Community Homes for Adults, Inc.

FINANCIAL STATEMENTS

October 31, 2022 and 2021

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REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Homes for Adults, Inc.

Qualified Opinion

We have audited the accompanying financial statements of Community Homes for Adults, Inc. (CHAI), a nonprofit organization, which comprise the statements of financial position as of October 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Community Homes for Adults, Inc. as of October 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 15 to the financial statements, CHAI has control through a majority voting interest of the Board of Directors and an economic interest in Community Homes for Adults Endowment Foundation (CHAEF), a supporting organization which is not consolidated. Accounting principles generally accepted in the United States of America require CHAEF to be consolidated with CHAI. If the financial statements of CHAEF had been consolidated with those of CHAI, total net assets for 2022 would have increased by $11,867,528 and the total change in net assets would have decreased by $633,483. For 2021 total net assets would have increased by $12,501,011 and the total change in net assets would have increased by $3,794,211.

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 CHAI 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Dallas, Texas
March 6, 2023

FINANCIAL STATEMENTS

Community Homes for Adults, Inc.
Statements of Financial Position

October 31,	**2022**	2021
Assets		
Current assets		
Cash and cash equivalents	**$ 1,360,120**	$ 1,381,262
Accounts receivable	**351,445**	132,891
Contributions receivable, net	**95,536**	118,881
Prepaid expenses	**68,456**	70,368
Total current assets	**1,875,557**	1,703,402
Non-current assets		
Property and equipment, net	**562,974**	627,259
Other assets	**6,046**	6,046
Total noncurrent assets	**569,020**	633,305
Total assets	**$ 2,444,577**	$ 2,336,707
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 139,855**	$ 118,755
Total current liabilities	**139,855**	118,755
Total liabilities	**139,855**	118,755
Net assets		
Net assets without donor restrictions		
Undesignated net assets	**1,314,308**	1,604,438
Board-designated operating reserve	**692,903**	302,349
Total net assets without donor restrictions	**2,007,211**	1,906,787
Net assets with donor restrictions (Note 7)	**297,511**	311,165
Total net assets	**2,304,722**	2,217,952
Total liabilities and net assets	**$ 2,444,577**	$ 2,336,707

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

Community Homes for Adults, Inc.
Statements of Activities and Changes in Net Assets

For the year ended October 31, 2022

	Without donor restrictions	With donor restrictions	Total
Operating support and revenues			
Contributions			
Community Homes for Adults Endowment Foundation	$ 484,608	$ -	$ 484,608
Other contributions	481,963	120,086	602,049
Client fees	2,479,384	-	2,479,384
Special event income	270,668	-	270,668
Contributions of non-financial assets	37,523	-	37,523
Other income	2,887	-	2,887
Interest income	310	-	310
Total operating support and revenues before net assets released from restrictions	3,757,343	120,086	3,877,429
Net assets released from restrictions	133,740	(133,740)	-
Total operating support and revenues after net assets released from restrictions	3,891,083	(13,654)	3,877,429
Operating expenses			
Program services	3,300,991	-	3,300,991
Management and general	158,536	-	158,536
Fundraising	331,132	-	331,132
Total operating expenses	3,790,659	-	3,790,659
Change in net assets	100,424	(13,654)	86,770
Net assets			
Beginning of year	1,906,787	311,165	2,217,952
End of year	$ 2,007,211	$ 297,511	$ 2,304,722

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

Community Homes for Adults, Inc.
Statements of Activities and Changes in Net Assets
(Continued)

For the year ended October 31, 2021

	Without donor restrictions	With donor restrictions	Total
Operating support and revenues			
Contributions			
Community Homes for Adults Endowment Foundation	$ 428,103	$ -	$ 428,103
Other contributions	459,960	111,387	571,347
Client fees	2,140,896	-	2,140,896
Special event income	258,360	-	258,360
Contributions of non-financial assets	12,188	-	12,188
Other income	410,123	-	410,123
Interest income	1,907	-	1,907
Total operating support and revenues before net assets released from restrictions	3,711,537	111,387	3,822,924
Net assets released from restrictions	110,907	(110,907)	-
Total operating support and revenues after net assets released from restrictions	3,822,444	480	3,822,924
Operating expenses			
Program services	3,021,791	-	3,021,791
Management and general	162,694	-	162,694
Fundraising	308,635	-	308,635
Total operating expenses	3,493,120	-	3,493,120
Change in net assets	329,324	480	329,804
Net assets			
Beginning of year	1,577,463	310,685	1,888,148
End of year	$ 1,906,787	$ 311,165	$ 2,217,952

