior Services	J. R. Coleman Senior Outreach Services, Inc.
JRC Learning Center	J. R. Coleman Family Services Corp.

Started in 2018, JRC purchased the former Meyers Lake Ballroom, doubled the size of the JRC Adult Day Center, and constructed a 2nd JRC Learning Center serving families in NW and SW greater Canton. The new building, called the Myrna A. Pastore JRC Campus, opened in Spring 2021.

JRC Senior Services (Senior Services) is a nonprofit organization established to provide services and programs that allow for maximum quality of life for older adults in the community in which they live. JRC Adult Day Center provides engaging activities that allow for choice, independence and socialization. Common activities include exercise, games, music, field trips, crafts, bible study, quality meals, swimming, transportation, special interest classes and more.

Since July 1, 2015, Senior Services also provides community economic development initiatives in the City of Canton and surrounding counties. Senior Services addresses community and economic development as part of its strategic plan and has spearheaded several initiatives for northeast Canton. One is a major economic development project along the Mahoning Road Corridor, costing approximately \$21 million. This project was completed in June 2020. It is a collaboration of public and private dollars dedicated to constructing a modernized corridor entering the City of Canton.

JRC Learning Center (Learning Center) is a nonprofit organization that provides early education, preschool and before and after school care to working families. The Learning Center operates licensed early education and childcare programs that include infant and toddler care, preschool, Early Head Start, before and after school programs, socio-emotional supports for families and children, transportation services and a food service program that provides two meals a day and snacks for children. The Learning Center offers a variety of comprehensive education and enrichment programs designed to support families in the area of child development.

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

A. Organization (Continued)

Since November 2013, the Learning Center has collaborated with Canton City Schools to provide a dedicated preschool program for 3 and 4 year old children. Since July 2014, the Learning Center has collaborated with other community early education centers in offering Early Head Start programming for children from birth to three years of age. Educational achievement is a priority as 90% of brain development occurs in the first five years of a child's life. The JRC Learning Center is a top ranked quality early education center in the City of Canton, Ohio. It is a 5-star Step Up to Quality rated center which is the highest rating available for early education centers in the state of Ohio. In January 2014, the JRC Learning Center began a Healthy Habits for Life initiative and removed 90% of processed foods from its menu to address childhood obesity as an issue in our community. Subsequently, JRC's food program has expanded to become a portion of the regular curriculum. Additionally, as part of the Healthy Habits for Life initiative, the Learning Center instituted daily physical fitness into its curriculum. A healthy brain and body support the ability to maximize learning potential.

JRC Learning Center and JRC Adult Day Center have collaborated to provide the JRC Intergenerational Connections Program. This is where seniors and preschool children are brought together and participate in activities such as Intergenerational Yoga, storytelling, play acting, watercolor painting, field trips and much more. When children and seniors are brought together, the older adults, report less depression, better physical health, and experience purposeful living. The children gain a sense of who they are, where they have come from, become more motivated, and see greater relevance between what they learn in school to their future.

B. Basis of Presentation

The combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and support and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organizations and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed stipulations. The board of directors have designated, from net assets without donor restrictions, net assets for future capital improvements and an operating endowment.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organizations and/or the passage of time or that are restricted in perpetuity. As of June 30, 2022 and 2021, the Organizations have no net assets restricted in perpetuity.

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

C. Principles of Combination

The accompanying combined financial statements present the combination of JRC Senior Services and JRC Learning Center, which are under common board control. Intercompany accounts and transactions have been eliminated in combination.

D. Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 229,624	\$ 1,215,661
Board designated cash	175,000	175,000
Cash - restricted	<u>-</u>	<u>18,530</u>
Cash, cash equivalents and restricted cash shown in the statements of cash flows	\$ <u>404,624</u>	\$ <u>1,409,191</u>

Cash and cash equivalents consist of accounts with daily liquidity such as checking, savings and money market accounts. Cash, cash equivalents and restricted cash accounts are maintained at financial institutions and may at times exceed federally insured amounts. Cash equivalents held in the investment funds are included in investments on the statements of financial position.

