

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**



JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

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## **INDEPENDENT AUDITOR’S REPORT**

May 19, 2026

To the Board of Directors  
Jewish Hospice & Chaplaincy Network

### **Opinion**

We have audited the financial statements of the Jewish Hospice & Chaplaincy Network (“JHCN”, a Michigan non-profit Corporation), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, as well as the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JHCN as of December 31, 2025 and 2024, 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 (“U.S. GAAP”).

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

JHCN’s management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 JHCN’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. *Reasonable assurance* is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. 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 U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we 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.
- We 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 JHCN's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JHCN'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.

*GJC CPA's & Advisors*

Detroit, Michigan

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,996,547	\$ 3,258,451
Pledges receivable – current portion (Note D)	442,000	543,100
Prepaid expenses	4,734	1,971
	<u>2,443,281</u>	<u>3,803,522</u>
<b>Total Current Assets</b>		
<b>Other Assets:</b>		
Investments:		
Investments held in endowment with donor restrictions (Notes C and E)	16,805,922	15,503,312
Investments without donor restrictions (Note E)	2,956,661	357,354
	<u>19,762,583</u>	<u>15,860,666</u>
<b>Total Investments</b>		
Pledges receivable (net of current portion) (Note D)	133,680	460,204
Cash value of life insurance policy (Note A)	907,622	830,119
Life insurance with long-term care benefits (net of accumulated amortization of \$60,000 and \$50,000 in 2025 and 2024, respectively) (Note A)	140,000	150,000
Right-of-use assets under operating leases (Note F)	34,504	9,847
Computer equipment (net of accumulated depreciation of \$11,750 and \$4,250 in 2025 and 2024, respectively)	25,750	33,250
	<u>21,004,139</u>	<u>17,344,086</u>
<b>Total Other Assets</b>		
	<u>\$ 23,447,420</u>	<u>\$ 21,147,608</u>
<b>Total Assets</b>		

See notes to financial statements.

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued expenses	\$ 98,760	\$ 159,994
Operating lease liabilities – current portion (Note F)	16,640	10,293
<b>Total Current Liabilities</b>	<b>115,400</b>	<b>170,287</b>
<b>Long-Term Liabilities:</b>		
Operating lease liabilities (net of current portion) (Note F)	18,088	-0-
<b>Total Liabilities</b>	<b>133,488</b>	<b>170,287</b>
<b>Net Assets:</b>		
Net assets without donor restrictions	5,859,653	4,437,932
Net assets with donor restrictions (Note B)	17,454,279	16,539,389
<b>Total Net Assets</b>	<b>23,313,932</b>	<b>20,977,321</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 23,447,420</b>	<b>\$ 21,147,608</b>

See notes to financial statements.

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>						
Contributions:						
Community foundation grants	\$ 120,000	\$ -0-	\$ 120,000	\$ 205,000	\$ -0-	\$ 205,000
Memorial gifts	178,148		178,148	197,957		197,957
Major gifts	1,710,204	406,570	2,116,774	1,345,015	119,009	1,464,024
Direct mail campaign	142,506		142,506	121,893		121,893
Caring Coalition conference	151,232		151,232	140,445		140,445
In-kind contributions (Note G)			-0-	10,000		10,000
Other contributions	254,953	38,500	293,453	251,928		251,928
<b>Total Contributions</b>	<b>2,557,043</b>	<b>445,070</b>	<b>3,002,113</b>	<b>2,272,238</b>	<b>119,009</b>	<b>2,391,247</b>
Program income	384		384	11,580		11,580
Net assets released from restrictions (Note B)	1,342,399	(1,342,399)	-0-	585,722	(585,722)	-0-
<b>Total Revenue</b>	<b>3,899,826</b>	<b>(897,329)</b>	<b>3,002,497</b>	<b>2,869,540</b>	<b>(466,713)</b>	<b>2,402,827</b>
<b>Expenses:</b>						
Program services	1,990,472		1,990,472	2,043,374		2,043,374
Supporting services:						
Management and general	387,616		387,616	1,071,910		1,071,910
Fundraising	334,444		334,444	399,168		399,168
<b>Total Supporting Services</b>	<b>722,060</b>	<b>-0-</b>	<b>722,060</b>	<b>1,471,078</b>	<b>-0-</b>	<b>1,471,078</b>
<b>Total Expenses</b>	<b>2,712,532</b>	<b>-0-</b>	<b>2,712,532</b>	<b>3,514,452</b>	<b>-0-</b>	<b>3,514,452</b>
<b>Change in Net Assets Before Net Investment Income</b>	<b>1,187,294</b>	<b>(897,329)</b>	<b>289,965</b>	<b>(644,912)</b>	<b>(466,713)</b>	<b>(1,111,625)</b>
<b>Other Changes in Net Assets:</b>						
Net investment income	234,427	1,812,219	2,046,646	158,604	1,479,581	1,638,185
<b>Change in Net Assets</b>	<b>1,421,721</b>	<b>914,890</b>	<b>2,336,611</b>	<b>(486,308)</b>	<b>1,012,868</b>	<b>526,560</b>
Net Assets, Beginning of Year	4,437,932	16,539,389	20,977,321	4,924,240	15,526,521	20,450,761
<b>Net Assets, End of Year</b>	<b>\$ 5,859,653</b>	<b>\$ 17,454,279</b>	<b>\$ 23,313,932</b>	<b>\$ 4,437,932</b>	<b>\$ 16,539,389</b>	<b>\$ 20,977,321</b>