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

Community Homes for Adults, Inc.
Statements of Functional Expenses

For the years ended October 31,

	Program Services	Supporting Services				
		Management and general expenses	Fundraising	Supporting services total	**2022** Total	2021 Total
Advertising	$ -	$ -	$ 1,345	$ 1,345	**$ 1,345**	$ 543
Audit and accounting fees	22,879	13,756	1,565	15,321	**38,200**	25,999
Bad debt	-	-	-	-	**-**	232
Client services and program activities	111,310	-	-	-	**111,310**	93,191
Client transportation	72,201	-	-	-	**72,201**	49,730
Contract labor	551,189	-	-	-	**551,189**	467,384
Depreciation	55,484	8,800	-	8,800	**64,284**	70,279
Donation cost	-	-	-	-	**-**	21
Dues and subscriptions	1,025	2,577	117	2,694	**3,719**	4,198
Employee benefits	209,319	8,744	21,148	29,892	**239,211**	258,713
Employee salaries and related expenses	1,896,860	71,043	230,449	301,492	**2,198,352**	2,054,428
Legal	-	-	-	-	**-**	7,403
Information technology	75,151	11,095	7,113	18,208	**93,359**	83,997
Insurance	34,065	4,134	2,330	6,464	**40,529**	36,751
Office expense	2,984	12,151	11,225	23,376	**26,360**	19,204
Other expenses	-	12,375	6,481	18,856	**18,856**	27,654
Permits and licenses	1,000	-	-	-	**1,000**	1,306
Recruiting, certification, training and development	9,730	1,000	277	1,277	**11,007**	9,105
Rent	86,296	8,907	3,904	12,811	**99,107**	96,752
Repairs and maintenance	93,171	199	-	199	**93,370**	100,433
Special events expense	-	-	44,936	44,936	**44,936**	9,943
Travel and conferences	3,999	3,642	157	3,799	**7,798**	6,976
Utilities	74,328	113	85	198	**74,526**	68,878
Total	$ 3,300,991	$ 158,536	$ 331,132	$ 489,668	**$ 3,790,659**	$ 3,493,120
% of total expenses	87%	4%	9%			

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

Community Homes for Adults, Inc.
Statements of Functional Expenses
(Continued)

For the year ended October 31, 2021

	Program Services	Supporting Services			
		Management and general expenses	Fundraising	Supporting services total	Total
Advertising	$ -	$ -	$ 543	$ 543	$ 543
Audit and accounting fees	21,967	2,772	1,260	4,032	25,999
Bad debt	-	232	-	232	232
Client services and program activities	93,191	-	-	-	93,191
Client transportation	49,730	-	-	-	49,730
Contract labor	467,384	-	-	-	467,384
Depreciation	60,628	9,651	-	9,651	70,279
Donation cost	-	-	21	21	21
Dues and subscriptions	3,592	379	227	606	4,198
Employee benefits	220,090	13,219	25,404	38,623	258,713
Employee salaries and related expenses	1,741,999	80,395	232,034	312,429	2,054,428
Legal	6,578	567	258	825	7,403
Information technology	61,915	10,943	11,139	22,082	83,997
Insurance	30,941	3,995	1,815	5,810	36,751
Office expense	1,804	8,794	8,606	17,400	19,204
Other expenses	-	14,099	13,555	27,654	27,654
Permits and licenses	1,306	-	-	-	1,306
Recruiting, certification, training and development	7,339	1,591	175	1,766	9,105
Rent	85,072	8,210	3,470	11,680	96,752
Repairs and maintenance	99,526	907	-	907	100,433
Special events expense	-	-	9,943	9,943	9,943
Travel and conferences	2,146	4,770	60	4,830	6,976
Utilities	66,583	2,170	125	2,295	68,878
Total	$ 3,021,791	$ 162,694	$ 308,635	$ 471,329	$ 3,493,120
% of total expenses	86%	5%	9%		