E. Receivables – Trade

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organizations provide for losses on accounts receivable using the allowance method. The allowance is based on experience, and other circumstances, which may affect the collectability of the receivable. It is the Organizations' policy to charge off uncollectible receivables when management determines the receivable will not be collected. Subsequent collections reduce bad debt expense. The Organization had write offs of \$5,918 and \$0, respectively, for the years ended June 30, 2022 and 2021.

F. Property and Equipment

Property and equipment are capitalized at cost for purchased property and at fair market value for all donated property. Expenditures for routine maintenance, repairs and renewals as well as capital expenditures under \$2,000 are charged to expense as incurred. Depreciation is computed on the straight-line method using the following lives for each asset classification:

Buildings and improvements	10 – 40 years
Equipment	5 – 10 years
Furniture and fixtures	3 – 10 years
Vehicles	5 years

JRC SENIOR SERVICES AND
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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

F. Property and Equipment (Continued)

GAAP requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment losses recognized for the years ended June 30, 2022 and 2021.

G. Contributed Services

The Organizations receive services from a large number of volunteers who contribute significant amounts of their time to the Organizations' fundraising and special projects; however, no amounts have been recorded in the financial statements because these services do not meet the criteria for recognition as contributed services.

H. Contributions

Unconditional contributions received are recorded in public support as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. 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. Donor-restricted support that was initially a conditional contribution and for which the donor-imposed conditions and restrictions are met in the same period is reported as net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of the Organizations' revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organizations have incurred expenditures in compliance with specific grant provisions. Conditional contributions for which cash is received in advance are accounted for as a liability within grant funds received in advance. As of June 30, 2022 and 2021 government grants totaling \$0 and \$162,450, respectively have not been recognized in the accompanying financial statements because the conditions on which they depend have not been met.

I. Revenue Recognition

Purchase of service contracts and fee for services revenue are recognized as performance obligations are completed. Revenues related to adult day services and early education/child care services provided to clients are recognized at the point the service occurs at the rate agreed to with the third-party payor. The organizations submit reports monthly for reimbursements from the third-party payors.

JRC SENIOR SERVICES AND
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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

I. Revenue Recognition (Continued)

The organizations recognized revenue consists of these sources below:

	<u>2022</u>	<u>2021</u>
Ohio Job and Family Services	\$ 646,465	\$ 545,919
Early Head Start	404,490	394,294
Adult day services	373,586	184,230
Fee for services	184,303	47,807
Rent revenue	111,137	107,234
Miscellaneous and interest	<u>18,991</u>	<u>49,649</u>
Total revenue	\$ <u>1,738,972</u>	\$ <u>1,329,133</u>

J. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures at the date of the financial statements; and also, the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

K. Income Taxes

The Organizations are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for taxes on unrelated business income. For the years ended June 30, 2022 and 2021 there is no provision for income taxes. The Organizations' Federal Returns of Organization Exempt from Income Tax (Forms 990) are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organizations believe that they have appropriate support for any tax position taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

L. Advertising

The Organizations use advertising to promote their programs and services. Advertising costs are expenses as incurred.

M. Functional Expenses

The costs of program and supporting services activities have been summarized in total in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are allocated on the basis of estimates of time and effort.

N. Reclassification

Certain information previously presented has been reclassified to conform to the current presentation.

JRC SENIOR SERVICES AND
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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

O. Subsequent Events

Management has evaluated subsequent events through February 2, 2023 which is the date the financial statements were available to be issued.

Note 1. Fair Value Measurements

The Organizations estimate the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs in which little or no market data exists.

