Jackson-Feild Homes, Inc.
and Jackson-Feild Homes Foundation

Consolidated Financial Statements

June 30, 2021 and 2020

Keiter
Your Opportunity Advisors

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JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

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Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Jackson-Feild Homes, Inc.
Jarratt, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jackson-Feild Homes, Inc. and Jackson-Feild Homes Foundation, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jackson-Feild Homes, Inc. and Jackson-Feild Homes Foundation as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Prior Period Financial Statements

The 2020 consolidated financial statements of Jackson-Field Homes, Inc. and Jackson-Feild Homes Foundation were audited by other auditors whose report dated January 5, 2021, expressed an unmodified opinion on those financial statements.

Keiter

March 4, 2022
Glen Allen, Virginia

JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

Consolidated Statements of Financial Position
June 30, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents	$ 278,878	$ 703,020
accounts		
	1,640,463	1,496,664
Pledges receivable	7,750	4,600
Grants receivable	43,969	-
Prepaid expenses	52,948	39,280
Investments	3,560,025	2,980,025
Property and equipment, net	1,259,472	1,428,484
Total assets	$ 6,843,505	$ 6,652,073

Liabilities and Net Assets	2021	2020
Liabilities:		
Line of credit	$ 80,000	$ 150,000
Notes payable	14,418	28,718
Accounts payable and accrued expenses	344,042	309,346
Accrued payroll and related taxes	329,008	315,382
Lease obligations	25,077	40,887
Deferred revenue	-	15,150
Refundable advance (Note 17)	1,166,600	1,166,600
Total liabilities	1,959,145	2,026,083
Net assets:		
Without donor restrictions	2,251,814	2,252,562
With donor restrictions	2,632,546	2,373,428
Total net assets	4,884,360	4,625,990
Total liabilities and net assets	$ 6,843,505	$ 6,652,073

See accompanying notes to consolidated financial statements.

JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

Consolidated Statements of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Placement fees	$ 5,947,728	$ -	$ 5,947,728
School funds	1,480,088	-	1,480,088
Psychological fees	503,528	-	503,528
	7,931,344	-	7,931,344
USDA reimbursement	93,264	-	93,264
Total operating revenue	8,024,608	-	8,024,608
Support:			
Contributions and grants	317,410	195,587	512,997
Bequests	107,930	-	107,930
Special events and other	66,330	-	66,330
Total support	491,670	195,587	687,257
Investment return and other income:			
Net investment return	238,768	306,415	545,183
Gain on disposal of property and equipment	700	-	700
COVID-19 stimulus (Note 17)	534,877	-	534,877
Total investment return and other income	774,345	306,415	1,080,760
Total operating revenue, support, investment return and other income	9,290,623	502,002	9,792,625
Net assets released from restrictions	242,884	(242,884)	-
Expenses:			
Program services	8,325,921	-	8,325,921
Supporting services:			
Management and general	993,034	-	993,034
Fundraising	215,300	-	215,300
Total expenses	9,534,255	-	9,534,255
Changes in net assets	(748)	259,118	258,370
Net assets, beginning of year	2,252,562	2,373,428	4,625,990
Net assets, end of year	$ 2,251,814	$ 2,632,546	$ 4,884,360

See accompanying notes to consolidated financial statements.

JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

Consolidated Statements of Activities, Continued
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Placement fees	$ 5,899,457	$ -	$ 5,899,457
School funds	1,543,154	-	1,543,154
Psychological fees	364,342	-	364,342
	7,806,953	-	7,806,953
USDA reimbursement	89,213	-	89,213
Total operating revenue	7,896,166	-	7,896,166
Support:			
Contributions	303,594	238,476	542,070
Bequests	405,000	-	405,000
Special events and other, net of expenses of $500	9,985	-	9,985
Total support	718,579	238,476	957,055
Investment return and other income:			
Net investment gain	22,928	86,183	109,111
Gain on disposal of property and equipment	6,214	-	6,214
COVID-19 stimulus (Note 17)	10,000	-	10,000
Sale of timber	74,100	-	74,100
Total investment return and other income	113,242	86,183	199,425
Total operating revenue, support, investment return and other income	8,727,987	324,659	9,052,646
Net assets released from restrictions	320,859	(320,859)	-
Expenses:			
Program services	8,104,654	-	8,104,654
Supporting services			
Management and general	990,972	-	990,972
Fundraising	224,872	-	224,872
Total expenses	9,320,498	-	9,320,498
Changes in net assets	(271,652)	3,800	(267,852)
Net assets, beginning of year	2,524,214	2,369,628	4,893,842
Net assets, end of year	$ 2,252,562	$ 2,373,428	$ 4,625,990

See accompanying notes to consolidated financial statements.

JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

Consolidated Statements of Functional Expenses
Year Ended June 30, 2021

	Psychiatric Residential Treatment Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 5,188,819	$ 486,586	$ 147,161	$ 633,747	$ 5,822,566
Employee benefits	531,297	60,897	92	60,989	592,286
Payroll taxes	352,719	34,003	11,245	45,248	397,967
Total salaries and related expenses	6,072,835	581,486	158,498	739,984	6,812,819
Bad debts	-	136,411	-	136,411	136,411
College and vocational	3,411	-	-	-	3,411
Contract services	246,943	1,202	-	1,202	248,145
Depreciation	245,418	27,269	-	27,269	272,687
Dues and subscriptions	18,753	29,311	2,242	31,553	50,306
Food	366,119	-	-	-	366,119
Fundraising, other	-	-	16,831	16,831	16,831
Insurance	183,854	29,493	3,129	32,622	216,476
Interest	-	2,248	-	2,248	2,248
Miscellaneous	125	340	943	1,283	1,408
Office	238,549	38,876	3,425	42,301	280,850
Other events	5,428	281	10,095	10,376	15,804
Professional services	3,373	93,094	-	93,094	96,467
Recruiting	93,482	281	2,709	2,990	96,472
Rent	9,031	3,864	10,364	14,228	23,259
Repairs and maintenance	106,629	8,909	1,217	10,126	116,755
Scholarships provided	427,568	-	-	-	427,568
Student	104,741	-	-	-	104,741
Travel	6,671	2,126	1,331	3,457	10,128
Utilities	170,795	37,843	4,516	42,359	213,154
Vehicle	22,196	-	-	-	22,196
	$ 8,325,921	$ 993,034	$ 215,300	$ 1,208,334	$ 9,534,255

See accompanying notes to consolidated financial statements.

JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

Consolidated Statements of Functional Expenses, Continued
Year Ended June 30, 2020

	Psychiatric Residential Treatment Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 5,155,777	$ 475,053	$ 156,326	$ 631,379	$ 5,787,156
Employee benefits	524,019	69,491	119	69,610	593,629
Payroll taxes	382,154	33,163	13,616	46,779	428,933
Total salaries and related expenses	6,061,950	577,707	170,061	747,768	6,809,718
Bad debts	-	138,811	-	138,811	138,811
College and vocational	3,346	-	-	-	3,346
Contract services	314,206	-	-	-	314,206
Depreciation	239,093	26,566	-	26,566	265,659
Dues and subscriptions	7,738	13,697	1,394	15,091	22,829
Food	334,145	-	-	-	334,145
Fundraising, other	-	-	14,053	14,053	14,053
Insurance	186,217	26,921	3,778	30,699	216,916
Interest	-	15,332	-	15,332	15,332
Miscellaneous	424	3	5	8	432
Office	289,257	56,649	5,454	62,103	351,360
Other events	7,116	172	873	1,045	8,161
Professional services	19,932	83,728	-	83,728	103,660
Recruiting	66,654	826	5,912	6,738	73,392
Rent	7,427	5,154	14,460	19,614	27,041
Repairs and maintenance	111,242	9,436	-	9,436	120,678
Scholarships provided	137,865	-	-	-	137,865
Student	106,297	-	-	-	106,297
Travel	31,398	9,932	4,173	14,105	45,503
Utilities	158,459	26,038	4,709	30,747	189,206
Vehicle	21,888	-	-	-	21,888
	$ 8,104,654	$ 990,972	$ 224,872	$ 1,215,844	$ 9,320,498

See accompanying notes to consolidated financial statements.

