HomeStretch, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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REPORT

CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Finance Committee of
HomeStretch, Inc. and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of HomeStretch, Inc. (a nonprofit organization) and 800 Forrest Street, LLC (an affiliated entity) (collectively, the Agency), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of HomeStretch, Inc. and 800 Forrest Street, LLC as of June 30, 2024 and 2023, 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 Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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, L.L.C.

Atlanta, Georgia
January 6, 2026

FINANCIAL STATEMENTS

June 30,		**2024**		2023
Assets				
Cash and cash equivalents	**$**	**321,077**	$	593,259
Accounts receivable		**6,000**		-
Prepaid expenses		**3,313**		-
Promises to give, net		**-**		9,067
Operating lease right-of-use assets, net		**33,135**		62,700
Property and equipment, net		**2,281,901**		2,362,283
Intangible assets, net		**4,885**		6,187
Total assets	**$**	**2,650,311**	$	3,033,496
Liabilities and Net Assets				
Accounts payable and accrued expenses	**$**	**96,927**	$	36,277
Other liabilities		**41,423**		-
Long-term debt		**150,397**		157,542
Operating lease liabilities		**33,185**		62,825
Total liabilities		**321,932**		256,644
Net assets				
Without donor restrictions		**2,273,064**		2,471,224
With donor restrictions		**55,315**		305,628
Total net assets		**2,328,379**		2,776,852
Total liabilities and net assets	**$**	**2,650,311**	$	3,033,496

For the year ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	$ 315,437	$ 25,300	**$ 340,737**
Special events	83,748	-	**83,748**
Rental income	368,683	-	**368,683**
Other income	3,738	-	**3,738**
Loss on theft	(56,838)	-	**(56,838)**
Net assets released from restrictions	275,613	(275,613)	**-**
Total revenue and other support	990,381	(250,313)	**740,068**
Expenses			
Program services			
Transitional housing	507,442	-	**507,442**
Affordable housing	344,757	-	**344,757**
Total program services	852,199	-	**852,199**
Supporting services			
Management and general	280,060	-	**280,060**
Fundraising	56,282	-	**56,282**
Total supporting services	336,342	-	**336,342**
Total expenses	1,188,541	-	**1,188,541**
Change in net assets	(198,160)	(250,313)	**(448,473)**
Net assets at beginning of year	2,471,224	305,628	**2,776,852**
Net assets at end of year	$ 2,273,064	$ 55,315	**$ 2,328,379**

For the year ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants and contracts	$ -	$ 84,731	$ 84,731
United Way	-	50,000	50,000
Contributions	264,089	85,522	349,611
Special events	79,961	-	79,961
Rental income, net of abatements	259,451	-	259,451
Other income	6,911	-	6,911
Net assets released from restrictions	174,213	(174,213)	-
Total revenue and other support	784,625	46,040	830,665
Expenses			
Program services			
Transitional housing	428,889	-	428,889
Affordable housing	297,740	-	297,740
Total program services	726,629	-	726,629
Supporting services			
Management and general	199,617	-	199,617
Fundraising	53,339	-	53,339
Total supporting services	252,956	-	252,956
Total expenses	979,585	-	979,585
Change in net assets	(194,960)	46,040	(148,920)
Net assets at beginning of year	2,666,184	259,588	2,925,772
Net assets at end of year	$ 2,471,224	$ 305,628	$ 2,776,852

For the year ended June 30, 2024

	Program Services			Supporting Services		
	Transitional Housing	Affordable Housing	Programs Subtotal	Management and General	Fundraising	**Total**
Salaries	$ 187,038	$ 129,975	$ 317,013	$ 101,268	$ 22,015	**$ 440,296**
Depreciation and amortization	74,253	51,599	125,852	1,302	-	**127,154**
Payroll tax and benefits	48,099	33,425	81,524	26,043	5,661	**113,228**
Utilities	53,642	37,276	90,918	-	-	**90,918**
Professional fees	-	-	-	79,790	-	**79,790**
Repairs and maintenance	37,706	26,203	63,909	-	-	**63,909**
Insurance	17,033	11,837	28,870	21,807	-	**50,677**
Family contingency assistance	25,779	17,915	43,694	-	-	**43,694**
Telecommunications	20,412	-	20,412	7,856	-	**28,268**
Special event expenses	-	-	-	-	28,193	**28,193**
Office and other expense	7,460	5,184	12,644	12,644	-	**25,288**
Office rent	8,349	5,802	14,151	10,675	-	**24,826**
Client workshops and volunteer services	9,436	6,557	15,993	-	-	**15,993**
Travel and training	6,024	4,187	10,211	2,532	-	**12,743**
Dues and subscriptions	-	-	-	10,639	-	**10,639**
Property management	6,115	4,250	10,365	-	-	**10,365**
Bank charges and payroll service fees	3,511	2,440	5,951	1,901	413	**8,265**
Mortgage interest and taxes	-	6,311	6,311	-	-	**6,311**
Vehicle maintenance	2,585	1,796	4,381	-	-	**4,381**
Advertising	-	-	-	2,238	-	**2,238**
Printing and Postage	-	-	-	1,365	-	**1,365**
Total	$ 507,442	$ 344,757	$ 852,199	$ 280,060	$ 56,282	**$ 1,188,541**