The asset's or liability's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

The valuation methods used for financial instruments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2022 and 2021. Furthermore, while the Organizations believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the Organizations' financial assets that were accounted for at a fair value on a recurring basis:

	As of June 30, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by Stark Community Foundation	\$ <u>-</u>	\$ <u>-</u>	\$ <u>29,445</u>	\$ <u>29,445</u>

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Fair Value Measurements (Continued)

	As of June 30, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by Stark Community Foundation	\$ <u>-</u>	\$ <u>-</u>	\$ <u>31,646</u>	\$ <u>31,646</u>

The Organizations invest in a pool of investments held by Stark Community Foundation (SCF), which includes Level 3 assets. The pool of investments is valued at SCF's best estimate of the fair value of the underlying assets as reviewed by the Organizations. Accordingly, the Organizations do not use separate quantitative information to value their investment in the SCF pool. The Organizations' investment in the SCF pool is considered a Level 3 asset.

During the years ended June 30, 2022 and 2021, there were no purchases or transfers into or out of Level 3 assets.

Note 2. Receivables

Receivables as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Receivable – trade	\$ 174,295	\$ 93,866
Allowance for uncollectible accounts	-	(4,000)
Net receivables – trade	<u>\$ 174,295</u>	<u>\$ 89,866</u>
Contributions receivable:		
Due in less than one year	\$ 67,867	\$ 86,466
Due in one to five years	12,000	97,367
Discounting for time value (5.25%)	(599)	(5,686)
Contributions receivable	<u>\$ 79,268</u>	<u>\$ 178,147</u>

Note 3. Line of Credit

In March 2021, Huntington National Bank renewed the line of credit. The \$200,000 line of credit bears interest at the lender's prime rate plus 0.5% (5.25% as of June 30, 2022) and is secured by effectively all of the Organizations' assets. The line of credit was undrawn as of June 30, 2022 and 2021.

Note 4. Board Designated Funds

The Organizations' Board has delegated to management the ability to designate funds to be held for future capital improvements. The funds are invested in money market and checking accounts and are under the control of the Board. Designated funds for capital improvements and the capital campaign as of June 30 are as follows:

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Board Designated Funds (Continued)

	<u>2022</u>	<u>2021</u>
Senior Services	\$ 100,000	\$ 100,000
Learning Center	<u>75,000</u>	<u>75,000</u>
	<u>\$ 175,000</u>	<u>\$ 175,000</u>

During the year ended June 30, 2015 the Board established a board designated endowment fund with Stark Community Foundation (SCF). The Organizations invested \$10,000 and SCF contributed an additional \$10,000. SCF holds, manages, invests and reinvests the fund according to SCF's investment policy statement and disburses the distributable amount to the Organizations. The funds are appropriated based on an approval process through the Board of Directors. The Board can withdraw any percentage of the funds up to the percentage allowed by the SCF Charitable Payout Policy which is currently an annual rate of 4.75%, except for the principal fund balance of \$10,000, which requires approval from SCF's Board of Directors to withdrawal any of that initial balance. SCF has been granted variance power in the event that the Organizations cease to exist and do not designate a substitute recipient or if the distributions to the Organizations become unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community.

	<u>Without Donor Restrictions</u>
Endowment net assets, June 30, 2020	\$ 24,524
Investment return, net	<u>7,122</u>
Endowment net assets, June 30, 2021	31,646
Investment return, net	<u>(2,201)</u>
Endowment net assets, June 30, 2022	<u>\$ 29,445</u>

Note 5. Net Asset with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	<u>As of June 30, 2022</u>		
	<u>Senior Services</u>	<u>Learning Center</u>	<u>Total</u>
Subject to expenditure for specified purpose:			
Intergeneration connection program	\$ 5,338	\$ -	\$ 5,338
Other	-	2,043	2,043
Les and Mary Ann Able Scholarship Fund	-	52,327	52,327
Teacher appreciation fund	<u>-</u>	<u>5,312</u>	<u>5,312</u>
	<u>\$ 5,338</u>	<u>\$ 59,682</u>	<u>\$ 65,020</u>