See notes to financial statements.

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2025  
(With Comparative Total for the Year Ended December 31, 2024)**

	2025				Total Expenses	
	Supporting Services			Total Supporting Services	2025	2024
	Program Services	Management and General	Fundraising			
<b>Employee Compensation:</b>						
Salaries and wages:	\$ 1,063,893	\$ 213,428	\$ 170,349	\$ 383,777	\$ 1,447,670	\$ 1,429,889
Employee benefits and payroll taxes	144,511	44,541	39,053	83,594	228,105	224,987
<b>Total Employee Compensation</b>	<b>1,208,404</b>	<b>257,969</b>	<b>209,402</b>	<b>467,371</b>	<b>1,675,775</b>	<b>1,654,876</b>
<b>Other Expenses:</b>						
Accounting services		77,248		77,248	77,248	346,174
Amortization on life insurance with long-term care benefits (Note A)	7,000	2,000	1,000	3,000	10,000	10,000
Bank charges	10,980	1,878	1,715	3,593	14,573	15,683
Computer expenses	44,590	2,992	11,257	14,249	58,839	37,147
Depreciation (Note A)	6,150	1,350		1,350	7,500	2,900
Dues and subscriptions	1,015	203	162	365	1,380	7,696
Education and training	81,692	4,410	6,830	11,240	92,932	105,617
Grants	27,000				27,000	-0-
Insurance	11,674	2,342	1,869	4,211	15,885	1,781
Legal fees		3,865		3,865	3,865	509,670
Marketing, promotional, and fundraising materials	22,713	3,806	3,537	7,343	30,056	44,583
Office supplies and printing	6,749	224	930	1,154	7,903	11,095
Outside services	538,977	22,000	77,500	99,500	638,477	689,628
Postage	2,163	780	17,115	17,895	20,058	19,091
Rent	11,708	2,349	1,875	4,224	15,932	15,003
Telephone	3,747	554	408	962	4,709	8,455
Vehicle expenses	5,910	3,646	844	4,490	10,400	35,053
<b>Total Expenses</b>	<b>\$ 1,990,472</b>	<b>\$ 387,616</b>	<b>\$ 334,444</b>	<b>\$ 722,060</b>	<b>\$ 2,712,532</b>	<b>\$ 3,514,452</b>

See notes to financial statements.