JACKSON-FEILD HOMES, INC. AND JACKSON-FEILD HOMES FOUNDATION

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flow from operating activities:		
Change in net assets	$ 258,370	$ (267,852)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	272,687	265,659
Bad debt expense	136,411	138,811
Unrealized (gain) loss on investments	(380,236)	38,086
Realized gain on sale of investments	(130,264)	(91,749)
Gain on disposal of property and equipment	(700)	(6,214)
Changes in operating assets and liabilities:		
Accounts receivable	(280,210)	(201,852)
Pledges receivable	(3,150)	(250)
Grants receivable	(43,969)	-
Prepaid expenses	(13,668)	11,607
Accounts payable and accrued expenses	34,696	(57,247)
Accrued payroll and related taxes	13,626	1,492
Deferred revenue	(15,150)	15,150
Net cash used in operating activities	(151,557)	(154,359)
Cash flow from investing activities:		
Purchases of investments	(166,117)	(1,043,525)
Proceeds from sale of investments	96,617	866,095
Purchase of property and equipment	(103,675)	(259,120)
Proceeds from sale of property and equipment	700	15,100
Net cash used in investing activities	(172,475)	(421,450)
Cash flow from financing activities:		
Net (repayment) advances on line of credit	(70,000)	4,464
Principal payments on lease obligations	(15,810)	(15,074)
(Principal payments) on proceeds from notes payable	(14,300)	6,075
Proceeds from refundable advance	-	1,166,600
Net cash (used in) provided by financing activities	(100,110)	1,162,065
Net change in cash and cash equivalents	(424,142)	586,256
Cash and cash equivalents, beginning of year	703,020	116,764
Cash and cash equivalents, end of year	$ 278,878	$ 703,020
Supplemental Disclosure of Cash Flow Information		
Interest paid during the year	$ 2,248	$ 15,332

See accompanying notes to consolidated financial statements.

1. Nature of Organization:

Jackson-Feild Homes, Inc. (the “Home”) d/b/a Jackson-Feild Behavioral Health Services is a not-for-profit Psychiatric Residential Treatment Center which operates in the provision of care and clinical treatment for adolescents with mental illness and substance use disorders. Additionally, the Home operates a licensed and accredited school for the provision of educational services rendered to the residents in care.

The Jackson-Feild Homes Foundation (the “Foundation”) was formed to provide fundraising and investment oversight for the Home. The Foundation is a separate legal entity and is governed by a separate Board of Trustees, the majority of which are appointed by the Board of Trustees of the Home.

2. Summary of Significant Accounting Policies:

Basis of Consolidation: The consolidated financial statements include the accounts of the Home and the Foundation (collectively, the “Organization”). All significant inter-organization balances and transactions have been eliminated in the consolidation.

Basis of Accounting: The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Net Assets: Under FASB guidance on financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets currently available at the discretion of the Board of Trustees for use in the Organization’s operations, including net assets undesignated and designated by the Board of Trustees.

Net assets with donor restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenues are reported in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.

2. Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents: The Organization considers all money market and other highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the changes in net assets.

The Organization evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. The Organization employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, the magnitude and duration of the decline in fair value; for equity and debt securities, the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Organization's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

Net investment return less external investment expenses is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, for years ended June 30, 2021 and 2020.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from balances at year end. The Organization has agreements with third-party payors that provide for payments to the Organization based on established rates. Net program service fees are reported at the estimated net realizable amounts from consumers, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Consumers not covered by Medicaid are billed directly after primary and secondary insurance payments are recognized. The Organization provides an allowance for uncollectible accounts based upon prior experience and management's assessment of the collectability of existing specific accounts.

2. Summary of Significant Accounting Policies, Continued:

Pledges Receivable: Pledges receivable, or unconditional promises to give, represent amounts committed by donors to be paid within a specific period of time.

Pledges receivable are recorded at the present value of their net realized value if considered material. As of June 30, 2021 and 2020, management believes that all pledge receivables will be received in accordance with the terms of the respective agreement and that no allowance for uncollectible pledge receivables was necessary.

Property and Equipment: Property and equipment are stated at cost or estimated fair market value if donated. Acquisitions with a value in excess of $2,500 are capitalized. Donated assets are capitalized at their fair value at the date of the gift. Repairs and maintenance, which do not increase the life of the asset, are expensed as incurred.

Property and equipment is depreciated over estimated useful lives, which range from three to forty years, using the straight line method. Depreciation is not recorded on construction in process until such time as the relevant assets are completed and put into service.

