JEREMIAH PROGRAM

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

JEREMIAH PROGRAM
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Jeremiah Program
Minneapolis, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jeremiah Program (a nonprofit organization), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, the changes in their net assets and their cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jeremiah Program, as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Jeremiah St. Paul Limited Partnership, which statements reflect total assets of $7,408,767 and $7,560,418 as of December 31, 2022 and 2021, respectively, and total revenues of $235,987 and $290,997, respectively, for the years then ended. In addition we did not audit the financial statements of Jeremiah Program Rochester Limited Partnership, which statements reflect total assets of $13,274,079 and $13,737,879 as of December 31, 2022 and 2021, respectively, and total revenues of $325,723 and $347,553, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Jeremiah St. Paul Limited Partnership and Jeremiah Rochester Limited Partnership, is based solely on the reports of the other auditors.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 8 to the consolidated financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Board of Trustees
Jeremiah Program

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
June 6, 2023

JEREMIAH PROGRAM
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 1,675,125	$ 2,615,461
Accounts Receivable, Net	2,240,957	113,638
Current Portion of Pledges Receivable, Net	4,704,910	2,200,483
Prepaid Expenses	495,725	347,729
Inventory	335,159	155,045
Total Current Assets	9,451,876	5,432,356
PROPERTY AND EQUIPMENT		
Land and Improvements	2,853,185	2,846,676
Buildings and Improvements	31,931,880	31,835,305
Office Furniture and Equipment	781,851	743,915
Residential Furniture and Equipment	1,632,964	1,649,272
Construction in Progress	46,649	-
Total	37,246,529	37,075,168
Less: Accumulated Depreciation	11,568,018	10,578,268
Net Property and Equipment	25,678,511	26,496,900
OTHER ASSETS		
Investments	9,423,200	13,748,458
Investment in Campus Building Partnership	3,834,438	4,032,527
Assets Held in Trust	359,841	450,817
Restricted Reserves and Escrows	1,122,659	1,111,252
Long-Term Portion of Pledges Receivable, Net	1,481,839	188,542
Operating ROU Assets	1,692,486	-
Financing ROU Assets	9,356	-
Total Other Assets	17,923,819	19,531,596
Total Assets	$ 53,054,206	$ 51,460,852

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 641,030	$ 311,977
Accrued Payroll and Related Benefits	596,107	496,973
Accrued Real Estate Taxes	107,552	138,654
Accrued Expenses	45,346	-
Other Current Liabilities	60,416	86,087
Deferred Revenue	49,800	125,556
Current Lease Liabilities - Operating	177,893	-
Current Lease Liabilities - Financing	1,731	-
Total Current Liabilities	1,679,875	1,159,247
OTHER LIABILITIES		
Mortgages Payable, Net of Discount	7,736,596	7,638,289
Less: Unamortized Financing Fees	(166,662)	(183,252)
Long-Term Lease Liabilities - Operating (Less Current Maturities)	1,514,593	-
Long-Term Lease Liabilities - Financing (Less Current Maturities)	7,625	-
Total Other Liabilities	9,092,152	7,455,037
Total Liabilities	10,772,027	8,614,284
NET ASSETS		
Without Donor Restriction:		
Undesignated	7,182,141	7,283,028
Undesignated: Limited Partnership - Noncontrolling Interest	9,551,477	11,030,238
Designated	17,427,926	18,173,618
Total Net Assets Without Donor Restriction	34,161,544	36,486,884
With Donor Restriction	8,120,635	6,359,684
Total Net Assets	42,282,179	42,846,568
Total Liabilities and Net Assets	$ 53,054,206	$ 51,460,852

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT			
Grants and Contributions	$ 10,273,164	$ 5,620,034	$ 15,893,198
Special Event Income	1,145,490	-	1,145,490
Interest and Dividend Income	142,660	33,616	176,276
Rental Income	896,047	-	896,047
Child Care Income	1,176,884	-	1,176,884
In-Kind Contributions	291,627	-	291,627
Other Support	1,853,654	-	1,853,654
Net Assets Released from Restrictions	3,378,284	(3,378,284)	-
Total Revenues and Support	19,157,810	2,275,366	21,433,176
EXPENSE			
Program	16,028,560	-	16,028,560
Support Services:			
General and Administrative	1,565,646	-	1,565,646
Fundraising	2,432,121	-	2,432,121
Total Support Services	3,997,767	-	3,997,767
Total Expense	20,026,327	-	20,026,327
CHANGE IN NET ASSETS FROM OPERATIONS	(868,517)	2,275,366	1,406,849
NONOPERATING INCOME (LOSS)			
Loss on Investments	(1,258,734)	(575,572)	(1,834,306)
Change in Assets Permanently Restricted	-	11,157	11,157
Endowment Revenue	-	50,000	50,000
Change in Equity Method Investments	(198,089)	-	(198,089)
Total Nonoperating Income (Loss)	(1,456,823)	(514,415)	(1,971,238)
CHANGE IN NET ASSETS	(2,325,340)	1,760,951	(564,389)
Change in Net Assets Attributable to the Noncontrolling Interest	1,478,761	-	1,478,761
CHANGE IN NET ASSETS – CONTROLLING INTEREST	$ (846,579)	$ 1,760,951	$ 914,372