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2024**

	<u>Supporting Services</u>			<b>Total Supporting Services</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>		
<b>Employee Compensation:</b>					
Salaries and wages	\$ 1,050,241	\$ 128,424	\$ 251,224	\$ 379,648	\$ 1,429,889
Employee benefits and payroll taxes	165,251	20,895	38,841	59,736	224,987
<b>Total Employee Compensation</b>	<b>1,215,492</b>	<b>149,319</b>	<b>290,065</b>	<b>439,384</b>	<b>1,654,876</b>
<b>Other Expenses:</b>					
Accounting services		346,174		346,174	346,174
Amortization on life insurance with long-term care benefits (Note A)	7,000	2,000	1,000	3,000	10,000
Bank charges	11,519	1,379	2,785	4,164	15,683
Computer expenses	27,285	3,336	6,526	9,862	37,147
Depreciation (Note A)	1,550		1,350	1,350	2,900
Dues and subscriptions	5,653	691	1,352	2,043	7,696
Education and training	102,561	138	2,918	3,056	105,617
Insurance	1,308	160	313	473	1,781
Legal fees		509,670		509,670	509,670
Marketing, promotional, and fundraising materials	32,746	3,009	8,828	11,837	44,583
Office supplies and printing	3,507	5,639	1,949	7,588	11,095
Outside services	577,755	43,425	68,448	111,873	689,628
Postage	14,022	1,715	3,354	5,069	19,091
Rent	11,019	1,348	2,636	3,984	15,003
Telephone	6,211	759	1,485	2,244	8,455
Vehicle expenses	25,746	3,148	6,159	9,307	35,053
<b>Total Expenses</b>	<b>\$ 2,043,374</b>	<b>\$ 1,071,910</b>	<b>\$ 399,168</b>	<b>\$ 1,471,078</b>	<b>\$ 3,514,452</b>

See notes to financial statements.

JEWISH HOSPICE & CHAPLAINCY NETWORK  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 2,336,611	\$ 526,560
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	7,500	2,900
Amortization on life insurance with long-term care benefits	10,000	10,000
Net realized and unrealized gain on investments	(1,858,240)	(1,239,833)
Amortization on right-of-use assets	13,806	14,271
Changes in:		
Pledges receivable	427,624	800,455
Prepaid expenses	(2,763)	(1,971)
Accrued expenses	(61,234)	114,034
Operating lease liabilities	(14,028)	(14,482)
	<u>859,276</u>	<u>211,934</u>
<b>Net Cash Flows from Operating Activities</b>	<b>859,276</b>	<b>211,934</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of investments	(11,467,773)	(826,389)
Proceeds from disposition of investments	9,346,593	2,036,583
Acquisition of computer equipment	-0-	(24,000)
	<u>(2,121,180)</u>	<u>1,186,194</u>
<b>Net Cash Flows from Investing Activities</b>	<b>(2,121,180)</b>	<b>1,186,194</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(1,261,904)</b>	<b>1,398,128</b>
Cash and Cash Equivalents, Beginning of Year	<u>3,258,451</u>	<u>1,860,323</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,996,547</u></b>	<b><u>\$ 3,258,451</u></b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2025**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Purpose**

The Jewish Hospice & Chaplaincy Network (“JHCN”) is a Michigan non-profit Corporation dedicated to ensuring no Jew is ever alone when facing a life-limiting illness. JHCN presents individuals and their families with the best care options and offers social work support, patient advocacy, spiritual care, life enriching programs, volunteer visits, and bereavement services. JHCN is funded primarily by contributions from private grantors, individuals, and organizations. Patients and families are never charged.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation**

JHCN reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**Recognition of Contributions**

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as support when received or when conditions related to a contractual promise to give are substantially met, measured at estimated realizable value. All contributions are considered to be available for general use unless specifically restricted by the donor. Contributions with donor-imposed stipulations that are met in the same year as received or earned are reported as support without donor restrictions. All other contributions that are received with donor stipulations that limit the use of the donated assets are reported as support with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue Recognition**

Revenue is measured based upon the consideration specified in a contract with a customer at the time when the related performance obligation is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. JHCN recognizes revenue when a performance obligation is satisfied by transferring control over a product or service to a customer. For program income, JHCN has determined control to be transferred over time as the service is provided to the customer.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

JHCN's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

JHCN's investments are valued as follows:

- Registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by JHCN as of the end of the year.
- Common stocks represent equity securities that are traded on organized exchanges or regulated over-counter-markets, which provide readily observable market prices.
- Corporate bonds, money market funds, and U.S. government securities which are not publicly traded on an open market are valued at quoted market prices if actively traded, or through a pricing model that utilizes benchmark yields, reported trades, active market quotes, and current spreads, among other factors.
- See Note C for information about the valuation of investments that are held with the United Jewish Foundation of Detroit.
- The value of private equity funds is based on the underlying investments in the funds. The reported balances of these investments are based on the net asset value per share calculated by the investment managers or administrators.

