

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeStretch, Inc. as of June 30, 2021 and 2020, 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.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
October 27, 2021

HOMESTRETCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 652,414	\$ 729,547
Grant receivable	7,797	-
Pledges receivable, net	17,750	26,144
Prepaid expenses	7,633	4,253
Cash restricted for long term purposes	12,385	26,327
Property and equipment, net	2,585,790	2,647,140
Intangible assets, net	8,793	10,095
Other assets	-	100
Total assets	\$ 3,292,562	\$ 3,443,606
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 31,819	\$ 38,623
Deferred revenue and refundable advances	56,474	69,584
Paycheck Protection Program loan	-	89,400
Line of credit	375	-
Notes payable	170,636	244,328
Total liabilities	259,304	441,935
Net assets:		
Without donor restrictions		
Available for operations	419,823	409,930
Invested in property and equipment, net of related debt	2,414,780	2,402,812
Total net assets without donor restrictions	2,834,603	2,812,742
With donor restrictions	198,655	188,929
Total net assets	3,033,258	3,001,671
Total liabilities and net assets	\$ 3,292,562	\$ 3,443,606

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

HOMESTRETCH, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenues, gains and other support:						
Grants and contracts	\$ -	\$ 290,979	\$ 290,979	\$ -	\$ 186,564	\$ 186,564
United Way	13,991	50,000	63,991	6,338	6,222	12,560
Contributions	262,736	148,600	411,336	274,370	123,538	397,908
Special events, net of expenses of \$3,170 in 2021 and \$37,983 in 2020	1,691	-	1,691	84,637	-	84,637
In-kind contributions	18,435	-	18,435	103,858	-	103,858
Rental income, net of abatements of \$104,724 in 2021	188,513	-	188,513	292,691	-	292,691
Paycheck Protection Program loan forgiveness	89,400	-	89,400	-	-	-
Other income	1,925	-	1,925	436	-	436
Net assets released from restrictions	479,853	(479,853)	-	351,351	(351,351)	-
Total revenues, gains and other support	1,056,544	9,726	1,066,270	1,113,681	(35,027)	1,078,654
Expenses:						
Program services	794,464	-	794,464	715,147	-	715,147
Supporting services:						
Management and general	196,245	-	196,245	199,731	-	199,731
Fundraising	43,974	-	43,974	42,810	-	42,810
Total expenses	1,034,683	-	1,034,683	957,688	-	957,688
Increase (decrease) in net assets	21,861	9,726	31,587	155,993	(35,027)	120,966
Net assets, beginning of year	2,812,742	188,929	3,001,671	2,656,749	223,956	2,880,705
Net assets, end of year	\$ 2,834,603	\$ 198,655	\$ 3,033,258	\$ 2,812,742	\$ 188,929	\$ 3,001,671