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

Community Homes for Adults, Inc.
Statements of Cash Flows

For the years ended October 31,	**2022**	2021
Operating Activities		
Change in net assets	**$ 86,770**	$ 329,804
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	**64,285**	70,279
Gain on forgivenes of PPP loan	**-**	(408,897)
Changes in operating assets and liabilities		
Accounts receivable	**(218,554)**	(28,150)
Contributions receivable	**23,345**	26
Prepaid expenses	**1,912**	(32,861)
Accounts payable and accrued expenses	**21,100**	(356)
Net cash provided by (used in) operating activities	**(21,142)**	(70,155)
Investing Activities		
Expenditures for fixed assets	**-**	(24,132)
Net cash provided by (used in) investing activities	**-**	(24,132)
Net change in cash and cash equivalents	**(21,142)**	(94,287)
Cash and cash equivalents at beginning of year	**1,381,262**	1,475,549
Cash and cash equivalents at end of year	**$ 1,360,120**	$ 1,381,262

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

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Community Homes for Adults, Inc. (CHAI) manages facilities used for the purpose of operating and maintaining group homes and other amenities for adults with intellectual disabilities. The goal of CHAI is to promote the development of resident self-reliance and independence. It provides a program environment which approximates as closely as possible the patterns and conditions of everyday life and helps residents participate in the regular life of the community.

CHAI emphasizes assistance and supervision of residents in order to help them maximize self-reliance and independence. CHAI develops a personalized program for each resident which includes skill training in areas such as self-care, socialization, communication, money management and home skills. Additionally, auxiliary and support services are provided by prevocational and vocational programs and health care professionals as needed.

In addition to serving the residents of the group homes, CHAI operates the Wolens Program Service serving adults with intellectual disabilities living with their families or in other residential settings in the Dallas community.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

CHAI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent outstanding client fees and are stated at the amount billed to the client, the client's family or a third party. CHAI considers receivables to be fully collectible based on its assessment of the current status of individual accounts and current economic conditions; accordingly, no allowance for doubtful accounts is required. If accounts receivable are determined to be delinquent or become uncollectible, they will be charged to operations at that time.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Restricted contributions are recorded at their estimated fair value when received or made rather than in the period for which the promises to give are designated. Unconditional promises to give are recorded as revenue when the promise is made.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Property and Equipment

Property and equipment are carried at cost as of the date of acquisition or at fair market value as of the date of donation, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to allocate the cost of depreciable assets over their estimated useful lives on a straight-line basis. CHAI's policy is to expense repairs and maintenance and all items under $2,000. Repairs and maintenance expense for the years ended October 31, 2022 and 2021 were approximately $93,000 and $100,500, respectively.

Net Assets

CHAI reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-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 specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, CHAI reports the support as net assets without donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of CHAI, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

CHAI is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code according to the United States Internal Revenue Service (IRS) determination letter dated August 25, 1971, except to the extent that it has unrelated business income. For the years ended October 31, 2022 and 2021, unrelated business income did not result in any material net taxable income; therefore no provision for income tax has been provided in the accompanying financial statements.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Revenue Recognition

Client fees revenue and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, CHAI recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Client fees revenue is reported at the amount that reflects the consideration CHAI expects to be entitled for providing services to the client. These amounts are due from clients, third-party payers (including managed care payers and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. CHAI bills the clients and third-party payers after the services are performed. Client fees revenue is recognized as performance obligations are satisfied, which occurs at a point in time when the related service is completed.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocations of Expenses

The expenses of CHAI are reported in the accompanying statements of activities by their functional and natural classifications. Functional classification is a method of reporting expenses according to the purpose for which costs are incurred. Natural classification is a method of grouping expenses according to the kinds of economic benefits received in incurring those expenses. The majority of CHAI's expenses can be directly assigned to their functional classifications. Some expenses must be allocated because they benefit more than one functional classification such as salaries and related costs which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 6, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