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

For the year ended June 30, 2023

	Program Services			Supporting Services		
	Transitional Housing	Affordable Housing	Programs Subtotal	Management and General	Fundraising	Total
Salaries	$ 118,305	$ 82,229	$ 200,534	$ 59,997	$ 24,304	$ 284,835
Depreciation and amortization	74,336	51,658	125,994	1,303	-	127,297
Utilities	57,061	39,653	96,714	-	-	96,714
Payroll tax and benefits	37,938	26,364	64,302	8,874	6,061	79,237
Professional fees	-	-	-	73,035	-	73,035
Client workshops and volunteer services	36,215	25,167	61,382	-	-	61,382
Repairs and maintenance	27,028	18,783	45,811	-	-	45,811
Insurance	15,136	10,518	25,654	13,910	-	39,564
Office and other expense	10,461	7,270	17,731	17,815	-	35,546
Telecommunications	22,383	-	22,383	5,226	-	27,609
Office rent	8,517	5,918	14,435	10,890	-	25,325
Special event expenses	-	-	-	-	22,550	22,550
Mortgage interest and taxes	-	15,234	15,234	-	-	15,234
Property management	8,920	6,198	15,118	-	-	15,118
Family contingency assistance	5,585	3,881	9,466	-	-	9,466
Travel and training	3,740	2,599	6,339	268	-	6,607
Bank charges and payroll service fees	2,656	1,846	4,502	621	424	5,547
Dues and subscriptions	-	-	-	4,181	-	4,181
Advertising	-	-	-	3,497	-	3,497
Vehicle maintenance	608	422	1,030	-	-	1,030
Total	$ 428,889	$ 297,740	$ 726,629	$ 199,617	$ 53,339	$ 979,585

For the years ended June 30,	**2024**	2023
Operating Activities		
Change in net assets	**$ (448,473)**	$ (148,920)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	**125,852**	125,994
Amortization	**1,302**	1,303
Amortization of right-of-use asset	**29,565**	26,481
Changes in operating assets and liabilities		
Accounts receivable	**(6,000)**	88,802
Prepaid expenses	**(3,313)**	4,787
Promises to give, net	**9,067**	7,750
Accounts payable and accrued expenses	**60,650**	(3,365)
Other liabilities	**41,423**	-
Refundable advance	**-**	(50,000)
Operating lease liabilities	**(29,640)**	(51,537)
Net cash provided by (used in) operating activities	**(219,567)**	1,295
Investing Activities		
Purchase of equipment and building improvements	**(45,470)**	(9,762)
Net cash provided by (used in) investing activities	**(45,470)**	(9,762)
Financing Activities		
Repayments on notes payable	**(7,145)**	(6,830)
Net cash provided by (used in) financing activities	**(7,145)**	(6,830)
Net change in cash and cash equivalents	**(272,182)**	(15,297)
Cash and cash equivalents, at beginning of year	**593,259**	608,556
Cash and cash equivalents, at end of year	**$ 321,077**	$ 593,259
Schedule of Noncash Transactions		
Lease liabilities arising from obtaining right-of-use assets		
Operating leases	**$ -**	$ 89,181
Schedule of Certain Cash Flow Information		
Cash paid for interest	**$ 6,061**	$ 6,400

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

Note 1: DESCRIPTION OF THE ORGANIZATION

HomeStretch, Inc. 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. HomeStretch, Inc. 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 use of the name HomeStretch on February 13, 1996.

800 Forest Street, LLC (an affiliated Georgia entity) was formed in 2015 for the purpose of owning a multifamily rental property to provide affordable housing in North Fulton. HomeStretch, Inc. is the sole member of 800 Forest Street, LLC which is a disregarded entity for federal and all relevant state tax purposes.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of HomeStretch, Inc. and 800 Forest Street, LLC. 800 Forest Street, LLC is consolidated due to being under the control of HomeStretch, Inc. These entities are collectively known as the Agency. All significant inter organization balances and transactions have been eliminated.