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

HOMESTRETCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services			Supporting Services			2021 Total	2020 Total
	Transitional Housing	Affordable Housing	Total Program	Management and General	Fundraising	Total Supporting		
Salaries	\$ 147,596	\$ 102,566	\$ 250,162	\$ 68,776	\$ 28,517	\$ 97,293	\$ 347,455	\$ 391,142
Payroll tax and benefits	32,335	22,470	54,805	14,264	6,006	20,270	75,075	78,188
Family contingency assistance	138,168	5,014	143,182	-	-	-	143,182	25,619
Board expense	-	-	-	-	-	-	-	786
Utilities	55,897	5,173	61,070	-	-	-	61,070	64,202
Repairs and maintenance	35,927	3,818	39,745	-	-	-	39,745	61,037
Property management	7,729	9,974	17,703	-	-	-	17,703	14,776
Office and property rental	8,172	5,679	13,851	10,449	-	10,449	24,300	33,000
Insurance	14,244	9,899	24,143	10,392	-	10,392	34,535	31,457
Client workshops and volunteer services	5,417	3,765	9,182	-	-	-	9,182	856
Printing and postage	-	-	-	371	-	371	371	1,690
Donated client supplies	7,478	5,197	12,675	-	-	-	12,675	15,894
Office expense	6,664	4,631	11,295	11,296	-	11,296	22,591	23,670
Professional fees	-	-	-	60,111	-	60,111	60,111	32,265
Advertising	-	-	-	3,335	-	3,335	3,335	3,388
Dues and subscriptions	-	-	-	1,963	-	1,963	1,963	6,217
Travel and training	62	-	62	5,347	-	5,347	5,409	2,787
Telephone	4,806	3,339	8,145	8,145	-	8,145	16,290	16,888
Bank charges and payroll service fees	1,189	777	1,966	493	207	700	2,666	5,925
Vehicle maintenance	1,142	793	1,935	-	-	-	1,935	2,266
Bad debt expense	-	-	-	-	9,244	9,244	9,244	3,900
Mortgage interest and taxes	6,243	8,057	14,300	-	-	-	14,300	18,007
Total expenses before depreciation and amortization	473,069	191,152	664,221	194,942	43,974	238,916	903,137	833,960
Depreciation and amortization	76,843	53,400	130,243	1,303	-	1,303	131,546	123,728
Total expenses	\$ 549,912	\$ 244,552	\$ 794,464	\$ 196,245	\$ 43,974	\$ 240,219	\$ 1,034,683	\$ 957,688

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

HOMESTRETCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			2020 Total
	Transitional Housing	Affordable Housing	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 155,496	\$ 108,056	\$ 263,552	\$ 95,230	\$ 32,360	\$ 127,590	\$ 391,142
Payroll tax and benefits	32,088	22,298	54,386	17,713	6,089	23,802	78,188
Family contingency assistance	25,619	-	25,619	-	-	-	25,619
Board expense	-	-	-	786	-	786	786
Utilities	58,863	5,339	64,202	-	-	-	64,202
Repairs and maintenance	55,718	5,319	61,037	-	-	-	61,037
Property management	7,346	7,430	14,776	-	-	-	14,776
Office and property rental	15,877	6,029	21,906	11,094	-	11,094	33,000
Insurance	15,943	8,258	24,201	7,256	-	7,256	31,457
Client workshops and volunteer services	399	278	677	179	-	179	856
Printing and postage	499	346	845	845	-	845	1,690
Donated client supplies	9,377	6,517	15,894	-	-	-	15,894
Office expense	6,983	4,852	11,835	11,835	-	11,835	23,670
Professional fees	-	-	-	32,265	-	32,265	32,265
Advertising	-	-	-	3,388	-	3,388	3,388
Dues and subscriptions	-	-	-	6,217	-	6,217	6,217
Travel and training	669	-	669	2,118	-	2,118	2,787
Telephone	8,728	-	8,728	8,160	-	8,160	16,888
Bank charges and payroll service fees	2,432	1,690	4,122	1,342	461	1,803	5,925
Vehicle maintenance	1,337	929	2,266	-	-	-	2,266
Bad debt expense	-	-	-	-	3,900	3,900	3,900
Mortgage interest and taxes	1,711	16,296	18,007	-	-	-	18,007
Total expenses before depreciation and amortization	399,085	193,637	592,722	198,428	42,810	241,238	833,960
Depreciation and amortization	72,231	50,194	122,425	1,303	-	1,303	123,728
Total expenses	\$ 471,316	\$ 243,831	\$ 715,147	\$ 199,731	\$ 42,810	\$ 242,541	\$ 957,688