Effective November 1, 2021, CHAI adopted, ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentations and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets. The ASU requires nonfinancial contributed assets, the use of nonfinancial contributed assets, or contributed services meeting the criteria for recording be presented separately from contributions of cash and other financial assets in the statement of activities. The adoption of the new standard had no impact on CHAI’s beginning net assets, however certain reclassifications were made to prior year balances to conform with the current presentation.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. CHAI is currently evaluating the impact of the guidance on its financial statements.

NOTE 3: FINANCIAL ASSET AVAILABILITY

The following reflects CHAI's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

October 31,	**2022**	2021
Financial assets available within one year		
Cash and cash equivalents	**$ 1,360,120**	$ 1,381,262
Accounts receivable, net	**351,445**	132,891
Contributions receivable, net	**95,536**	118,881
Total financial assets available within one year	**1,807,101**	1,633,034
Less amounts unavailable for general expenditures		
Net assets with donor restrictions	**(297,511)**	(311,165)
Board designated net assets	**(692,903)**	(302,349)
Total financial assets available to management for general expenditures within one year	**$ 816,687**	$ 1,019,520

CHAI is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, CHAI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of CHAI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, CHAI invests cash in excess of daily requirements in highly liquid interest-bearing accounts. In the event of an unanticipated liquidity need, CHAI would draw from its operating reserve or seek additional support from its supporting organization discussed in Note 15 or from other sources.

NOTE 4: CONTRIBUTIONS RECEIVABLE

To determine the net realizable value of contributions, an allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, the credit standing of applicable donors and nature of fundraising activity. If actual collection results differ significantly from expectations, contributions in a subsequent period may be adjusted accordingly.

NOTE 4: CONTRIBUTIONS RECEIVABLE (Continued)

Unconditional promises to give consisted of the following:

October 31,	**2022**	2021
Receivable in less than one year	**$ 97,536**	$ 120,881
Receivable in one to five years	**-**	-
Receivable in more than five years	**-**	-
	97,536	120,881
Allowance for uncollectible promises	**(2,000)**	(2,000)
Contributions receivable, current, net	**95,536**	118,881
Contributions receivable, non-current, net	**-**	-
Contributions receivable, net	**$ 95,536**	$ 118,881

Unconditional promises to give are reflected at the present value of future cash flows using the treasury discount rate.

As of October 31, 2022, $75,000 of the balance of unconditional promises to give is also restricted for the purpose of nursing-related expenses.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

October 31,	**2022**	2021	Estimated useful lives
Land	**$ 274,953**	$ 274,953	
Buildings and improvements	**1,082,197**	1,082,197	15-39 years
Furniture fixtures and equipment	**150,661**	150,661	5-10 years
Vehicles	**260,502**	260,502	5 years
	1,768,313	1,768,313	
Accumulated depreciation	**(1,205,339)**	(1,141,054)	
Property and equipment, net	**$ 562,974**	$ 627,259	

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

October 31,	**2022**	2021
Accounts payable	**$ 69,367**	$ 55,718
Deferred rent	**3,784**	7,912
Payroll liabilities	**66,704**	55,125
	$ 139,855	$ 118,755

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

October 31,	**2022**	2021
Subject to the passage of time	**$ 20,000**	$ 40,521
Subject to expenditure for specified purpose		
Carmen & Ludwig Michael Maintenance Fund	**166,750**	166,750
Lois Toub House Maintenance Fund	**22,179**	22,179
Hirsch Family Foundation	**10,000**	-
Wish List - Multiple Donors	**1,082**	-
Legacy Heritage Fund	**2,500**	866
Total subject to expenditure for specified purpose	**202,511**	189,795
Subject to the passage of time and expenditure for specified purpose		
Nurse employment	**75,000**	80,000
Other	**-**	849
Total subject to expenditure for specified purpose	**75,000**	80,849
Total net assets with donor restrictions	**$ 297,511**	$ 311,165