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT			
Grants and Contributions	$ 8,621,406	$ 1,566,484	$ 10,187,890
Special Event Income	277,373	-	277,373
Interest and Dividend Income	115,672	34,918	150,590
Rental Income	709,297	-	709,297
Child Care Income	686,102	-	686,102
In-Kind Contributions	81,825	-	81,825
Other Support	1,381,835	-	1,381,835
Net Assets Released from Restrictions	2,380,742	(2,380,742)	-
Total Revenues and Support	14,254,252	(779,340)	13,474,912
EXPENSE			
Program	12,636,453	-	12,636,453
Support Services:			
General and Administrative	1,279,956	-	1,279,956
Fundraising	2,097,759	-	2,097,759
Total Support Services	3,377,715	-	3,377,715
Total Expense	16,014,167	-	16,014,167
CHANGE IN NET ASSETS FROM OPERATIONS	(1,759,915)	(779,340)	(2,539,255)
NONOPERATING INCOME (LOSS)			
Gain on Investments	980,824	389,924	1,370,748
Change in Assets Permanently Restricted	-	8,980	8,980
Endowment Revenue	-	15,623	15,623
Change in Equity Method Investments	(217,900)	-	(217,900)
Developer Fee Revenue	18,441	-	18,441
Total Nonoperating Income (Loss)	781,365	414,527	1,195,892
CHANGE IN NET ASSETS	(978,550)	(364,813)	(1,343,363)
Change in Net Assets Attributable to the Noncontrolling Interest	1,270,783	-	1,270,783
CHANGE IN NET ASSETS – CONTROLLING INTEREST	$ 292,233	$ (364,813)	$ (72,580)

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor Restriction	With Donor Restriction	Total
BALANCE - DECEMBER 31, 2020	$ 36,423,993	$ 6,724,497	$ 43,148,490
Change in Net Assets	(978,550)	(364,813)	(1,343,363)
Capital Contribution	1,041,441	-	1,041,441
BALANCE - DECEMBER 31, 2021	36,486,884	6,359,684	42,846,568
Change in Net Assets	(2,325,340)	1,760,951	(564,389)
BALANCE - DECEMBER 31, 2022	$ 34,161,544	$ 8,120,635	$ 42,282,179

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program	General and Administrative	Fundraising	Total
Salaries	$ 6,951,419	$ 1,003,121	$ 1,386,790	$ 9,341,330
Benefits	680,295	92,396	114,992	887,683
Payroll Taxes	538,478	77,377	109,842	725,697
Total Personnel Costs	8,170,192	1,172,894	1,611,624	10,954,710
Occupancy	2,495,902	34,580	16,357	2,546,839
Depreciation and Amortization	1,164,909	18,718	5,056	1,188,683
Consultants	748,386	66,849	84,441	899,676
Technology	427,484	23,749	23,749	474,982
Parent Programming	1,202,820	-	-	1,202,820
Marketing and Advertising	288,118	-	31,097	319,215
Family Programming	354,833	-	-	354,833
Professional and Admin Fees	267,068	88,342	61,960	417,370
Event Expenses	-	-	465,045	465,045
Staff Recruiting, Development, and Recognition	283,112	101,353	29,856	414,321
Equipment Rental	18,406	1,023	1,023	20,452
Office Supplies, Postage, and Printing	93,691	10,523	51,168	155,382
Interest on Construction Loan	98,307	-	-	98,307
Travel and Meetings	173,786	31,498	37,295	242,579
Non Property Business Insurance	46,311	5,782	7,304	59,397
Bad Debt Expense and Miscellaneous	18,541	4,149	-	22,690
Subtotal	15,964,433	1,565,646	2,432,121	19,962,200
In-Kind Expenses	64,127	-	-	64,127
Total Expenses	$ 16,028,560	$ 1,565,646	$ 2,432,121	$ 20,026,327

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program	General and Administrative	Fundraising	Total
Salaries	$ 5,794,204	$ 860,125	$ 1,205,584	$ 7,859,913
Benefits	432,819	59,845	94,688	587,352
Payroll Taxes	400,143	61,529	86,910	548,582
Total Personnel Costs	6,627,166	981,499	1,387,182	8,995,847
Occupancy	1,841,454	28,600	11,050	1,881,104
Depreciation and Amortization	1,221,983	19,352	5,587	1,246,921
Consultants	487,896	34,495	56,283	578,674
Technology	412,974	22,943	22,943	458,860
Parent Programming	779,551	-	-	779,551
Marketing and Advertising	77,386	-	346,702	424,088
Family Programming	207,524	-	-	207,524
Professional and Admin Fees	352,955	123,054	60,615	536,624
Event Expenses	-	-	94,618	94,618
Staff Recruiting, Development, and Recognition	105,386	35,759	17,183	158,328
Interest Expense	94,559	152	-	94,711
Equipment Rental	10,649	592	592	11,832
Office Supplies, Postage, and Printing	69,428	7,961	76,062	153,451
Telephone and Internet	89,602	4,877	4,818	99,296
Travel and Meetings	21,193	6,597	4,679	32,469
Campus Development and Start-up Costs	13,545	138	138	13,821
Nonproperty Business Insurance	41,605	5,270	8,598	55,473
Bad Debt Expense and Miscellaneous	99,772	8,668	709	109,149
Subtotal	12,554,628	1,279,956	2,097,759	15,932,342
In-Kind Expenses	81,825	-	-	81,825
Total Expenses	$ 12,636,453	$ 1,279,956	$ 2,097,759	$ 16,014,167