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

HOMESTRETCH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 31,587	\$ 120,966
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	130,244	122,425
Amortization	1,302	1,303
In-kind donation of building and equipment	-	(74,000)
Cash contributions restricted for debt retirement	(50,000)	(50,000)
Change in assets and liabilities:		
(Increase) decrease in:		
Grant receivable	(7,797)	50,000
Pledges receivable	8,394	7,750
Prepaid expenses	(3,380)	319
Other assets	100	2,376
Increase (decrease) in:		
Accounts payable and accrued expenses	(6,804)	1,111
Deferred revenue and refundable advances	(13,110)	67,065
Total adjustments	58,949	128,349
Net cash provided by operating activities	90,536	249,315
Cash flows from investing activities:		
Purchase of equipment and building improvements	(68,894)	(323,720)
Net cash used in investing activities	(68,894)	(323,720)
Cash flows from financing activities:		
Borrowings on Paycheck Protection Program loan	-	89,400
Forgiveness on Paycheck Protection Program loan	(89,400)	-
Borrowings on line of credit	375	-
Borrowings on notes payable	-	177,660
Repayments on notes payable	(73,692)	(74,081)
Cash contributions restricted for debt retirement	50,000	50,000
Net cash provided by (used in) financing activities	(112,717)	242,979
Net increase (decrease) in cash and cash equivalents	(91,075)	168,574
Cash and cash equivalents, beginning of year	755,874	587,300
Cash and cash equivalents, end of year	\$ 664,799	\$ 755,874
Supplemental disclosure of cash flow information:		
Noncash financing transaction -		
Cash paid for interest	\$ 9,962	\$ 4,147

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

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

HomeStretch, Inc. (the Agency) is a nonprofit organization whose purpose is to assist working families in north Fulton County, Georgia, who are homeless or at risk of becoming homeless due to lack of affordable housing in the area. The Agency provides eligible families with housing and supportive services, helping them resolve barriers to permanent sustainable housing.

The Home Ministries Fund of the North Fulton Community Charities was established during 1991 to help provide affordable housing in North Fulton and to help satisfy the need for transitional placements. As of February 1, 1993, the Home Ministries became a separate entity under the name of Housing Initiative of North Fulton, Inc. The Board approved the Agency's use of the name HomeStretch on February 13, 1996.

800 Forest Street, LLC was formed in 2015 for the purpose of owning a multifamily rental property to provide affordable housing in North Fulton. 800 Forest Street, LLC is a disregarded entity that is fully owned and controlled by the Agency. The financial activity of 800 Forest Street, LLC is not reported separately, but is included in the Agency's financial statements.

Financial Statement Presentation and Basis of Accounting

The Agency maintains its accounts on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on stipulations made by the donor, as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions including the carrying value of all property and equipment. Items that affect (i.e., increase or decrease) this net asset category include program revenue and related expenses associated with the core activities of the Agency. In addition to these exchange transactions, changes to this category of net assets include contributions without donor restrictions.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that are satisfied by actions of the Agency or the passage of time. Items that affect this net asset category are contributions with donor restrictions including pledges for which restrictions have not been met. These amounts are reclassified to net assets without donor restrictions when such restrictions are met or have expired. Net assets with donor restrictions also include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and that only the income be made available for program operations. The Agency had no net assets with donor restrictions to be held in perpetuity as of June 30, 2021 and 2020.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Revenue Recognition

Contributions (including unconditional promises to give, i.e. pledges or grants) are recognized as revenue in the year they are received or pledged, with allowances provided for pledges estimated to be uncollectible. Unconditional pledges or grants that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges or grants that are expected to be collected in future years are recorded at the present value of their estimated 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. Amortization of the discounts (if any) is included in contributions in the accompanying Statements of Activities. Conditional pledges or grants are not included as support until the conditions are substantially met.

The Agency recognizes contributions as support with donor restrictions if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor-imposed restriction is met or the passage of time expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and presented in the accompanying Statements of Activities as net assets released from restrictions.

The Agency has contracts with customers for rental housing for which it earns rental income. The Agency recognizes rental income over time as services are rendered. Revenue is based on the rent amount per the residential lease agreement. Rent is paid by the resident on the first day of every month. The Agency's contracts do not contain terms that require significant judgement to determine the amount of revenue to recognize. At June 30, 2021 and 2020, the Agency does not have any material contract assets, liabilities, or other receivables recorded related to rental contracts with customers.