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Net Asset with Donor Restrictions (Continued)

	As of June 30, 2021		
	<u>Senior Services</u>	<u>Learning Center</u>	<u>Total</u>
Subject to passage of time:			
Contributions receivable	\$ -	\$ 15,000	\$ 15,000
Subject to expenditure for specified purpose:			
Capital campaign – Building at Meyers Lake	4,651,986	-	4,651,986
Intergeneration connection program	4,933	-	4,933
Other	739	1,993	2,732
Les and Mary Ann Able Scholarship Fund	-	42,327	42,327
Teacher appreciation fund	-	5,312	5,312
	<u>\$ 4,657,658</u>	<u>\$ 64,632</u>	<u>\$ 4,722,290</u>

Note 6. Lease Revenue

Senior Services leases substantially all of the second and third floor of the Horace Mann building to Canton Harbor High School. This lease has a five-year term through June 30, 2026. Future minimum lease payments to be received during the years ending June 30 are as follows:

2023	\$ 96,687
2024	90,312
2025	93,024
2026	93,024

Note 7. Employee Benefits

All employees are eligible to participate in a 403(b) retirement plan. Contributions are voluntary, and there is no employer contribution. The retirement plan is offered through TIAA-CREF.

Note 8. Leases

The Organizations lease office equipment under various leases through November 2026. Rental expense related to these leases aggregated \$6,726 for each of the years ended June 30, 2022 and 2021.

Future minimum lease payments for the years ending June 30 are as follows:

2023	\$ 7,010
2024	7,010
2025	7,010
2026	7,010
2027	2,786

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Liquidity and Availability

The financial assets available to meet general expenditures within one year as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 404,624	\$ 1,409,191
Trade receivables	174,295	89,866
Contributions receivable	<u>79,268</u>	<u>178,147</u>
Total financial assets	<u>658,187</u>	<u>1,677,204</u>
Less: board designated cash	(175,000)	(175,000)
Less: restricted cash	-	(18,530)
Less: long-term receivables	<u>(11,401)</u>	<u>(91,681)</u>
Total financial assets for use within one year	<u>\$ 471,786</u>	<u>\$ 1,391,993</u>

The Organizations received significant grants and contributions restricted by donors for the JRC Campus at Meyers Lake Capital Campaign. Because those grantors and contributors require the resources to be used in a particular area or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to its grantors and contributors. There are also other grants that are restricted for programs which are ongoing, major, and central to its annual operations. The Organizations must be able to meet its cash needs for expenditures as nearly all grant payments are made on a reimbursement basis.

The Organizations manage their liquidity and reserves following three guiding principles:

- Operating programs within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

Although withdrawals are not planned at this time, the Organizations also have a beneficial interest in assets held by SCF of \$29,445 and \$31,646, respectively, as of June 30, 2022 and 2021, which can be withdrawn if necessary. As more fully described in Note 3, the Organizations also has a committed line of credit in the amount of \$200,000, which it could draw upon in the even of an unanticipated liquidity level.

Note 10. Capital Campaign and Expansion

In March 2018, the Organizations purchased the former Meyers Lake Ballroom property in NW Canton as part of an expansion of services in both adult day services and early education. The Organizations worked with local foundations and internal investments to purchase the property. At the same time, the Organizations began a Capital Campaign effort to fund the expansion and renovation of the property. The JRC Adult Day Center had leased a portion of this property since September 2016. \$11,150 and \$1,218,751 were raised by the Capital Campaign in the years ended June 30, 2022 and 2021, respectively. The Organizations used the funding to add over 10,000 square feet as well as renovate the existing facility and open a second early education center to compliment the current N.E. Canton facility, and doubled the size of the adult day center. The expansion and renovation of the property was completed in July 2021.