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Support and Revenue	$ 15,125,987	$ 13,295,681
Interest Received	187,433	159,570
Cash Paid to Suppliers and Employees	(18,470,684)	(16,063,123)
Interest Paid	-	(150)
Net Cash Used by Operating Activities	(3,157,264)	(2,608,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,850,071)	(3,499,423)
Proceeds from Sale of Investments	5,431,999	3,416,244
Purchase of Property and Equipment	(353,593)	(248,075)
Net Cash Provided (Used) by Investing Activities	2,228,335	(331,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Tax Credit and Financing Fees	-	(5,409)
Proceeds from Capital Contributions	-	1,041,441
Proceeds from Loan Payable	-	1,317,219
Payments on Capital Lease Liability	-	(3,570)
Net Cash Provided by Financing Activities	-	2,349,681
NET CHANGE IN CASH AND RESTRICTED CASH	(928,929)	(589,595)
Cash and Restricted Cash – Beginning of Year	3,726,713	4,316,308
CASH AND RESTRICTED CASH – END OF YEAR	$ 2,797,784	$ 3,726,713

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in Net Assets	$ (564,389)	$ (1,343,363)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	1,188,572	1,246,811
Loan Forgiveness	-	(1,317,219)
Unrealized (Gains) Losses	2,001,076	(938,671)
Realized (Gains) Losses	(252,101)	(377,009)
Change in Value of Assets Held in Trust	85,331	(55,068)
Change in Investment in Campus Building Partnerships	198,089	217,900
Noncash Interest	98,307	94,561
(Increase) Decrease in Current Assets:		
Accounts Receivable, Net	(2,127,319)	(27,457)
Pledges Receivable, Net	(3,797,724)	(5,759)
Prepaid Expenses	(147,996)	(159,557)
Inventory	(180,114)	(155,045)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	329,053	(73,111)
Accrued Payroll and Related Benefits	144,480	96,017
Accrued Real Estate Taxes	(31,102)	35,408
Deferred Revenue	(75,756)	125,556
Other Current Liabilities	(25,671)	27,984
Net Cash Used by Operating Activities	$ (3,157,264)	$ (2,608,022)
CASH CONSISTS OF:		
Cash	$ 1,675,125	$ 2,615,461
Restricted Reserves and Escrows	1,122,659	1,111,252
Total Cash	$ 2,797,784	$ 3,726,713

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Jeremiah Program (JP) offers one of the nation's most successful strategies for transforming families from poverty to prosperity two generations at a time. JP believes that no mother should have to make the untenable choice between investing in herself and her children. Their holistic approach allows families to dream what is possible when they are able to bring all their identities to bear in pursuit of their goals.

Jeremiah Program believes that the impacts of poverty and systemic racism can be disrupted through a two-generation (2Gen) approach – investing in the dreams and voices of women and the education of their children. JP understands that the intersection of race and gender discrimination comes to a head for single mothers of color, which is why JP programming unapologetically focuses on dismantling the proven and institutional barriers that stand in the way to their success.

Headquartered in Minneapolis, Minnesota, Jeremiah Program continues to expand throughout the country to meet the growing demand for its model. The organization has campuses in Minneapolis and St. Paul, Minnesota, Rochester-SE, Minnesota, Austin, Texas, and Fargo, North Dakota, Boston, Massachusetts, Brooklyn, New York, Baltimore, Maryland, and Las Vegas, Nevada. In 2022, JP partnered with 787 moms and their 1,318 children across the country.

Jeremiah Program provides life-changing experiences for moms and kids. Beginning with empowerment training, moms start to unravel the damaging narratives placed on low-income women, (especially women of color and especially single moms) and reassert their role as experts in their own lives. After completing empowerment, JP's ongoing programming ensures families have access to the resources every family needs to thrive: stable housing in JP's affordable housing units or through community housing partners, career-track education at a local postsecondary institution, high quality early childhood education at JP's Child Development Centers or local partner schools, and a supportive community of peers and caring staff. The interplay of 2Gen supports creates the conditions for mothers and children to tap into their unique strengths – strengths that are obscured, not eliminated, by the stress of living in poverty.

Principles of Consolidation

The consolidated financial statements include the accounts of Jeremiah Program, Jeremiah St. Paul Limited Partnership, and Jeremiah Program Rochester Limited Partnership. The General Partner of Jeremiah St. Paul Limited Partnership is TJP St. Paul LLC, whose sole member is Jeremiah Program, a nonprofit corporation. The General Partner of Jeremiah Program Rochester Limited Partnership is Jeremiah Program Rochester GP LLC, whose sole member is Jeremiah Program.

All intercompany accounts and transactions have been eliminated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of JP 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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, those net assets detailed out in Note 9.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specific by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a 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.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reserves and Escrows

Reserves and escrows represent funds held and restricted by JP for various purposes. See Note 13 for further detail.

Investments

Investments are valued at market value, in accordance with accounting principles generally accepted in the United States of America. Accordingly, unrealized gains and losses are recognized in the statements of activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

JP provides an allowance for uncollectible accounts based on the reserve method using management's judgment considering historical information. Services are sold on an unsecured basis. Payment is required 30 days after receipt of the invoice. Accounts past due for more than 120 days are individually analyzed for collectability. An allowance is provided for accounts between 30 and 120 days when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written-off against the related allowance.

Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received.

Conditional promises to give are recognized as revenue when the conditions are substantially met. There were no conditional promises to give outstanding at December 31, 2022 and 2021.

Property, Equipment, and Depreciation

Property and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation for those items over $5,000. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restriction. JP uses the straight-line method of depreciation over a useful life of 3 to 10 years for furniture and equipment and over a useful life of 35 to 40 years for the buildings. Included in property and equipment is capital projects in progress which relates to new campus development activity.

Leases

JP leases office space and copiers. JP determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated statements of financial position. Finance leases are included in financing lease right-of-use (ROU) assets, other current liabilities, and other long-term liabilities on our consolidated statements of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

In evaluating contracts to determine if they qualify as a lease, JP considers factors such as if JP has obtained substantially all of the rights to the underlying asset through exclusivity, if JP can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Deferred Revenue

Deferred revenue consists of payments received from grantors in advance of services being performed, as well as payments received from sponsors for which JP has not yet fulfilled its obligations under the sponsorship. Such amounts are recorded as revenues when the related services are performed, or obligations are satisfied.

Revenue Recognition

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by JP. Revenue for performance obligations satisfied over time is recognized based on the service period of the contract. JP measures the performance obligation from these particular services from the beginning of the performance period to the completion of services provided. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and JP does not believe they are required to provide additional goods or services to the client.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

JP has performance obligations that are satisfied at a point in time as well as over a time period. JP's primary sources of revenue are grants, contributions, special event income, rental income, and childcare services. Special event income has a single performance obligation and is satisfied and recognized when the special event occurs. Childcare fees performance obligations are satisfied on a daily or weekly basis and are recognized on the day of the services.

Contributions are considered to be without donor restriction unless specifically restricted by the donor as to time period or use. Unconditional promises to give are recorded as revenue when JP receives the promise. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis. The vast majority of staff costs and other expenses are recorded directly to cost center by function. For staff that devote time to multiple functions, their salaries, and related expenses are allocated to program and supporting services based on time spent by function. Indirect costs are allocated based on square footage or full-time equivalents by function.

Occupancy

Occupancy expense includes maintenance, custodial, utilities, property insurance, property taxes, and on-site property manager salaries relating to the rental operations of fully operational Jeremiah Program campuses and other noncampus building occupancy expenses.

Tax Status

JP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding state tax codes, and therefore, the financial statements do not include a provision for income taxes. Contributions to JP qualify as a charitable tax deduction by the contributor. JP files as a tax-exempt organization. Should that status be challenged in the future, all years since inception would be subject to review by the Internal Revenue Service.

Jeremiah St. Paul Limited Partnership and Jeremiah Program Rochester Limited Partnership are not tax paying entities, thus, no provision for income taxes has been recorded in the consolidated financial statements. All tax effects of these entities are passed through to the partners.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

JP categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine 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 in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that JP has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, JP may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis.

Adoption of New Accounting Standards

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. JP has updated disclosures as necessary (See Note 11 Donated Goods and Services).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

JP has applied the portfolio approach in identifying its population of leases and in applying its risk-free rate in certain relevant cases.

JP has elected to apply the practical expedient, which does not require contracts to be separated between lease and nonlease components.

JP adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the adoption period presented using a modified retrospective approach, with certain practical expedients available.

JP has elected to adopt the package of practical expedients available in the year of adoption. JP has elected to adopt the available practical expedient to use hindsight in determining the lease term for existing leases and in assessing impairment of JP's ROU assets.

As a result of the adoption of the new lease accounting guidance, there were no changes to January 1, 2022 balances as the leases were entered into during 2022.

The standard had a material impact on the consolidated balance sheet but did not have an impact on the statements of activities nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Short-Term Lease Exemption

FASB Accounting Standards Codification (ASC) 842 allows the entity to not capitalize short-term leases (leases that are 12 months or less without a purchase option that the lessee is likely to exercise) and exclude them from the balance sheet. JP would continue to report these leases in the same method as operating leases under FASB ASC 840. The FASB ASC Glossary definition indicates that distinction of a short-term lease is applied at the commencement date of the lease. The short-term lease exception is not an explicit transition practical expedient. Therefore, a lease would need to qualify based on original commencement date or reassessment date based on FASB ASC 842-20-25-3 to be a short-term lease at transition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, JP has evaluated events and transactions for potential recognition or disclosure through June 6, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 CASH AND RESTRICTED CASH

	2022	2021
Checking	$ 1,675,125	$ 2,615,461
Restricted Reserves and Escrows	1,122,659	1,111,252
Total Cash and Restricted Cash	$ 2,797,784	$ 3,726,713

A significant portion of fundraising is done in the last quarter of each year resulting in higher year-end cash balances which are used to support seasonal cash flow needs in the new year.

JP maintains bank accounts which at times may exceed federally insured limits.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable balance for the years ended December 31, 2022 and 2021 was $2,240,957 and $113,638, respectively, and represents largely program receivables and employee retention credits net of a $57,131 and $3,700 allowance for doubtful accounts, respectively. The portion related to the employee retention credits totaled $1,966,118 and $-0-, respectively, for the years ended December 31, 2022 and 2021.