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or by occurrence of the passage of time or other events specific by the donors for the years ended:

For the years ended October 31,		**2022**		2021
Expiration of time restrictions	**$**	**40,521**	$	35,907
Satisfaction of purpose restrictions				
Wish List - Multiple Donors		**4,004**		-
Vehicle Purchase - Bauer Foundation		**866**		-
Legacy Heritage Fund		**7,500**		-
Total subject to expenditure for specified purpose		**12,370**		-
Expiration of time and satisfaction of purpose restrictions				
Nurse employment		**80,000**		75,000
Volunteer Program		**849**		-
Total subject to expenditure for specified purpose		**80,849**		75,000
Net assets released from restrictions	**$**	**133,740**	$	110,907

NOTE 8: REVENUE

CHAI is a provider of Home and Community-Based Services (HCS), a program funding providers of services for people with intellectual disabilities. It allows people with these disabilities to receive service in the community rather than in state institutions. It is a federal Medicaid program (not entitlement) with state matched funds and has agreements with other third-party payers that provide payments to CHAI at established rates.

Contract Assets and Liabilities

Contract assets and liabilities consisted of the following:

October 31,		**2022**		2021
Receivable from contracts, beginning of year	**$**	**132,891**	$	104,741
Receivable from contracts, end of year	**$**	**351,445**	$	132,891
Contract liabilities, beginning of year	**$**	**-**	$	-
Contract liabilities, end of year	**$**	**-**	$	-

NOTE 8: REVENUE (Continued)

Disaggregated revenue

For the years ended October 31,	**2022**	2021
Contracts with customers subject to Topic 606		
Recognized at a point in time		
Client fees	**$ 2,479,384**	$ 2,140,896
Revenue and other support not subject to Topic 606		
Contributions	**1,086,657**	999,450
Special event income	**270,668**	258,360
Contributions of non-financial assets	**37,523**	12,188
Other income	**2,887**	410,123
Interest income	**310**	1,907
	$ 3,877,429	$ 3,822,924

NOTE 9: CONTRIBUTIONS IN-KIND

All donated space and goods were utilized by the Organization's program and supporting services. There were no donor-imposed restrictions remaining at October 31, 2022 or October 31, 2021, associated with the contributed space or goods.

The components of donated space and goods contributed to the Organization consisted of the following:

For the year ended October 31, 2022	Donated space	Donated goods	Total
Program services			
Group homes	$ -	$ 3,998	$ 3,998
Supporting services			
Fundraising	33,525	-	33,525
	$ 33,525	$ 3,998	$ 37,523

For the year ended October 31, 2021	Donated space	Donated goods	Total
Program services			
Group homes	$ -	$ 12,188	$ 12,188
	$ -	$ 12,188	$ 12,188

NOTE 9: CONTRIBUTIONS IN-KIND (Continued)

Donated space is valued at fair market value, determined based on the standard rental rate. Donated goods are valued at the wholesale prices that would be received for selling similar products.

NOTE 10: PAYCHECK PROTECTION PROGRAM

During April 2020, in response to the global pandemic, CHAI applied for and received $408,897 in Paycheck Protection Program loans which were loans established by the CARES Act and implemented by the Small Business Administration and backed by the United States Treasury. If certain conditions of the Paycheck Protection Program are met, then amounts up to the full amount of loans provided are to be forgiven.

On April 27 2021, CHAI received a letter of satisfaction that the original principal amount of the PPP loan totaling $408,897, was fully forgiven by the U.S. Small Business Administration, accordingly a gain of $408,897 was recorded in other income on the accompanying Statements of Activities and Changes in Net Assets.

NOTE 11: CONCENTRATIONS

Concentration of Contributions Receivable

Two donors are responsible for the contributions receivable at October 31, 2022 and 2021. The majority of CHAI's operations are within the North Texas area. Therefore, results of operations and collectability of receivables are subject to economic conditions of the area.

Concentration of Credit Risk

At October 31, 2022, CHAI maintained cash balances in banking institutions in excess of the federally insured amount. The excess balance is approximately $657,000 before considering outstanding items and offsetting balances.