Basis of Accounting

The accompanying consolidated 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 consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for credit losses, depreciation of property and equipment, allocations used in the consolidated statements of functional expenses, and the discount rate used to record imputed interest on the right-of-use assets and operating lease liability.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable represents amounts owed to the Agency which are expected to be collected within twelve months and are presented in the consolidated statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. There was no allowance for credit losses at June 30, 2024 and 2023.

Promises to Give

Conditional promises to give are not recognized in the consolidated financial statements until the conditions are substantially met or explicitly waived by the donor. 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 more than one year 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. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Property and Equipment

All acquisitions of property and equipment in excess of $1,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Agency leases office space and equipment. The Agency determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated statements of financial position.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

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

The Agency’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Intangible Assets

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. Intangible assets are amortized over the estimated 10 year life using the straight-line method**.**

Net Assets

The Agency reports information regarding its consolidated 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 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 the Agency, 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.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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 consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from special events and payments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the consolidated statements of financial position. There were no performance obligation liabilities at June 30, 2024 and 2023.

A portion of the Agency's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

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 removed the conditions. 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.

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 Agency. Volunteers provided services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries, payroll taxes, and benefits are allocated based on actual percentages of time spent in each functional area. Utilities, repairs and maintenance, client workshops and volunteer services, insurance, office expense, telecommunications, bank charges and payroll service fees, vehicle maintenance, and depreciation and amortization are allocated on the basis of estimates of how the expenses support the programs and supporting services. Office rent expense is allocated on a square foot basis.

Advertising

The Agency uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2024 and 2023, advertising costs totaled $2,238 and $3,497, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Agency is exempt from taxes on income other than unrelated business income. There was no unrelated business income for the years ended June 30, 2024 and 2023.

The Agency utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740*, Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024 and 2023, the Agency has no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, January 6, 2025. See Notes 4, 5, 6, 7, 9 and 12 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Agency maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Agency's expenditures come due. The following reflects the Agency's financial assets as of the consolidated statements financial position date, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions.

June 30,	**2024**	2023
Total assets at year end	**$ 2,650,311**	$ 3,033,496
Less nonfinancial assets		
Prepaid expenses	**(3,313)**	-
Operating lease right-of-use assets, net	**(33,135)**	(62,700)
Property and equipment, net	**(2,281,901)**	(2,362,283)
Intangible assets, net	**(4,885)**	(6,187)
Financial assets at year-end	**327,077**	602,326
Less those assets not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	**(55,315)**	(305,628)
Financial assets available to meet cash needs for general expenditures within one year	**$ 271,762**	$ 296,698

The Agency is principally supported by contributions, special event income, and rental income. Additionally, as described in Note 7, the Agency maintains a line of credit in the amount of $150,000 it could draw upon in the event of an unanticipated liquidity event.

Note 4: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2024 and 2023:

	Estimated Useful Lives (in years)	**2024**	2023
Land		**$ 545,775**	$ 545,775
Land improvements	7 - 30	**56,627**	56,627
Housing units and improvements	7 - 31	**3,388,269**	3,366,529
Furniture and equipment	5 - 7	**115,963**	93,371
Vehicles	5	**27,500**	27,500
Total depreciable property and equipment		**4,134,134**	4,089,802
Less accumulated depreciation		**(1,852,233)**	(1,727,519)
Total property and equipment, net		**$ 2,281,901**	$ 2,362,283

Note 4: PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to $125,852 and $125,994, respectively.

As described in Note 12, $30,663 of the land, land improvements, housing units and improvements are restricted for use only in the HUD housing program under grants.

In July 2025, the Agency sold the property at 365 Norcross for $475,000. In January 2026, the Agency sold the property at 163 Willow Stream Court for $338,500.

Note 5: LEASES

The Agency has operating leases for office space and equipment. The leases have remaining lease terms of up to four years.

The components of lease expense consist of the following:

For the years ended June 30,	**2024**	2023
Operating lease cost	**$ 31,221**	$ 30,643

Weighted average remaining lease term and discount rates consist of the following:

For the years ended June 30,	**2024**	2023
Weighted average remaining lease term		
Operating leases	**2.08 years**	2.60 years
Weighted average discount rate		
Operating leases	**3.52%**	3.29%

Future minimum lease payments under non-cancellable leases as of June 30, 2024, were as follows:

For the years ending June 30,	Operating Leases
2025	$ 22,396
2026	4,596
2027	4,596
2028	3,064
Total future minimum lease payments	34,652
Less imputed interest	(1,467)
Present value of lease liabilities	$ 33,185

Note 5: LEASES (Continued)

In May 2025, the office lease was extended through May 2030 with monthly rent of $2,300 beginning in June 2025, monthly rent of $2,400 beginning in June 2026, monthly rent of $2,500 beginning in June 2027, monthly rent of $2,600 beginning in June 2028, and monthly rent of $2,700 beginning in June 2029.