JRC SENIOR SERVICES AND
JRC LEARNING CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Notes Payable

Notes payable at June 30, 2022 and 2021 consisted of an open-end mortgage to Stark Community Foundation dated July 21, 2021 for \$175,000 and \$0, respectively. The note has interest of 3.75%, per annum, accrued interest due annually on December 31 and a final payment of principal and interest in full on June 30, 2023.

Note 12. Paycheck Protection Program

During March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act created the Paycheck Protection Program (PPP). In April 2020, the Organizations received unsecured loans totaling \$365,600 under the PPP. Provisions of the PPP allow for partial or full forgiveness of the loan provided the proceeds are used for covered expenditures and certain other requirements are satisfied. During April 2021, the full \$365,600 was forgiven. The forgiveness is included in forgiveness of PPP notes payable for the year ended June 30, 2021.

During March 2021, additional PPP loans totaling \$350,200 were received and recorded as PPP notes payable as of June 30, 2021. During June 2022, the full \$350,200 was forgiven. The forgiveness is included in forgiveness of PPP notes payable for the year ended June 30, 2022.

SUPPLEMENTARY INFORMATION

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINING STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2022</u>			
<u>Assets</u>	<u>JRC Senior Services</u>	<u>JRC Learning Center</u>	<u>Eliminations</u>	<u>Total</u>
Current assets				
Cash and cash equivalents	\$ 29,001	\$ 200,623	\$ -	\$ 229,624
Receivables:				
Trade, net	45,411	128,884	-	174,295
Contributions	67,867	-	-	67,867
Related party	18,977	21,512	(40,489)	-
Prepaid expenses	-	-	-	-
Total current assets	<u>161,256</u>	<u>351,019</u>	<u>(40,489)</u>	<u>471,786</u>
Property and equipment				
Land	40,020	166,469	-	206,489
Buildings and improvements	7,572,125	2,971,476	-	10,543,601
Construction in progress	-	-	-	-
Furniture, fixtures and equipment	201,430	776,462	-	977,892
Vehicles	64,088	25,940	-	90,028
Total property and equipment	<u>7,877,663</u>	<u>3,940,347</u>	<u>-</u>	<u>11,818,010</u>
Accumulated depreciation	<u>(1,283,593)</u>	<u>(2,375,628)</u>	<u>-</u>	<u>(3,659,221)</u>
Net property and equipment	<u>6,594,070</u>	<u>1,564,719</u>	<u>-</u>	<u>8,158,789</u>
Other assets				
Board designated cash for capital improvements	100,000	75,000	-	175,000
Restricted cash	-	-	-	-
Contributions receivable, net	11,401	-	-	11,401
Beneficial interest in assets held by Stark Community Foundation	29,445	-	-	29,445
Total other assets	<u>140,846</u>	<u>75,000</u>	<u>-</u>	<u>215,846</u>
Total assets	<u>\$ 6,896,172</u>	<u>\$ 1,990,738</u>	<u>\$ (40,489)</u>	<u>\$ 8,846,421</u>

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINING STATEMENTS OF FINANCIAL POSITION

June 30, 2022

<u>Liabilities and Net Assets</u>	<u>JRC Senior Services</u>	<u>JRC Learning Center</u>	<u>Eliminations</u>	<u>Total</u>
Current liabilities				
Payables:				
Trade	\$ 34,210	\$ 85,298	\$ -	\$ 119,508
Related party	21,512	18,977	(40,489)	-
Accrued payroll and taxes	26,506	69,581	-	96,087
Notes payable	175,000	-	-	175,000
Other current liabilities	250	-	-	250
Total current liabilities	<u>257,478</u>	<u>173,856</u>	<u>(40,489)</u>	<u>390,845</u>
PPP notes payable	-	-	-	-
Net assets				
Without donor restrictions:				
Undesignated	6,503,911	1,682,200	-	8,186,111
Board designated funds	129,445	75,000	-	204,445
Total without donor restrictions	<u>6,633,356</u>	<u>1,757,200</u>	<u>-</u>	<u>8,390,556</u>
With donor restrictions	5,338	59,682	-	65,020
Total net assets	<u>6,638,694</u>	<u>1,816,882</u>	<u>-</u>	<u>8,455,576</u>
 Total liabilities and net assets	 <u>\$ 6,896,172</u>	 <u>\$ 1,990,738</u>	 <u>\$ (40,489)</u>	 <u>\$ 8,846,421</u>