NOTE 4 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

Year Ending December 31,	Operating	Capital	Total
2023	$ 4,722,978	$ -	$ 4,722,978
2024	766,000	-	766,000
2025	765,000	-	765,000
Total Pledge Receivable	6,253,978	-	6,253,978
Less: Discount	(49,161)	-	(49,161)
Allowance for Doubtful Accounts	(18,068)	-	(18,068)
Total	$ 6,186,749	$ -	$ 6,186,749

The interest rate utilized for computing the discount for long-term pledges was JP's two-year average interest rate obtained on investments which was approximately 1.49% and 1.52% for the years ended December 31, 2022 and 2021, respectively.

NOTE 4 PLEDGES RECEIVABLE (CONTINUED)

Receivables from two contributors represented 54% of pledge receivables for the year ended December 31, 2022. Receivables from one contributor represented 13% of pledge receivables for the year ended December 31, 2021. If large pledges are not received, it might have a significant effect on JP's programs and activities.

NOTE 5 ASSETS HELD IN TRUST

In 2009, JP was named a 6.67% beneficiary in a perpetual trust. Under the terms of the trust agreement, the trustee will disburse earnings, up to 5% per year, to JP. The trust distributed $18,404 and $17,443 of earnings to Jeremiah Program during the years ended December 31, 2022 and 2021, respectively. See Note 14 for further detail.

NOTE 6 INVESTMENTS

Investments consist of the following:

	2022	2021
Securities	$ 5,034,013	$ 7,011,269
Bonds	2,487,217	2,287,582
Money Market and Short-Term Instruments	1,313,630	3,785,878
Community Foundation Holdings	588,340	663,729
Total	$ 9,423,200	$ 13,748,458

Investment income consists of the following:

	2022	2021
Interest and Dividend Income	$ 187,433	$ 159,703
Realized Gains	252,101	377,009
Unrealized Gains (Losses)	(2,086,407)	993,739
Total	$ (1,646,873)	$ 1,530,451

NOTE 7 MORTGAGES PAYABLE

The balances as of December 31 were as follows:

Description	2022	2021
0% Mortgage payable to Minnesota Housing Finance Agency. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	$ 200,000	$ 200,000
0% Mortgage payable to Family Housing Fund. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	250,000	250,000
1% per annum simple interest, mortgage payable to Minneapolis Community Development Agency. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	480,000	476,000
0% mortgage payable to Minneapolis Community Development Agency NRP loan. The loan will be forgiven if no event of default occurs before November 1, 2032. Secured by all assets of Minneapolis campus.	1,000,000	1,000,000
0% mortgage payable to Minnesota Housing Finance Agency Minnesota Families Affordable Rental Investment Fund Program. The loan will be forgiven if no event of default occurs before November 1, 2032. Secured by all assets of Minneapolis campus.	1,795,800	1,795,800
0% mortgage payable to Family Housing Fund. Loan matures on December 18, 2037. Secured by assets of St. Paul Campus.	300,000	300,000
0% mortgage payable to Greater Minnesota Housing Fund. Loan matures on June 30, 2059. Secured by assets of Rochester Campus.	450,000	450,000

NOTE 7 MORTGAGES PAYABLE (CONTINUED)

Description (Continued)	2022	2021
0% mortgage payable to the Minnesota Housing Finance Agency (MHFA). Loan matures March 4, 2038. Secured by assets of St. Paul Campus.	$ 550,000	$ 550,000
0% mortgage payable to the Rochester Area Foundation Loan matures June 30, 2059. Secured by assets of Rochester Campus.	320,000	320,000
0% mortgage payable to North Dakota Housing Finance Agency, up to $2.2M. The loan will be forgiven if no event of default occurs before September 10, 2035. Secured by assets of Fargo-Moorhead Campus.	2,200,000	2,200,000
0% mortgage payable to North Dakota Housing Finance Agency, up to $1,052,655. The loan will be forgiven if no event of default occurs before January 1, 2049. Secured by the land and building of the Fargo-Moorhead Campus.	1,052,655	1,052,655
0% mortgage payable to Federal Home Loan Bank of Des Moines. The loan will be forgiven if no event of default occurs before January 8, 2033. Secured by assets of Fargo Fargo-Moorhead Campus.	300,000	300,000
Total	8,898,455	8,894,455
Less: Current Portion of Mortgage Payable	-	-
Less: Discount on Below-Market Interest	1,161,859	1,256,166
Total Mortgages Payable, Net	$ 7,736,596	$ 7,638,289

Maturities on the debt are as follows:

Year Ending December 31,	Amount
2023	$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	8,898,455
Total Debt Before Discount	8,898,455
Less: Present Value Discount for Low Interest Loans	(1,161,859)
Total Debt, Net	$ 7,736,596

NOTE 7 MORTGAGES PAYABLE (CONTINUED)

JP has received mortgages payable that are interest free or have below market interest rates. In accordance with nonprofit accounting standards, at the inception of these mortgages, interest was imputed using the market rate at that date and the corresponding discount and restricted contributions were recorded for the difference between the fair value of the loans at the market rates and the value of the loans at their stated rate.

As the loans amortize, interest expense is recognized by reducing the recorded discount, and a corresponding amount is recorded as released from restriction. A present value discount of 3% to 4% is applied to below market rate loans.