Purchases and sales of investments are reflected on a trade-date basis. Net appreciation and depreciation include gains and losses on investments bought and sold, as well as held, during the year. Gains and losses on investments sold are generally determined on the specific identification method, with the amount realized reflecting the difference between fair value on the date of sale and original cost. Unrealized gains and losses represent the change in the fair value of investments during the year. Investment income is accrued as earned.

**Cash Equivalents**

For purposes of the statements of cash flows, JHCN considers all short-term, highly liquid securities purchased with original maturities of three months or less to be cash equivalents.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

Fixed assets are recorded at cost or, if donated, at fair value on the date of the donation. The costs of fixed assets have been capitalized and are being depreciated over the useful lives of the respective assets, which is generally from three to ten years, using the straight-line method. JHCN's policy is to capitalize acquisitions of \$5,000 or more.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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.

**Fair Value Measurements**

JHCN uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observed, corroborated, or are generally unobservable. JHCN utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, JHCN applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy, based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that JHCN has the ability to access
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (continued)**

- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

**Risks and Uncertainties**

JHCN invests in various securities, including registered investment companies, corporate bonds, money market funds, U.S. government securities, certificates of deposit, and private equity funds. Investment securities in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Tax-Exempt Status**

No provision has been established for income taxes since JHCN is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (“IRC”) and is not classified as a private foundation by the Internal Revenue Service. JHCN’s management is not aware of any uncertain tax positions or unrecognized tax benefits as of December 31, 2025 or 2024.

**Concentration of Credit Risk**

Financial instruments which potentially subject JHCN to concentrations of credit risk consist principally of cash, cash equivalents, pledges receivable, and investments.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit of \$250,000 per depositor at each financial institution. Cash and cash equivalents in excess of the federally insured limit as of December 31, 2025 approximated \$1,565,000.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentration of Credit Risk (continued)**

Pledges receivable are due from various individuals and organizations located primarily in southeastern Michigan. As discussed in Note E, investments consist of various registered investment companies, corporate bonds, money market funds, U.S. government securities, certificates of deposit, and private equity funds.

**Functional Allocation of Expenses**

JHCN allocates its expenses on a functional basis among its program and supporting services. Costs directly attributable to a program or supporting service are recorded in the appropriate function. Certain costs not directly attributable to a function are allocated to functions, based on studies of the time JHCN's employees devoted to the specific activities.

**In-Kind Contributions**

JHCN recognizes the fair value of contributed services and other in-kind contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other contributed services that are received by JHCN are not recognized in the financial statements because they do not meet the above criteria.

**Cash Value of Life Insurance Policy**

JHCN is the owner and beneficiary of a life insurance policy that covers the life of a certain current key employee. This life insurance policy has a cash surrender value which is reported on the statements of financial position at the surrender value provided to JHCN by the insurance carrier.

**Life Insurance with Long-Term Care Benefits**

JHCN purchased a whole life insurance policy with long-term care benefits for a certain current key employee. The life insurance portion has no cash surrender value. The insurance premium paid is being amortized over the expected service life of the key employee, which is 20 years. Amortization expense on this policy was \$10,000 per year for the years ended December 31, 2025 and 2024.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

JHCN recognizes right-of-use assets and lease liabilities for virtually all leases. Leases are categorized as either finance leases or operating leases.

At contract inception, JHCN determines whether a contract is or contains a lease, based on whether JHCN has the right to control the asset during the contract period, and whether the lease should be classified as a finance lease or an operating lease. JHCN's leasing arrangements do not contain any non-lease components. JHCN does not enter into any leases with a defined borrowing rate, so JHCN uses the incremental borrowing rate to measure its right-of-use assets and lease liabilities. The incremental borrowing rate is the rate that JHCN would have to pay to borrow, on a collateralized basis over a similar term, amounts equal to the lease payments in a comparable economic environment.

JHCN has elected not to recognize right-of-use assets or lease liabilities for leases that have an initial term of 12 months or less; JHCN recognizes lease expense for these leases on a straight-line basis over the lease term.

**Reclassifications**

Certain reclassifications have been made to the accompanying financial statements as of, and for the year ended, December 31, 2024 to conform to classifications used as of, and for the year ended, December 31, 2025.