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINING STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2021</u>			
<u>Assets</u>	<u>JRC Senior Services</u>	<u>JRC Learning Center</u>	<u>Eliminations</u>	<u>Total</u>
Current assets				
Cash and cash equivalents	\$ 718,466	\$ 497,195	\$ -	\$ 1,215,661
Receivables:				
Trade, net	22,834	67,032	-	89,866
Contributions	71,466	15,000	-	86,466
Related party	10,938	30	(10,968)	-
Prepaid expenses	-	20	-	20
Total current assets	<u>823,704</u>	<u>579,277</u>	<u>(10,968)</u>	<u>1,392,013</u>
Property and equipment				
Land	40,020	166,469	-	206,489
Buildings and improvements	2,297,058	2,971,476	-	5,268,534
Construction in progress	4,810,461	-	-	4,810,461
Furniture, fixtures and equipment	78,150	724,613	-	802,763
Vehicles	64,088	25,940	-	90,028
Total property and equipment	<u>7,289,777</u>	<u>3,888,498</u>	<u>-</u>	<u>11,178,275</u>
Accumulated depreciation	<u>(1,120,582)</u>	<u>(2,277,001)</u>	<u>-</u>	<u>(3,397,583)</u>
Net property and equipment	<u>6,169,195</u>	<u>1,611,497</u>	<u>-</u>	<u>7,780,692</u>
Other assets				
Board designated cash for capital improvements	100,000	75,000	-	175,000
Restricted cash	18,530	-	-	18,530
Contributions receivable, net	91,681	-	-	91,681
Beneficial interest in assets held by Stark Community Foundation	31,646	-	-	31,646
Total other assets	<u>241,857</u>	<u>75,000</u>	<u>-</u>	<u>316,857</u>
Total assets	<u>\$ 7,234,756</u>	<u>\$ 2,265,774</u>	<u>\$ (10,968)</u>	<u>\$ 9,489,562</u>

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINING STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2021</u>			
<u>Liabilities and Net Assets</u>	<u>JRC Senior Services</u>	<u>JRC Learning Center</u>	<u>Eliminations</u>	<u>Total</u>
Current liabilities				
Payables:				
Trade	\$ 21,768	\$ 25,108	\$ -	\$ 46,876
Related party	30	10,938	(10,968)	-
Accrued payroll and taxes	7,872	35,078	-	42,950
Notes payable	-	-	-	-
Other current liabilities	250	18,319	-	18,569
Total current liabilities	<u>29,920</u>	<u>89,443</u>	<u>(10,968)</u>	<u>108,395</u>
PPP notes payable	147,200	203,000	-	350,200
Net assets				
Without donor restrictions:				
Undesignated	2,268,332	1,833,699	-	4,102,031
Board designated funds	131,646	75,000	-	206,646
Total without donor restrictions	<u>2,399,978</u>	<u>1,908,699</u>	<u>-</u>	<u>4,308,677</u>
With donor restrictions	4,657,658	64,632	-	4,722,290
Total net assets	<u>7,057,636</u>	<u>1,973,331</u>	<u>-</u>	<u>9,030,967</u>
Total liabilities and net assets	<u>\$ 7,234,756</u>	<u>\$ 2,265,774</u>	<u>\$ (10,968)</u>	<u>\$ 9,489,562</u>

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINING STATEMENTS OF ACTIVITIES