NOTE 8 LEASES – ASC 842

The Organization leases a copier as well as an office facility for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through December 2032. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases:

Short-term Lease Cost	$ 13,525
Total Lease Costs	$ 13,525
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	$ 9,356
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	1,692,486
Weighted-Average Remaining Lease Term - Finance Leases	5.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	10 Years
Weighted-Average Discount Rate - Finance Leases	1.37%
Weighted-Average Discount Rate - Operating Leases	1.63%

NOTE 8 LEASES – ASC 842 (CONTINUED)

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year	Operating Leases	Financing Leases
2023	$ 162,275	$ 1,848
2024	167,220	1,848
2025	171,865	1,848
2026	176,510	1,848
2027	181,155	1,848
Thereafter	975,450	462
Total Lease Payments	1,834,475	9,702
Less: Interest	(141,989)	(346)
Present Value of Lease Liabilities	$ 1,692,486	$ 9,356

NOTE 9 CAPITAL AND OPERATING LEASES – ASC 840

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

JP has entered into capital leases for office equipment. At December 31, 2021, the gross cost of equipment under the capital leases is $52,518 and the corresponding accumulated depreciation is $52,518. Depreciation of the office equipment under capital lease is included in depreciation expense. The leases expired in 2021 and were moved to month-to-month leases as of year-end.

JP has entered into two operating leases for office space.

Future operating lease payments are as follows:

Year Ending December 31,	Amount
2023	$ 122,062

JP is additionally liable for annual taxes and operating expenses associated with one of the leases.

NOTE 10 NET ASSETS

Net Assets with Donor Restriction

Net assets with donor restriction consist of the following:

	2022	2021
Purpose and Time Restricted:		
Austin	$ 158,579	$ 362,167
Fargo-Moorhead	179,596	105,639
Campus Support Team	3,221,914	408,000
Boston	251,489	260,375
Rochester	39,301	32,000
Baltimore	185,000	-
New York	-	155,375
MSP - Miscellaneous Purpose	314,709	583,928
Total Purpose and Time Restricted Donations	4,350,588	1,907,484
Restricted for Future Period Loan Amortization	1,161,859	1,256,166
Endowment Earnings	570,024	991,505
Donations Required to be Maintained in Perpetuity by Donor	2,038,164	2,204,529
Total Net Assets with Donor Restriction	$ 8,120,635	$ 6,359,684

Net Assets Released from Restrictions

	2022	2021
Campus Support Team	$ 1,966,800	$ 936,500
Austin, TX Activity	242,088	334,525
Boston, MA Activity	233,886	231,500
Fargo, ND - Moorhead, MN Activity	104,663	100,150
MSP Activity	458,920	196,500
New York Activity	155,375	398,300
Rochester, SE-MN Activity	15,199	1,500
Endowment Releases	107,046	91,206
Restricted for Future Period Loan Amortization	94,307	90,561
Total Net Assets Released from Restrictions	$ 3,378,284	$ 2,380,742

MSP = Minneapolis/St. Paul campuses.

NOTE 10 NET ASSETS (CONTINUED)

Board-Designated Net Assets

Board-designated net assets consists of the following:

	2022	2021
Board-Designated - Capital Reserve	$ 178,783	$ 165,256
Board-Designated - Endowment	4,485,650	5,626,474
Board-Designated - St. Paul & ROC, MN Campuses	8,929,055	8,291,522
Board-Designated - Austin, TX Campus	3,834,438	4,090,366
Total Board-Designated Net Assets	$ 17,427,926	$ 18,173,618

Operating Reserve

As part of JP's minimum operating reserve requirement policy, the operating reserves may be applied to stabilize unexpected and temporary cash flow issues such as seasonal cash flow deficits, unbudgeted expenses, income source disruptions, or economic downturns. Any shortfall to the target balance should be replenished with future years' excess revenue.

Capital Reserve

The capital reserve was established in anticipation of future capital replacements and improvements. Capital reserves are intended for large planned or emergency capital needs when current year funding is not available to cover expenditures. A separate capital reserve was established in 2009 and is increased periodically with board approval in anticipation of future capital replacements and improvements.

Endowment

The endowment reserve is designated for long-term investment and was established for the purpose of providing additional income to support Minneapolis/St. Paul campus operations. See Note 14 for further detail.

St. Paul, Minnesota Campus

Funds designated for the St. Paul, Minnesota campus represent JP's investment in property and equipment for that campus.

Austin, Texas Campus

Funds designated for the Austin, Texas campus represent JP's investment in the property for that campus.

Limited Partnership – Noncontrolling Interest

Limited Partnership - Noncontrolling Interest represents the limited partner's share of equity in the Jeremiah St. Paul Limited Partnership and Jeremiah Program Rochester Limited Partnership. The limited partner for Jeremiah St. Paul Limited Partnership is NEF Community Investment Fund II, L.P. and the limited partner for Jeremiah Program Rochester Limited Partnership is NEF Assignment Corporation.