**Subsequent Events**

JHCN has evaluated subsequent events through May 19, 2026, the date that the accompanying financial statements were available to be issued.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

**NOTE B — NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions, including assets held by various endowment funds (collectively, the “Endowment Funds”) (see Note C), are available as of December 31, 2025 and 2024 for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Assets held in Endowment Funds:		
Restricted for investment in perpetuity	\$ 8,388,486	\$ 8,099,986
Restricted for use in future periods until appropriated for expenditure	<u>8,417,436</u>	<u>7,403,326</u>
	<u>16,805,922</u>	<u>15,503,312</u>
Restricted for specific programs:		
Music program	197,178	-0-
Emergency intervention	80,541	26,104
Reflexology	39,479	-0-
Technology	<u>5,479</u>	<u>6,668</u>
	<u>322,677</u>	<u>32,772</u>
Other net assets restricted for use in future periods	<u>325,680</u>	<u>1,003,305</u>
	<u><b>\$ 17,454,279</b></u>	<u><b>\$ 16,539,389</b></u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

**NOTE B — NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2025</u>	<u>2024</u>
Purpose restrictions accomplished for the following programs:		
Technology	\$ 1,190	\$ 1,068
Time restrictions expired:		
Assets held in Endowment Funds appropriated for expenditure	798,109	245,154
Other time restrictions expired by passage of specified time	<u>543,100</u>	<u>339,500</u>
	<u>1,341,209</u>	<u>584,654</u>
	<u><b>\$ 1,342,399</b></u>	<u><b>\$ 585,722</b></u>

**NOTE C — CHARITABLE ENDOWMENT FUNDS**

JHCN has established the Endowment Funds with a variety of purposes. Three of these funds (collectively, the “UJF Endowment Funds”) have been established as component funds of the United Jewish Foundation of Detroit (“UJF”) and are assets of UJF. UJF transfers earnings on the UJF Endowment Funds to JHCN periodically in the form of grants so long as JHCN continues to meet its tax-exempt purpose. JHCN has elected to adopt all investment and management policies and procedures as adapted by UJF related to these funds.

Additionally, JHCN has Endowment Funds invested in accounts held by JHCN to fulfill further endowment arrangements that have been directed by various donors.

The fair value of the Endowment Funds as of December 31, 2025 and 2024 is classified entirely in net assets with donor restrictions.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

**NOTE C — CHARITABLE ENDOWMENT FUNDS (CONTINUED)**

Reconciliations of the fair value of the assets in the Endowment Funds for the years ended December 31, 2025 and 2024 are as follows:

	<u>Held by UJF</u>	<u>Other Funds</u>	<u>Total</u>
<b>2025</b>			
<b>Changes in Assets Held in Endowment Funds:</b>			
Net investment income	\$ 1,086,472	\$ 725,747	\$ 1,812,219
Contributions	278,500	10,000	288,500
Transfers between funds	7,066,752	(7,066,752)	-0-
Less:			
Grants paid to JHCN	(254,830)	(525,579)	(780,409)
Administrative expenses	(17,700)		(17,700)
	<u>8,159,194</u>	<u>(6,856,584)</u>	<u>1,302,610</u>
Assets Held in Endowment Funds, Beginning of Year	<u>2,246,017</u>	<u>13,257,295</u>	<u>15,503,312</u>
<b>Assets Held in Endowment Funds, End of Year</b>	<b><u>\$ 10,405,211</u></b>	<b><u>\$ 6,400,711</u></b>	<b><u>\$ 16,805,922</u></b>
<b>2024</b>			
<b>Changes in Assets Held in Endowment Funds:</b>			
Net investment income	\$ 202,809	\$ 1,276,772	\$ 1,479,581
Contributions		33,600	33,600
Less:			
Grants paid to JHCN	(28,849)	(200,000)	(228,849)
Administrative expenses	(16,305)		(16,305)
	<u>157,655</u>	<u>1,110,372</u>	<u>1,268,027</u>
Assets Held in Endowment Funds, Beginning of Year	<u>2,088,362</u>	<u>12,146,923</u>	<u>14,235,285</u>
<b>Assets Held in Endowment Funds, End of Year</b>	<b><u>\$ 2,246,017</u></b>	<b><u>\$ 13,257,295</u></b>	<b><u>\$ 15,503,312</u></b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE C — CHARITABLE ENDOWMENT FUNDS (CONTINUED)**

JHCN has interpreted existing law and the agreement with UJF as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, JHCN classifies in net assets with donor restrictions (a) the original value of gifts donated to the endowment that are to be held in perpetuity, (b) the original value of subsequent gifts to the endowment that are to be held in perpetuity, and (c) accumulations to the endowment that are to be held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Although the income generated by the Endowment Funds may be used to support various activities of JHCN, under the State of Michigan's Uniform Prudent Management of Institutional Funds Act, the portion of the Endowment Funds that is not required to be maintained in perpetuity is subject to a time restriction until those funds are appropriated for expenditure. Therefore, that portion of the Endowment Funds is also classified in net assets with donor restrictions.