Operating Revenue: Operating revenue is recorded as income at the time services are provided.

Support Revenue: The Organization recognizes contributions and other forms of support when cash, securities or other assets; an unconditional promise to give; or a notice of a grant award is received. All grants and contributions are considered to be available for general use unless specifically restricted by the grantor or donor.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis by natural classification in the accompanying consolidated statements of functional expenses. Costs that benefit multiple functional areas, primarily salaries, have been allocated across programs and other supporting services based on time and effort incurred.

Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Paycheck Protection Program ("PPP") Loan: The Organization's policy is to account for the PPP loan (see Note 17) as a refundable advance. The Organization will continue to record the loan as a refundable advance until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income or (2) the Organization pays off the loan.

2. Summary of Significant Accounting Policies, Continued:

Credit Risk: The Organization's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. The Organization maintains cash balances at several financial institutions and at times, the balances exceed the insured amounts.

The Organization's investments are held in a professionally managed portfolio that contains common stocks and bonds of publicly traded companies, money market funds, mutual funds, and U.S. treasury obligations. Such investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements. The Organization does not have any unfunded commitments related to the investments.

For 2021, three customers accounted for 69% of accounts receivable. For 2020, three customers accounted for 63% of accounts receivable. The Organization believes its credit risk related to accounts and pledges receivable is limited due to the nature of its customers (third-party insurance payors) and the collection history with its customers and contributors.

Income Taxes: Jackson-Feild Homes, Inc. and Jackson-Feild Homes Foundation are both qualified not-for-profit organizations as defined in Section 501(c)(3) of the internal revenue code and the tax statues of the Commonwealth of Virginia, and therefore, are exempt from federal and state income taxes. The Organization has also been classified a an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Advertising: The Organization follows the policy of charging the costs of advertising to expenses as incurred. Advertising expense was $26,520 for 2021 and $20,828 for 2020.

2. Summary of Significant Accounting Policies, Continued:

Reclassifications: Certain prior year balances have been reclassified to conform to current year presentation

Subsequent Events: Management has evaluated subsequent events for potential recognition and/or other disclosure through March 4, 2022, the date the consolidated financial statements were available to be issued and has determined that, except as disclosed below and in Note 14, there are no subsequent events to be reported in the accompanying consolidated financial statements.

In July 2021, the Organization's PPP loan was forgiven in full. The forgiveness will be recorded as gain on extinguishment of debt during 2022.

3. Revenue Recognition - Program Service Fees, Net:

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020, the first day of the Organization's fiscal year using the modified retrospective approach. The adoption of the ASU did not have a significant impact on the Organization's consolidated financial statements and no changes were required to previously reported revenues as a result of the adoption.

The Organization recognizes revenue from resident services on the accrual basis of accounting as the services are delivered to residents. Revenue is earned for the resident services primarily from Medicaid and other third-party payors. Reimbursement rates are set annually by each insurer for specific services, and the Organization bills according to its understanding of the appropriate rate for the services delivered to each resident. Resident invoices are subject to approval by each insurer, and the Organization estimates revenue for certain services not yet completed. Because the scope of services and the required documentation are subject to insurer approval and also subject in some cases to interpretation and estimation, the Organization provides an allowance for revenue adjustments to cover estimated adjustments made to billed and estimated service revenue by the insurers. The allowance is recorded as a reduction of revenue in the consolidated statements of activities and as a reduction in accounts receivable in the consolidated statements of financial position.

3. Revenue Recognition - Program Service Fees, Net, Continued:

Resident service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2021	2020
Medicaid	$ 4,757,962	$ 3,739,344
Other third party payors	3,610,166	4,827,675
Scholarships	416,791	137,865
Gross program service fees	8,784,919	8,704,884
Less contractual allowance	853,575	897,931
Resident revenue, net of contractual allowance	$ 7,931,344	$ 7,806,953

4. Property and Equipment:

The Organization’s property and equipment consists of improvements made to the Organization’s facility, equipment (computers, furniture, vehicles and other equipment), and buildings. Property and equipment consists of the following:

	2021	2020
Land and improvements	$ 42,105	$ 42,105
Buildings	4,521,688	4,491,140
Furniture and equipment	1,365,688	1,350,415
	5,929,481	5,883,660
Less accumulated depreciation	(4,670,009)	(4,455,176)
Property and equipment, net	$ 1,259,472	$ 1,428,484

5. Pledges Receivable:

Unconditional pledges receivable was $7,750 and $4,600 at June 30, 2021 and 2020, respectfully.