NOTE 10 NET ASSETS (CONTINUED)

Limited Partnership – Noncontrolling Interest (Continued)

Change in consolidated net assets without donor restriction is as follows:

	Total	Controlling Interest	Noncontrolling Interest
Balance - December 31,2020	$ 36,423,993	$ 25,164,413	$ 11,259,580
Change in Net Assets Without Donor Restriction	(978,550)	292,233	(1,270,783)
Capital Contributions	1,041,441	-	1,041,441
Balance - December 31, 2021	36,486,884	25,456,646	11,030,238
Change in Net Assets Without Donor Restriction	(2,325,340)	(846,579)	(1,478,761)
Balance - December 31, 2022	$ 34,161,544	$ 24,610,067	$ 9,551,477

NOTE 11 DONATED GOODS AND SERVICES

Donated items and services received by the Organization are recorded as in-kind contribution revenue and expense. The Organization received the following contributions of nonfinancial assets for the years ended December 31:

	2022	2021
Child Care Items	$ 18,810	$ 6,807
Clothing	2,444	6,575
Food	3,994	7,889
Holiday Donations	11,364	37,103
General Program	27,515	23,151
Technology	227,500	300
Total Donated Goods and Services	$ 291,627	$ 81,825

Jeremiah Program recognized contributed nonfinancial assets within revenue, including donated food, holiday donations, clothing, childcare items, program supplies, and technology. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. All contributed assets and services were utilized by JP's programs and supporting services. The value of each donation is noted by the donor upon receipt and verified by JP Staff. Verification consists of searching various websites to confirm the donated value, and the value is adjusted accordingly.

Contributed food was given to support a sense of community among families for family dinners as well as sisterhood events. Holiday donations, clothing and childcare items were contributed to supply JP families with essential items they did not have resources. Programmatic supplies were contributed to support JP mission of disrupting the cycle of poverty for single mothers and their children two generations at a time.

Technology donation was contributed to supply JP moms with personal laptops to assist JP Moms in their journey of higher education. Once the personal laptops are disbursed, the laptops are expensed.

NOTE 12 FAIR VALUE MEASUREMENTS

JP uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how JP measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of JP measured at fair value on a recurring basis as of December 31:

December 31, 2022				
Assets:	Level 1	Level 2	Level 3	Total
Securities	$ 5,034,013	$ -	$ -	$ 5,034,013
Bonds	2,487,217	-	-	2,487,217
Money Market and Short-Term Instruments	1,313,630	-	-	1,313,630
Community Foundation Holdings	-	-	588,340	588,340
Total	8,834,860	-	588,340	9,423,200
Assets Held in Trust	-	-	359,841	359,841
Total	$ 8,834,860	$ -	$ 948,181	$ 9,783,041

December 31, 2021				
Assets:	Level 1	Level 2	Level 3	Total
Securities	$ 7,011,269	$ -	$ -	$ 7,011,269
Bonds	2,287,582	-	-	2,287,582
Money Market and Short-Term Instruments	3,785,878	-	-	3,785,878
Community Foundation Holdings	-	-	663,729	663,729
Total	13,084,729	-	663,729	13,748,458
Assets Held in Trust	-	-	450,817	450,817
Total	$ 13,084,729	$ -	$ 1,114,546	$ 14,199,275

Unrealized changes in fair value for investments and realized gains and losses from sales are recorded in nonoperating income in the consolidated statements of activities.

The changes in investment measured at fair value using Level 3 inputs are reflected below:

	2022	2021
Balance - Beginning of Year	$ 1,114,546	$ 914,580
Distributions	(36,797)	(23,346)
Change in Value	(129,568)	223,312
Balance - End of Year	$ 948,181	$ 1,114,546

NOTE 13 PARTNERSHIP AGREEMENT REQUIREMENTS

TJP St. Paul LLC, whose sole member is Jeremiah Program, is the General Partner of the Jeremiah St. Paul Limited Partnership. Jeremiah Program Rochester GP LLC, whose sole member is Jeremiah Program, is the General Partner of the Jeremiah Program Rochester Limited Partnership. The financial results of these entities are, therefore, consolidated in Jeremiah Program's audited financial statements. In accordance with the partnership agreements, the General Partner is obligated to provide funds for any operating deficits and maintain compliance with these partnership agreements.

Escrows and Reserves

The mortgage and partnership agreements require various reserve funds including, but not limited to, Operating Reserves and Replacement Reserves. Withdrawals from these accounts typically require lender and/or Limited Partner consent prior to distribution.

Commitments and Contingencies

The partnerships' operations are concentrated in the St. Paul and Rochester, Minnesota multifamily real estate markets. In addition, the partnerships operate in a heavily regulated environment. The operations of the partnerships are subject to rules and regulations of federal, state, and local governmental agencies. Changes may occur with little notice or inadequate funding to pay for the related costs to comply with a change.

The partnerships' housing tax credits are contingent on their ability to maintain compliance with applicable sections of IRC Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest.

In addition, such potential noncompliance may require an adjustment to the contributed capital of the Limited Partner.

Property Purchase Option

The partnerships have granted Jeremiah Program an option to purchase partnership property or purchase the Limited Partners' limited partnership interest after the close of the 15-year compliance period for the low-income housing tax credit for the Project. Jeremiah Program has also been granted a right of first refusal to purchase partnership property.

NOTE 14 ENDOWMENT

JP has a board-designated endowment fund established for the purpose of providing income to support operations. JP also is the beneficiary of a perpetual trust that is classified as an endowment fund with donor restriction. While future campus communities may establish endowment funds, currently JP's endowment consists of three individual funds established for providing income to support its Minneapolis/St. Paul campus operations.