Grants and Contracts

The majority of the grant funding is through the U.S. Department of Housing and Urban Development (HUD) that is passed through and administrated by Fulton County and the Georgia Housing and Finance Authority. Receivables arise from fees for services provided under, and to a lesser extent, reimbursement owed through these government contracts. The Agency's ability to collect amounts due is affected by the outside agencies' acceptance of reimbursable expenses and performance-based outcomes, which meet contract requirements. Program service fees and payments under cost reimbursable grants received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

In addition, the Agency depends heavily on contributions and grants for its revenue. The ability of certain of the Agency's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon overall economic conditions. While the Agency's Board of Directors believes the Agency has the resources to continue its program, its ability to do so and the extent to which it continues may be dependent on the above factors.

HOMESTRETCH, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Equipment, Material, Supplies and Services

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

All non-cash gifts are recorded at their estimated fair value at date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers have donated significant amounts of their time to the Agency’s program and supporting services. No amounts have been recognized in the financial statements for general volunteer services, since these services do not meet the criteria.

The Agency received donated goods and services as follows for the years ended June 30:

	2021	2020
Building and equipment	\$ -	\$ 74,000
Donated client supplies	12,675	15,894
Rent	-	7,200
Professional fees	5,760	6,764
Total	\$ 18,435	\$ 103,858

Rental Income

The Agency provides housing on a rental basis to low income families in the Roswell, Georgia area. Rental income is recognized when earned.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Tax Exempt Status

The Agency is a not-for-profit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Income from certain activities not directly related to the Agency’s tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2021 and 2020, the Agency did not have any unrelated business income, and accordingly, no unrelated business income tax. The Agency believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency’s income tax returns are subject to examination by the appropriate regulatory authorities and remain open for the last three years.

Allowance for Doubtful Accounts

The Agency uses an allowance method to determine uncollectible grants and contracts. The allowance is based on prior years’ experience and management’s analysis of specific promises made and amounts billed and to be reimbursed. All grant and contract receivable were considered collectible at June 30, 2021 and 2020, and accordingly, no allowance for doubtful accounts was recorded.

Property and Equipment

Property and equipment are stated at cost or, if donated, estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as follows:

Vehicles	5 years
Buildings and improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 7 years

The Agency follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,500. The fair value of donated fixed assets is similarly capitalized.

Long-Lived Assets

The Agency evaluates its long-lived assets held for use in operations, including real estate, for indicators for impairment and, if impaired, records such assets at the lower of cost of fair value as described in GAAP. There were no impairment losses during the years ended June 30, 2021 and 2020.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Deferred Revenue and Refundable Advances

Deferred revenue and refundable advances primarily represent funds received for programs and services to be conducted in the next fiscal year. Certain grants require the Agency to perform specific services to earn the related revenue. In some cases, cash payments are received from the grantor in advance of the Agency performing the related services. Income from special events is deferred and recognized in the period when the special event takes place. Deferred revenue and refundable advances are recognized as revenue in the Statements of Activities in the year when earned.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, repairs and maintenance, client workshops, printing and postage, donated client supplies, office expense, telephone, bank charges and payroll service fees, vehicles, and depreciation which are allocated on the basis of estimates of how the expenses support the programs and supporting services, as well as rental expense which is allocated on a square foot basis and salaries, payroll tax, and benefits which are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$2,297 and \$3,388, respectively.