6. Investments:

The cost, fair value, and unrealized gains (losses) on investments are as follows:

	June 30, 2021		
	Cost	Fair Value	Unrealized Gain/(Loss)
Corporate stocks	$ 1,233,531	$ 2,415,154	$ 1,181,623
Money market funds	163,795	163,795	-
Mutual funds	64,473	79,781	15,308
Corporate bonds	640,223	642,378	2,155
U.S. Treasury obligations	260,525	258,917	(1,608)
	$ 2,362,547	$ 3,560,025	$ 1,197,478

	June 30, 2020		
	Cost	Fair Value	Unrealized Gain
Corporate stocks	$ 1,187,691	$ 1,958,310	$ 770,619
Money market funds	228,421	228,421	-
Mutual funds	23,733	36,824	13,091
Corporate bonds	560,762	571,369	10,607
U.S. Treasury obligations	185,000	185,101	101
	$ 2,185,607	$ 2,980,025	$ 794,418

7. Fair Value Measurements:

The Organization follows FASB guidance with respect to fair value measurements. This guidance provides a framework for measuring fair value under generally accepted accounting principles for all financial assets and liabilities measured at fair value on a recurring basis.

The guidance establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level that is significant to the fair value measurement of the asset or liability.

7. Fair Value Measurements, Continued:

Classification of assets and liabilities within the hierarchy considers the market in which the assets or liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology are quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There were no level 3 assets or liabilities as of June 30, 2021 or 2020.

The following is a description of the valuation methodologies used for assets measured at fair value:

Corporate stocks: Valued at the closing price as reported on the active market on which stocks are traded.

Mutual funds: Valued at the net asset value ("NAV") of shares held in the fund at the end of the trading day.

Money market funds: Valued at the cash balance.

Corporate bonds: Valued at the closing price as reported on the active market in which the bonds are traded.

U.S. Treasury obligations: The fair value of U.S. government securities are valued using a market approach on yields currently available on comparable securities of issuers with similar credit ratings.

7. Fair Value Measurements, Continued:

The following tables present the Organization's financial assets measured at fair value on a recurring basis as of June 30, 2021 and 2020, classified by accounting standards regarding fair value hierarchy:

	June 30, 2021		
	Level 1	Level 2	Total
Assets:			
Corporate stocks:			
Domestic	$ 2,211,703	$ -	$ 2,211,703
International	203,451	-	203,451
Mutual funds:			
Equities - domestic	79,781	-	79,781
Money market funds	163,795	-	163,795
Corporate bonds	-	642,378	642,378
U.S. treasury obligations	-	258,917	258,917
Total assets	$ 2,658,730	$ 901,295	$ 3,560,025

	June 30, 2020		
	Level 1	Level 2	Total
Assets:			
Corporate stocks:			
Domestic	$ 1,808,362	$ -	$ 1,808,362
International	149,948	-	149,948
Mutual funds:			
Equities - domestic	36,824	-	36,824
Money market funds	228,421	-	228,421
Corporate bonds	-	571,369	571,369
U.S. treasury obligations	-	185,101	185,101
Total assets	$ 2,223,555	$ 756,470	$ 2,980,025

8. Net Assets with Donor Restrictions:

Net assets with donor restrictions available for use are held by the Organization and are restricted for the following purposes for the years ended June 30:

	2021	2020
Endowment scholarships	$ 464,280	$ 516,567
Scholarships	7,772	34,902
Accumulated endowment investment gains	846,621	547,947
Capital expenditures, including improvements	78,561	48,445
Specified purposes	16,091	6,346
	$ 1,413,325	$ 1,154,207

Education Improvement Scholarships Tax Credits Program: The Organization participates in the Commonwealth of Virginia's Education Improvement Scholarships Tax Credits Program (EISTCP). The purpose of the program is to provide scholarships via donations to eligible students for qualified educational expenses incurred in attending eligible nonpublic schools. The Organization received contributions of $15,500 and $10,500 under the program during the years ended June 30, 2021 and 2020, respectively. In turn, the Organization awarded $13,950 and $18,058 to eligible students in the form of scholarships during the years ended June 30, 2021 and 2020, respectively.