NOTE 14 ENDOWMENT (CONTINUED)

As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As a result of this interpretation, JP classifies the board-designated endowment assets as net assets without donor restriction.

JP's endowment policy allows for a 3-5% distribution from endowment funds annually that is based on rolling 12-quarter average of both endowment balances with and without donor restriction.

JP invests its endowment funds in a portfolio including a liquid money market account, mutual funds consisting of short-term treasury investments, inflation-protected securities, total bond market, and large cap stock, in addition to exchange traded funds, with the objective of preservation of capital and long-term capital appreciation. The portfolio investment return objective is to produce returns over time at a moderate level of risk to invested capital.

Interpretation of Relevant Law

Our board of directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of JP and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of JP
(7) The investment policies of JP

NOTE 14 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment net asset composition by type and changes in endowment net assets for the years ended December 31 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
December 31, 2022			
Board-Designated Endowment Funds	$ 4,485,650	$ -	$ 4,485,650
Donor-Restricted Endowment Funds	-	2,248,347	2,248,347
Restricted Trusts	-	359,841	359,841
Total Funds	$ 4,485,650	$ 2,608,188	$ 7,093,838

	Without Donor Restriction	With Donor Restriction	Total
December 31, 2021			
Board-Designated Endowment Funds	$ 5,626,473	$ -	$ 5,626,473
Donor-Restricted Endowment Funds	-	2,745,217	2,745,217
Restricted Trusts	-	450,817	450,817
Total Funds	$ 5,626,473	$ 3,196,034	$ 8,822,507

	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance - December 31, 2020	$ 4,935,758	$ 2,737,796	$ 7,673,554
Contributions	-	15,623	15,623
Transfers	-	100,000	100,000
Earnings:			
Interest and Dividends	93,949	43,898	137,847
Realized and Unrealized Losses	778,766	389,924	1,168,690
Total	872,715	433,822	1,306,537
Appropriations	(182,000)	(91,207)	(273,207)
Endowment Fund Balance - December 31, 2021	5,626,473	3,196,034	8,822,507
Contributions	-	50,000	50,000
Earnings:			
Interest and Dividends	90,910	44,773	135,683
Realized and Unrealized Losses	(1,012,764)	(575,572)	(1,588,336)
Total	(921,854)	(530,799)	(1,452,653)
Appropriations	(218,969)	(107,047)	(326,016)
Endowment Fund Balance - December 31, 2022	$ 4,485,650	$ 2,608,188	$ 7,093,838

NOTE 15 INVESTMENT IN PARTNERSHIP AT EQUITY METHOD

A legal housing partnership was formed with GNDC Saldaña GP, LLC (Guadalupe Neighborhood Development Corporation (GNDC) is the sole member) and Jeremiah Program Austin, LLC (Jeremiah Program is the sole member) under the legal name of Guadalupe Jeremiah Limited Partnership (Ltd Partnership) which provides safe affordable housing, early childhood education, life skills training, career track coaching, and a supportive community, serving 35 low income families in addition to one family currently being served through other GNDC housing. Construction was completed in 2017 through a partnership with GNDC, a low-income nonprofit housing developer and property management organization. GNDC provided the land for the Jeremiah Program site and is the developer for the project, working closely with Jeremiah Program Austin Building Committee.

Furnishings for apartments, child development center, community space, and offices are carried on Jeremiah Program books.

GNDC serves as property manager and Jeremiah makes monthly operating contributions to the Ltd Partnership to cover operating expenses, net of building income. GNDC, as general partner with controlling interest, has overall accountability for the Ltd Partnership, but the partnership agreement provides for joint approval of annual operating budgets and other key decisions regarding the assets of the partnership.

Jeremiah Program, as the limited partner, has a 66.01% interest in Guadalupe Jeremiah Limited Partnership as of December 31, 2022.

JP follows accounting policies which include a presumption that a general partner controls the partnership no matter what the ownership interest is and requires the sole general partner in a limited partnership to consolidate the partnership unless that presumption of control is overcome.

JP evaluated its relationship with the limited partnership in which it is currently the Limited Partner and determined the presumption of control resides with the General Partner. Therefore, JP accounts for the investment on an equity method.

The financial information for this entity is as follows for December 31:

	2022	2021
Assets	$ 5,888,276	$ 6,223,217
Liabilities	78,923	113,774
Equity	5,809,353	6,109,443
Net Loss	(300,090)	(351,746)

Included in net loss for the years ended December 31, 2022 and 2021 is $300,090 and $299,636, respectively, of noncash depreciation expense.

NOTE 16 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT

JP maintains and manages adequate operating reserves per policies set by its board of directors. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, are made up of the following:

	2022	2021
Cash	$ 1,675,125	$ 3,750,481
Accounts Receivable, Net	2,240,957	113,638
Current Portion of Pledges Receivable, Net	4,704,910	2,136,484
Investments	8,834,860	13,084,729
Less: Net Assets with Donor Restriction	(8,120,635)	(6,359,684)
Total Liquid Assets, Net	$ 9,335,217	$ 12,725,648

Jeremiah Program will use the operating reserve ratio to ensure current assets can sustain four months of essential operational expenses. This is measured monthly by the Finance department using the operating reserve ratio. This ratio is reported to the Finance Committee and The Governing Board in the regular financial reports. During 2022 and 2021, the level of liquidity and reserves was managed within policy requirements.

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