Cash and Cash Equivalents and Concentration of Credit Risk

The Agency considers all cash investments and highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of demand deposits with a single financial institution. The uninsured portion of the Agency's bank accounts, as reflected in the bank's records at June 30, 2021 and 2020, totaled \$166,483 and \$510,199 respectively. Management believes the credit risk related to these balances is not significant.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Intangible Asset, Net

In fiscal 2018, the Agency obtained four service marks by obtaining a Certificate of Registration with the state of Georgia in order to secure the rights to its trademark name and logo. The trademark registration and associated costs are recorded in the accompanying Statement of Financial Position as an intangible asset, net of accumulated amortization and is being amortized over the life of the asset (10 years) as of June 30, 2021 and 2020, respectively.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Reclassification

Amounts previously reported have been reclassified to conform to current year financial statement presentation.

2. Liquidity and Availability of Financial Assets

The Agency is substantially supported by grants and contracts, contributions, special event revenues, and rental income. However, a material amount of grants, contracts and contributions with donor restrictions are received each year for various programs. As a donor's restrictions require funds to be used in a particular manner or in a future period, the Agency maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, these financial assets are not available to the Agency for its general expenditures. General expenditures may be incurred for program, administrative or fundraising purposes.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. Liquidity and Availability of Financial Assets – Continued

The Agency’s financial assets at June 30 (reduced by amounts that are not available for general use because of contractual or donor-imposed restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

		2021		2020
Cash and cash equivalents	\$	664,799	\$	755,874
Grant receivable		7,797		-
Pledges receivable		17,750		26,144
Total financial assets		690,346		782,018
Less:				
Donor restricted cash		(180,905)		(162,785)
Pledges receivable		(6,000)		(11,935)
Financial assets available to meet cash needs for general expenditures within one year	\$	503,441	\$	607,298

The Agency structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next twelve months, the Agency operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As described in Note 8, The Agency maintains a line of credit in the amount of \$150,000, which it could draw upon in the event of an unanticipated liquidity event. The Statements of Cash Flows identify the sources and uses of the Agency’s operating cash and show positive cash generated by operations for years ended June 30, 2021 and 2020.

During 2020 and 2021 the global coronavirus pandemic has threatened U.S. and global economies. The pandemic has also affected the U.S. and global equity markets, as well as consumer confidence, and the broad U.S. and global stock markets have experienced volatility as a result of the pandemic. It is uncertain how a downturn in the financial markets and consumer confidence may affect the operations, grants and contracts, contributions, special event revenues, and rental income of the Agency in the near future.

To assist with operational cash flow during the pandemic, the Agency received a loan of \$89,400 at June 30, 2020 from the United States Small Business Administration’s Paycheck Protection Program (PPP), as further discussed in Note 7.

While the Agency believes it has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on many interdependent factors. The Agency depends heavily on grants and contracts, contributions, special event revenues, and rental income to support its operations. The availability of grants and contracts, the ability of contributors to continue to give and participate in special events, and tenants to pay rent may be dependent on current and future overall economic conditions.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. Cash and Cash Equivalents

The Agency considers all cash and highly liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consisted of the following at June 30:

	2021	2020
Cash without donor restrictions	\$ 483,894	\$ 593,089
Cash with donor restrictions	168,520	136,458
Cash and cash equivalents	652,414	729,547
Cash restricted for building improvements and equipment	12,385	26,327
Cash restricted for long-term purposes	12,385	26,327
Total cash and cash equivalents for purposes of the statements of cash flows	\$ 664,799	\$ 755,874

4. Pledges Receivable, Net

The Agency initiated a “Circle of 500” fundraising campaign in October 2009, primarily for the purpose of raising monies to help with program services provided to HomeStretch families. During the year ended June 30, 2021, the Agency wrote off \$12,337 in uncollectible pledges receivable. Total campaign pledges through June 30, 2021 and 2020 were \$152,179 and \$164,516, of which the Agency estimates \$152,179 and \$163,222 will be collected, respectively, and was recorded in contributions in the Statements of Activities. The Agency also receives indirect pledge contributions from the Roswell Presbyterian Church.