Under the Virginia code section for the EISTCP, a donee organization is allowed to retain 10% of amounts received through the program annually to cover administrative costs associated with the program. For the years ended June 30, 2021 and 2020, the amount retained was $1,550 and $1,050, respectively.

Endowment contributions to be held indefinitely, the income from which is expendable, were given for the following purposes:

	2021	2020
Scholarships	$ 1,044,221	$ 1,044,221
Buildings	150,000	150,000
Chapel maintenance	25,000	25,000
	$ 1,219,221	$ 1,219,221

8. Net Assets with Donor Restrictions, Continued:

Net assets were released from donor restrictions by incurring expenditures satisfying the purpose restrictions specified by donors, as follows, for the years ended June 30:

	2021	2020
Capital expenditures, including improvements	$ 110,050	$ 144,655
Scholarships:		
Scholarships - direct student support	56,700	119,807
Scholarships - other	60,000	70,733
EISTC scholarship program:		
Scholarships	13,950	18,058
Administrative costs	1,550	1,050
Specified purposes	634	53,941
Foundation funding of released from restrictions	-	(87,385)
	$ 242,884	$ 320,859

9. Endowment:

The Board of Trustees of the Foundation has interpreted the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as Donor-restricted endowment funds with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as Donor-restricted endowment funds With Donor Restrictions is classified as accumulated investment gains with donor restrictions net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

9. Endowment, Continued:

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to earn a real total return that is at least equal to the annual spending rate plus inflation as measured by the Consumer Price Index, while assuming a moderate level of risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation, which includes equity funds, fixed income instruments and cash, in order to minimize risks while achieving total return objectives.

Spending Policy: The Foundation has a policy of appropriating for distribution each year up to five (5) percent of the market value of endowment fund units assuming annual inflation of three (3) percent and a target return of eight (8) percent. In establishing this policy, the Foundation considered the long term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term, as well as to provide additional real growth through new gifts and investment return.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2021 and 2020.

The following schedule summarizes the endowment net asset composition by type of fund as of June 30, 2021:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,219,221	$ 1,219,221
Accumulated investment gains	-	846,621	846,621
Total endowment funds	$ -	$ 2,065,842	$ 2,065,842

9. Endowment, Continued:

The following schedule summarizes the endowment net asset composition by type of fund as of June 30, 2020:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,219,221	$ 1,219,221
Accumulated investment gains	-	547,947	547,947
Total endowment funds	$ -	$ 1,767,168	$ 1,767,168

The following schedules summarize the changes in endowment net assets for the years ended June 30, 2021 and 2020:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 1,767,168	$ 1,767,168
Net investment return	-	358,674	358,674
Scholarships paid	-	(60,000)	(60,000)
Endowment net assets, end of year	$ -	$ 2,065,842	$ 2,065,842

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 1,754,434	$ 1,754,434
Net investment return	-	86,183	86,183
Scholarships paid	-	(73,449)	(73,449)
Endowment net assets, end of year	$ -	$ 1,767,168	$ 1,767,168

10. Retirement Plan:

The Organization sponsors a 401(k) plan for employees who eligible to participate in the plan after 90 days of employment. The Organization will match 50% of employee contributions up to 3% of salaries at their discretion. The Organization contributed $60,149 for 2021 and $51,879 for 2020.

11. Related Party Balances and Transactions:

A member of the Board of Trustees for the Foundation is also on the Board of the bank that holds all of the Foundation's investments. Under the Foundation's Conflict of Interest Policy, that Foundation Board member is recused from participating in the selection and evaluation of the Foundation's investment manager and asset custodian.