In accordance with existing law, JHCN considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

From time to time, the fair value of assets associated with Endowment Funds with donor restrictions may fall below the level that the donor requires JHCN to retain as funds of perpetual duration. There were no such deficiencies as of December 31, 2025 or 2024.

JHCN has adopted investment and spending policies for assets held in the Endowment Funds needed to achieve and sustain long-term financial stability. Under this policy, as approved by the Board of Directors, the investment manager is directed to invest primarily in a mix of equity securities and fixed income securities designed to provide long-term total returns in excess of the rate of inflation while limiting the risk to the Endowment Funds to a reasonable level, and to provide the Endowment Funds with liquidity, stability of market value, and satisfactory levels of income return, recognizing the degree of risks involved.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

**NOTE C — CHARITABLE ENDOWMENT FUNDS (CONTINUED)**

To satisfy its long-term rate of return objectives, JHCN relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). JHCN targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

JHCN has a policy of allowing for distribution each year no more than four percent of the Endowment Funds' three-year moving average fair value, using quarterly market values and adjusting for external contributions, to be used for general operating expenses. In establishing this policy, JHCN considers the long-term expected return on the Endowment Funds.

**NOTE D — PLEDGES RECEIVABLE**

Pledges receivable consist of the following unconditional promises to give as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Amounts due in:		
Less than one year	\$ 442,000	\$ 543,100
One to five years	<u>145,000</u>	<u>504,500</u>
	587,000	1,047,600
Less:		
Unamortized discount (at 3.5 percent and 4.3 percent in 2025 and 2024, respectively)	<u>(11,320)</u>	<u>(44,296)</u>
	<u><u>\$ 575,680</u></u>	<u><u>\$ 1,003,304</u></u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2025 and 2024

**NOTE E — INVESTMENTS AND FAIR VALUE**

JHCN's fair value hierarchy for those assets that are measured at fair value on a recurring basis as of December 31, 2025 and 2024 is summarized as follows:

	<u>Fair Value Measurements</u>			
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
<b>2025</b>				
<b>Assets:</b>				
Investments at fair value:				
Registered investment companies	\$ 480,708	\$ -0-	\$ -0-	\$ 480,708
Common stocks	5,706,553			5,706,553
Money market funds	203,672			203,672
Investment in UJF Endowment Funds			10,155,210	10,155,210
Investment in other UJF funds			3,216,440	3,216,440
	<u>\$ 6,390,933</u>	<u>\$ -0-</u>	<u>\$ 13,371,650</u>	<u>\$ 19,762,583</u>
<b>2024</b>				
<b>Assets:</b>				
Investments at fair value:				
Registered investment companies	\$ 11,732,767	\$ -0-	\$ -0-	\$ 11,732,767
Corporate bonds		455,756		455,756
Money market funds		715,309		715,309
U.S. government securities		199,309		199,309
Investment in UJF Endowment Funds			2,246,017	2,246,017
<b>Total Investments at Fair Value</b>	<u>\$ 11,732,767</u>	<u>\$ 1,370,374</u>	<u>\$ 2,246,017</u>	<u>15,349,158</u>
Investments measured at net asset value:				
Private equity funds				511,508
				<u>\$ 15,860,666</u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2025 and 2024

**NOTE E — INVESTMENTS AND FAIR VALUE (CONTINUED)**

A summary of certain changes in the fair value of JHCN's Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2025 and 2024 is as follows:

	<b>Investment in UJF Endowment Funds</b>	<b>Investment in Other UJF Funds</b>	<b>Total</b>
<b>2025</b>			
Purchases	\$ 7,345,252	\$ 2,998,912	\$ 10,344,164
Sales	272,530	8,846	281,376
<b>2024</b>			
Purchases	\$ -0-	\$ -0-	\$ -0-
Sales	45,154		45,154

There were no transfers of assets into or out of Level 3 during the years ended December 31, 2025 or 2024.