The Agency leases single family residences to eligible families to further their mission. The transitional housing program accommodates up to 23 families for up to two years. The affordable housing program accommodates up to 16 families for up to three years.

As of June 30, leased property consists of the following:

June 30,	**2024**	2023
Land	**$ 545,775**	$ 545,775
Building	**2,325,592**	2,325,592
Total	**2,871,367**	2,871,367
Less accumulated depreciation	**(1,209,185)**	1,133,577
Land and leased building, net	**$ 1,662,182**	$ 4,004,944

Rental income for the years ended June 30, 2024 and 2023 was $368,683 and $259,451, respectively. The future minimum rental income to be received under the leases is as follows:

For the years ending June 30,	
2025	$ 313,510
2026	77,194
Total future minimum lease income	$ 390,704

Note 6: LONG TERM DEBT

Long term debt consists of the following:

June 30,	**2024**	2023
Mortgage payable to financial institution, monthly payments of $1,067, including interest at 3.85% per annum, maturity of 2030, collateralized by real property with a net book value of $176,703.	**$ 150,397**	$ 157,542
Long-term debt	**$ 150,397**	$ 157,542

Interest expense related to the mortgage agreement was $6,061 and $6,400 for the years ended June 30, 2024 and 2023, respectively.

In July 2025, the long-term debt was paid in full.

Note 7: LINE OF CREDIT

The Agency maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are $150,000 with an interest rate of the bank's prime rate plus 1.25% but no less than 4.50% and maturity date of July 2025. The line of credit is cross-collateralized with the long term debt. At June 30, 2024 and 2023, there were no borrowings under the line of credit.

In August 2024, the line of credit was renewed for one year through July 2025 and the interest rate floor was removed. In July 2025 the line of credit was extended to July 2030, the interest rate was changed to the fixed rate of 8.75%, and the requirement was added for monthly payments of principal and interest.

Note 8: NET ASSETS

A summary of net assets with donor restrictions consists of the following:

June 30,	**2024**	2023
Promises to give, net	**$ -**	$ 9,067
Purpose restricted		
Family contingency	**9,483**	21,358
Life skills	**11,359**	38,223
Property enhancement and community enrichment	-	37,409
Family and youth development	**34,473**	114,180
Staff development	-	85,391
Total net assets with donor restrictions	**$ 55,315**	$ 305,628

A summary of the release of donor restrictions consists of the following:

For the years ended June 30,	**2024**	2023
Promises to give, net	**$ 8,317**	$ 8,500
Purpose restricted		
Family contingency	**11,875**	18,167
Life skills	**26,863**	13,800
Property enhancement and community enrichment	**62,408**	17,393
Family and youth development	**80,757**	114,483
Staff dvelopment	**85,393**	1,870
Total net assets released from donor restrictions	**$ 275,613**	$ 174,213

Note 9: LOSS ON THEFT

During the year ended June 30, 2024, the Agency determined its property management company had improperly retained tenant rent totaling $62,838. The Agency immediately investigated and determined it had been the victim of theft. The Agency discontinued using the property management company, engaged a legal firm and pursued collection of the funds. In September 2024, the Agency recovered $6,000 from the property management company. The Agency recorded accounts receivable of $6,000 and a loss on theft of $56,838 at June 30, 2024.

Note 10: CONCENTRATIONS

The Agency maintains cash deposits with financial institutions at June 30, 2023, in excess of federally insured limits of $257,412. Cash deposits with financial institutions at June 30, 2024, were below the federally insured limit.

Note 11: COMMITMENTS

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 year in which these compliance requirements will expire, and the loan will be forgiven:

For the year ending June 30,		
2027	$	30,663
Total compliance requirements	$	30,663

Note 12: CONTINGENCIES

During the year ended June 30, 2023, the Agency was notified of a lawsuit filed in the United Sates. During the year ended June 30, 2024, the matter was resolved with an out of court settlement that was covered by the Agency’s insurance company.

During the year ended June 30, 2024, the Agency was notified of a lawsuit filed in the United Sates. In August 2025, the matter was resolved with an out of court settlement payment of $21,895.

Note 13: RELATED PARTIES

The Agency outsourced its bookkeeping to a firm which was owned by a member of the Board of Trustees. The Agency paid the firm $35,953 for bookkeeping services during the year ended June 30, 2023.

Note 14: RETIREMENT PLAN

The Agency sponsors a Savings Incentive Match Plan 401(k) (the Plan) that allows eligible participants to contribute a portion of their annual compensation. The Agency matches participants' contributions to the Plan up to the first 3% of the individual participant's compensation. There was no Agency contribution to the Plan for the year ended June 30, 2024. Total expense for the year ended June 30, 2023, was $2,492.