12. Lease Obligations, Capital Leases:

The Foundation has acquired five copiers under the provisions of non-cancelable long-term leases with original terms of five years expiring in 2023. The Foundation has also acquired a phone system under the provisions of a non-cancelable long-term lease with the original term of five years expiring in 2020. For financial reporting purposes, minimum lease rentals relating to furniture and fixtures have been capitalized. The following is a schedule of property acquired through capital leases, with remaining lease obligations at June 30:

	2021	2020
Furniture and fixtures	$ 75,516	$ 75,516
Less accumulated depreciation	(51,603)	(36,500)
	$ 23,913	$ 39,016

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the net minimum lease as of June 30, 2021:

Year Ending June 30,	
2022	$ 18,970
2023	7,904
Total minimum lease payments	26,874
Less amount representing interest ranging from 5% to 9%	(1,797)
	25,077
Less current portion	(17,355)
	$ 7,722

13. Notes Payable:

Notes payable consists of the following:

	2021	2020
Ford Motor Credit, 7.49%, payable in monthly installments of $471, including interest, due July 20, 2020, secured by a vehicle	$ -	$ 505
Old Point National, 3.99%, payable in monthly installments of $389, including interest, due June 9, 2023, secured by a vehicle	8,920	12,662
Sheffield Financial, 0%, payable in monthly installments of $420, due August 19, 2023, secured by three lawn mowers.	5,498	15,551
	14,418	28,718
Less current amount	(10,133)	(9,768)
Total long-term notes payable	$ 4,285	$ 18,950

As of June 30, 2021, the aggregate maturities of long-term debt by year are as follows:

Year Ending June 30,	
2022	$10,133
2023	4,285
	$14,418

14. Line of Credit:

The Organization maintains a $150,000 line of credit with Truist at the bank's prime rate plus 0.5%, which matured in September 2021. The rate at June 30, 2021 was 3.75%. This line is secured by certain investments whose fair market value at June 30, 2021 and 2020 was $944,372 and $744,019, respectively. As of June 30, 2021 and 2020, the balance due on this line of credit was $80,000 and $150,000 respectively. The Organization renewed the line of credit on September 2, 2021, under the same terms noted above.

15. Economic Dependency:

The Organization generated 58% and 57% of its total program operating revenue from the Department of Medicaid Services for the years ended June 30, 2021 and 2020, respectively. There was a net receivable from the Department of Medicaid Services of $738,600 and $488,939 as of June 30, 2021 and 2020, respectively. The Organization also receives a significant amount of support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

16. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, are:

	2021	2020
Cash and cash equivalents	$ 278,878	$ 703,020
Investments	3,560,025	2,980,025
Accouts receivable, net	1,640,463	1,496,664
Pledges receivable	7,750	4,600
Total financial assets	5,487,116	5,184,309
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	1,413,325	1,154,207
Donor-restricted endowment funds	1,219,221	1,219,221
	2,632,546	2,373,428
Amount available for general expenditures within one year	$2,854,570	$2,810,881

As part of the Organization's liquidity management process, an annual operating budget is approved that details both the sources and uses of funds without donor restrictions. Sufficient carryover funds available for general expenditures are noted as available to cover the operating budget for the coming year.

17. COVID-19 Stimulus:

In March 2020, a novel coronavirus (COVID-19) was declared a worldwide health pandemic and has had a significant impact on the national and global economy. COVID-19 and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. The extent to which the COVID-19 pandemic may impact operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the date of this report. Management and the Board of Trustees continue to monitor the impact of COVID-19 on the Organization's operations and appropriately reflect any impact in its consolidated financial statements.

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan to provide a direct incentive for employers to keep their employees on the payroll. A PPP loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

In May 2020, the Organization applied for the PPP and was given a loan in the amount of $1,166,600. Interest in the amount of 1% is due and payable at the time of the measurement of possible forgiveness. The loan is to be repaid within two years from date of funding of May 7, 2020. As of June 30, 2021 and 2020, the PPP loan is recorded as a refundable advance on the accompanying statements of financial position. The loan was forgiven in full in July 2021 and will be recorded as income in 2022.

The Provider Relief Fund Grant was a component of the CARES Act to provide economic support for health care entities in connection with health care related expenses or lost revenues attributable to COVID-19 and treatment of uninsured COVID-19 patients.

The Organization received a total of $534,877 during 2021 and $10,000 during 2020. As of June 30, 2021, the Organization has used all of the grant proceeds for qualifying costs. The grant is recognized as other income in the accompanying 2021 and 2020 consolidated statements of activities.

18. Contingency:

In September 2019, the Organization has been named as defendant in a case stemming from ongoing operations. The case is ongoing and there has been no change in the status of the case during the fiscal year. An adverse result is not probable and no estimate of loss, if any, can be reasonably determined at the date of the financial statements.