Year Ended June 30, 2022

	JRC Senior Services			JRC Learning Center			Eliminations			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support	\$ 215,434	\$ 14,050	\$ 229,484	\$ 725,972	\$ 10,050	\$ 736,022	\$ -	\$ -	\$ -	\$ 941,406	\$ 24,100	\$ 965,506
Revenue	550,468	-	550,468	1,188,504	-	1,188,504	-	-	-	1,738,972	-	1,738,972
Forgiveness of PPP notes payable	147,200	-	147,200	203,000	-	203,000	-	-	-	350,200	-	350,200
Transfers	(71,301)	-	(71,301)	71,301	-	71,301	-	-	-	-	-	-
Total public support and revenue	841,801	14,050	855,851	2,188,777	10,050	2,198,827	-	-	-	3,030,578	24,100	3,054,678
Net assets released from restrictions	4,666,370	(4,666,370)	-	15,000	(15,000)	-	-	-	-	4,681,370	(4,681,370)	-
Total public support, revenue and net assets released from restrictions	5,508,171	(4,652,320)	855,851	2,203,777	(4,950)	2,198,827	-	-	-	7,711,948	(4,657,270)	3,054,678
Expenses	1,274,793	-	1,274,793	2,355,276	-	2,355,276	-	-	-	3,630,069	-	3,630,069
Change in net assets	4,233,378	(4,652,320)	(418,942)	(151,499)	(4,950)	(156,449)	-	-	-	4,081,879	(4,657,270)	(575,391)
Net assets, beginning	2,399,978	4,657,658	7,057,636	1,908,699	64,632	1,973,331	-	-	-	4,308,677	4,722,290	9,030,967
Net assets, ending	\$ 6,633,356	\$ 5,338	\$ 6,638,694	\$ 1,757,200	\$ 59,682	\$ 1,816,882	\$ -	\$ -	\$ -	\$ 8,390,556	\$ 65,020	\$ 8,455,576

JRC SENIOR SERVICES AND JRC LEARNING CENTER

COMBINING STATEMENTS OF ACTIVITIES

Year Ended June 30, 2021

	JRC Senior Services			JRC Learning Center			Eliminations			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support	\$ 234,520	\$ 1,222,390	\$ 1,456,910	\$ 235,536	\$ 26,993	\$ 262,529	\$ -	\$ -	\$ -	\$ 470,056	\$ 1,249,383	\$ 1,719,439
Revenue	336,399	-	336,399	992,734	-	992,734	-	-	-	1,329,133	-	1,329,133
Forgiveness of PPP notes payable	147,200	-	147,200	218,400	-	218,400	-	-	-	365,600	-	365,600
Transfers	(20,000)	-	(20,000)	20,000	-	20,000	-	-	-	-	-	-
Total public support and revenue	698,119	1,222,390	1,920,509	1,466,670	26,993	1,493,663	-	-	-	2,164,789	1,249,383	3,414,172
Net assets released from restrictions	40,696	(40,696)	-	175,050	(175,050)	-	-	-	-	215,746	(215,746)	-
Total public support, revenue and net assets released from restrictions	738,815	1,181,694	1,920,509	1,641,720	(148,057)	1,493,663	-	-	-	2,380,535	1,033,637	3,414,172
Expenses	666,465	-	666,465	1,722,066	-	1,722,066	-	-	-	2,388,531	-	2,388,531
Change in net assets	72,350	1,181,694	1,254,044	(80,346)	(148,057)	(228,403)	-	-	-	(7,996)	1,033,637	1,025,641
Net assets, beginning	2,327,628	3,475,964	5,803,592	1,989,045	212,689	2,201,734	-	-	-	4,316,673	3,688,653	8,005,326
Net assets, ending	\$ 2,399,978	\$ 4,657,658	\$ 7,057,636	\$ 1,908,699	\$ 64,632	\$ 1,973,331	\$ -	\$ -	\$ -	\$ 4,308,677	\$ 4,722,290	\$ 9,030,967