Pledges receivable, net consisted of the following as of June 30:

	2021	2020
Circle of 500 pledges receivable, net of uncollectible amounts	\$ 152,179	\$ 163,222
Total payments against pledges	(143,679)	(141,179)
	8,500	22,043
Present value discount (5% effective rate)	(750)	(2,599)
Circle of 500 pledges receivable, net	7,750	19,444
Roswell Presbyterian Church	10,000	6,700
Pledges receivable, net	\$ 17,750	\$ 26,144

The Agency anticipates that approximately \$11,750 of the outstanding pledges receivable will be collected within one year with the remaining balance to be collected within 4 years.

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. Property and Equipment, Net

Property and equipment, net consists of the following at June 30:

	2021	2020
Land and land improvements	\$ 602,402	\$ 602,402
Housing units and improvements	3,352,009	3,215,110
Furniture and equipment	83,610	77,615
Software	26,326	26,326
Vehicles	25,000	31,789
Construction in progress	-	74,000
	4,089,347	4,027,242
Less accumulated depreciation	(1,503,557)	(1,380,102)
Total property and equipment, net	\$ 2,585,790	\$ 2,647,140

For the years ended June 30, 2021 and 2020, depreciation expense was \$130,244 and \$122,425, respectively. As described in Note 13, \$180,597 of the land, land improvements, housing units and improvements are restricted for use only in the HUD housing program under grants.

6. Deferred Revenue and Refundable Advances

Deferred revenue and refundable advances consist of the following as of June 30:

	2021	
	Deferred Revenue Special Events	Refundable Advance
Beginning of year	\$ 31,270	\$ 38,314
Recognized during the year	-	(238,314)
Received in advance of performance	25,204	200,000
End of year	\$ 56,474	\$ -
	2020	
	Deferred Revenue Special Events	Refundable Advance
Beginning of year	\$ 2,519	\$ -
Recognized during the year	(7,336)	(20,686)
Received in advance of performance	36,087	59,000
End of year	\$ 31,270	\$ 38,314

HOMESTRETCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. Paycheck Protection Program Loan

During May 2020, the Agency received a \$89,400 loan from the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP), which was established to assist with operating cash flow during the global coronavirus pandemic.

This unsecured loan bears interest at 1% and may be forgiven by the SBA, as long as the Agency uses the loan proceeds for eligible purposes over a defined period of time. Eligible purposes include payroll, related benefits, rent, and utilities. The amount of loan forgiveness may be reduced if the Agency terminates employees or reduces salaries during the defined period. The unforgiven portion of the loan is payable over two years with a deferral of payments to either the date the SBA remits the borrower's loan forgiveness amount to the lender, or if the borrower does not apply for loan forgiveness, ten months after the end of the borrower's loan forgiveness covered period. This loan may be prepaid at any time without penalty. The Agency believes it has used the loan proceeds for purposes consistent with the PPP, and therefore, expects it will meet the conditions of loan forgiveness. The Agency will reduce the government loan liability by the amount forgiven and record a corresponding gain on extinguishment once the loan is partly or wholly forgiven and a legal release is received. As of June 30, 2020, the outstanding borrowings under this loan totaled \$89,400.

In April 2021, the SBA approved forgiveness for the full amount of the PPP loan. Therefore, the proceeds of \$89,400 are recorded in the Statement of Activities for the year ended June 30, 2021.

8. Line of Credit

The Agency has a line of credit with a financial institution. The line of credit has a limit of \$150,000 with a variable interest rate equal to the bank's prime rate plus 1.25%. In July 2021, the line of credit maturity date was extended to July 2022 and an interest rate floor of 4.5% was added to the terms. The interest rate was 4.50% and 6.50% at June 30, 2021 and 2020, respectively. There were borrowings of \$375 on the line of credit at June 30, 2021. There was no outstanding balance on this line of credit for the year ended June 30, 2020.