NOTE 12: PENSION PLAN

CHAI has a defined contribution pension plan under United States Internal Revenue Code Section 403(b) for employees meeting minimum age and service requirements. Contributions to the plan by CHAI are wholly at management's discretion, and for the years ended October 31, 2022 and 2021, there were no contributions by CHAI.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Rent expense for the years ended October 31, 2022 and 2021, was approximately $99,000 and $97,000, respectively, and includes the lease of CHAI's central office and a property currently in use as a group home.

Future minimum lease payments which include payments under the lease entered into subsequent to year end discussed below are as follows:

For the years ending October 31,	
2023	$ 81,000
2024	24,000
2025	23,000
2026	1,000
	$ 129,000

NOTE 14: RELATED PARTY TRANSACTIONS

CHAI received donations from its board members and their immediate household families for each of the years ended October 31, 2022 and 2021, totaling approximately $144,000 and $155,600, respectively. CHAI also receives certain client fees from board members and their families related to care of relatives. These client fees are not significant.

NOTE 15: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION

The Community Homes for Adults Endowment Foundation (CHAEF), a Texas nonprofit organization, was incorporated in 1992 as a separate corporation and operates as a supporting organization of CHAI within the meaning of the Internal Revenue Code. CHAEF was organized specifically for the purpose of receiving and raising funds for endowment purposes, investing those funds, and distributing funds to organizations engaged in operating and maintaining group homes and other facilities, under Jewish auspices, and to provide services on a non-sectarian basis for adults with cognitive disabilities in North Texas.

CHAI received cash contributions from CHAEF in the amounts of $485,000 and $428,000, respectively, during the years ended October 31, 2022 and 2021. CHAEF will continue to make contributions as needed on an ongoing basis to support operations and to cover government agency funding reductions and for unanticipated emergency expenditures. CHAI provides CHAEF with office space and administrative services. The value of such services and facility space is not material and has not been reflected in the accompanying financial statements.

NOTE 15: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION (Continued)

CHAI has control through its ability to select a majority of CHAEF's Board of Directors and has an economic interest in CHAEF. Accounting principles generally accepted in the United States of America require consolidated financial statements of CHAI and CHAEF.

If the financial statements of CHAI had been consolidated with those of CHAEF for the years ended October 31, 2022 and 2021, summarized consolidating financial information would be presented as follows:

For the year ended October 31,				2022
	CHAI	CHAEF	Eliminations	Total
Total assets	$ 2,444,577	$ 11,867,528	$ -	$ 14,312,105
Total liabilities	$ 139,855	$ -	$ -	$ 139,855
Net assets	2,304,722	11,867,528	-	14,172,250
Total liabilities and net assets	$ 2,444,577	$ 11,867,528	$ -	$ 14,312,105
Total operating support and revenue	$ 3,877,429	$ (143,751)	$ (484,608)	$ 3,249,070
Total operating expenses	3,790,659	489,732	(484,608)	3,795,783
Change in net assets	86,770	(633,483)	-	(546,713)
Net assets, beginning of year	2,217,952	12,501,011	-	14,718,963
Net assets, end of year	$ 2,304,722	$ 11,867,528	$ -	$ 14,172,250

NOTE 15: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION (Continued)

For the year ended October 31, 2021

	CHAI	CHAEF	Eliminations	Total
Total assets	$ 2,336,707	$ 12,501,011	$ -	$ 14,837,718
Total liabilities	$ 118,755	$ -	$ -	$ 118,755
Net assets	2,217,952	12,501,011	-	14,718,963
Total liabilities and net assets	$ 2,336,707	$ 12,501,011	$ -	$ 14,837,718
Total operating support and revenue	$ 3,822,924	$ 4,226,672	$ (428,103)	$ 7,621,493
Total operating expenses	3,493,120	432,461	(428,103)	3,497,478
Change in net assets	329,804	3,794,211	-	4,124,015
Net assets, beginning of year	1,888,148	8,706,800	-	10,594,948
Net assets, end of year	$ 2,217,952	$ 12,501,011	$ -	$ 14,718,963