**NOTE F — LEASES**

JHCN has entered into an agreement to lease office space under an operating lease that was renewed in 2025 and expires in 2027.

Amounts recognized in the statements of financial position as of December 31, 2025 and 2024 are as follows:

	<b>2025</b>	<b>2024</b>
<b>Right-of-Use Assets:</b>		
Under operating leases	<u>\$ 34,504</u>	<u>\$ 9,847</u>
<b>Operating Lease Liabilities:</b>		
Current portion	\$ 16,640	\$ 10,293
Long-term portion	<u>18,088</u>	<u>-0-</u>
	<u><b>\$ 34,728</b></u>	<u><b>\$ 10,293</b></u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

**NOTE F — LEASES (CONTINUED)**

Maturities of the lease liabilities are as follows as of December 31, 2025:

	<b><u>Operating Leases</u></b>
<b>For the Years Ending December 31:</b>	
2026	\$ 17,652
2027	<u>18,455</u>
<b>Total Lease Payments</b>	<b>36,107</b>
Less: Imputed interest	<u>(1,379)</u>
<b>Present Value of Lease Liabilities</b>	<b><u>\$ 34,728</u></b>

Lease costs are as follows for the years ended December 31, 2025 and 2024:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Operating lease cost	<u>\$ 15,891</u>	<u>\$ 15,003</u>

Cash paid for amounts included in the measurement of lease liabilities during the years ended December 31, 2025 and 2024 is as follows:

	<b><u>2025</u></b>	<b><u>2024</u></b>
For operating leases from operating cash flows	<u>\$ 16,332</u>	<u>\$ 15,215</u>

Acquisitions of right-of-use assets in exchange for new lease liabilities during the years ended December 31, 2025 and 2024 are as follows:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Under operating leases	<u>\$ 38,463</u>	<u>\$ -0-</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE F — LEASES (CONTINUED)**

The weighted average remaining lease term and the weighted average discount rate of JHCN’s leases as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term for operating leases	2.00 years	0.67 years
Weighted average discount rate for operating leases	3.7 %	3.6 %

**NOTE G — IN-KIND CONTRIBUTIONS**

In-kind contributions, including the usage of those contributions, are summarized as follows for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>Usage</u>
Professional services	<u>\$ -0-</u>	<u>\$ 10,000</u>	Program and supporting services

In-kind contributions were valued using estimated average prices of identical or similar products, services, or facilities using pricing data of similar products, services, or facilities under a “like-kind” methodology, considering the utility of the services and goods at the time of the contribution. No in-kind contributions were received with donor restrictions. JHCN does not sell donated gifts and only uses donated services and goods for its own program or supporting service activities.

**NOTE H — PENSION PLAN**

JHCN has a profit sharing plan under section 401(k) of the IRC that covers all eligible employees. JHCN matches employee contributions to a maximum of four percent of employee compensation. Total contributions to the plan were \$55,207 and \$54,726 for the years ended December 31, 2025 and 2024, respectively. JHCN has funded or accrued all calculated contributions as of December 31, 2025 and 2024.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2025 and 2024**

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**NOTE I — LIQUIDITY AND AVAILABILITY OF RESOURCES**

JHCN has the following financial assets available for general expenditures within one year as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<b>Financial Assets:</b>		
Cash and cash equivalents	\$ 1,996,547	\$ 3,258,451
Pledges receivable – current portion	442,000	543,100
Investments without donor restrictions	<u>2,956,661</u>	<u>357,354</u>
<b>Total Financial Assets</b>	<b>5,395,208</b>	<b>4,158,905</b>
Less:		
Assets with donor restrictions for specific purposes	<u>(322,677)</u>	<u>(32,772)</u>
<b>Financial Assets Available to Meet General Expenditures within One Year</b>	<b><u>\$ 5,072,531</u></b>	<b><u>\$ 4,126,133</u></b>

JHCN's Endowment Funds are donor-restricted. JHCN's spending policy for the Endowment Funds is described in Note C.

As part of JHCN's liquidity management plan, JHCN invests cash in excess of daily requirements in either short-term investments, certificates of deposit, or money market funds.