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9. Notes Payable

The following is a summary of the notes payable at June 30:

	2021	2020
Fixed 4.35% mortgage note payable with monthly principal and interest installments due thru August 2025. All remaining principal and interest installments are due September 2025. Collateralized by real property, building, and improvements.	\$ -	\$ 67,668
Fixed 3.85% mortgage note payable with monthly principal and interest installments due thru December 2029. All remaining principal and interest installments are due January 2030. Collateralized by real property, building, and improvements.	170,636	176,660
Total notes payable	\$ <u>170,636</u>	\$ <u>244,328</u>

Principal maturities of debt required under this agreement subsequent to year ended June 30, 2021 are as follows:

For the years ending June 30,

2022	\$ 6,359
2023	6,608
2024	6,867
2025	7,136
2026	7,416
Thereafter	136,250
	\$ 170,636

The interest expense incurred on the note payable for the years ended June 30, 2021 and 2020 is \$9,962 and \$4,147, respectively.

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10. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of funds the Agency has received subject to donor-imposed restrictions and consist of the following at June 30:

	2021	2020
Pledges receivable (see Note 4)	\$ 17,750	\$ 26,144
Purpose restrictions:		
Family contingency	34,814	46,745
Life skills	52,521	3,798
Property enhancement and community enrichment	21,069	25,245
Family and youth development	67,960	77,418
Staff development	4,541	9,579
	180,905	162,785
Net assets with donor restrictions	\$ 198,655	\$ 188,929

11. Net Assets Released from Restrictions

The following net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by the donor for the years ending June 30:

	2021	2020
Pledges receivable	\$ 18,395	\$ 29,450
Purpose restrictions:		
Family contingency	248,742	23,656
Life skills	1,277	500
Property enhancement and community enrichment	84,839	101,951
Family and youth development	71,562	129,130
Staff development	5,038	3,664
Debt reduction	50,000	63,000
	461,458	321,901
Net assets released from restrictions	\$ 479,853	\$ 351,351

HOMESTRETCH, INC.
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12. Operating Lease Commitments

The Agency has entered into noncancelable operating leases for office equipment and office space. Total rent expense related to these leases is \$29,057 and \$30,404 for the years ended June 30, 2021 and 2020, respectively. Future minimum payments under these operating leases as of June 30, 2020 are as follows:

Year ended June 30,	
2022	\$ 29,920
2023	30,220
2024	29,490
2025	17,800
	\$ 107,430

13. Commitments and Contingencies

Grants and contracts often require fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Agency deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal, state or local funds, the related governmental unit or agency. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

In addition, the Agency has obtained grants that enabled them to either purchase or renovate housing units and improvements detailed in Note 5. These grants require the funds to be converted to debt if the Agency changes the use of the facilities within a prescribed period. The primary compliance requirements are prescribed by HUD and require use as temporary housing for low income families. The following schedule shows the years in which these compliance requirements will expire, and the loans will be forgiven:

Year ended June 30,	
2022	\$ 6,622
2023	35,871
2024	12,000
2027	53,664
	\$ 108,157

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14. Retirement Plan

The Agency maintains a Savings Incentive Match (SIMPLE IRA) Plan for its employees. Participation in the plan is voluntary and is available to all eligible employees. There are certain eligibility requirements as defined by the plan. The Agency has elected to match employee contributions up to 3% of total employee compensation. Employer contributions for the years ended June 30, 2021 and 2020, totaled \$5,236 and \$6,321, respectively.

15. Related Party Transactions

During the year ended June 30, 2021, the Agency outsourced its bookkeeping to a firm which is owned by a member of the Board of Trustees. The Agency paid the firm \$19,305 for bookkeeping services during the year ended June 30, 2021. A payable of \$4,155 was due to the firm at June 30, 2021.

16. Subsequent Event

Subsequent events have been evaluated through October 27, 2021, which is the date the financial statements were available to be issued. There were no significant subsequent events requiring recognition or disclosure in the financial statements as of this date other than as disclosed in Note 8.