STATUS: HOME, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Status: Home, Inc.

Opinion
We have audited the accompanying statements of Status: Home, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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

Warren Averett, LLC

Atlanta, Georgia
February 6, 2024

STATUS: HOME, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Cash	$ 4,745,601	$ 283,355
Government grants receivable	11,366,340	2,208,305
Unconditional promises to give, net	75,415	-
Accounts receivable, net	334,907	239,483
Prepaid expenses and other current assets	96,513	147,280
Property and equipment, net	11,681,903	1,512,971
Operating lease right-of-use assets, net	581,071	-
TOTAL ASSETS	$ 28,881,750	$ 4,391,394

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Accounts payable and accrued liabilities	$ 391,524	$ 99,138
Deferred revenue	32,573	55,000
Security deposits	57,154	-
Deferred rent	-	33,523
Operating lease liabilities	633,266	-
Line of credit	-	1,790,976
HOPWA advance	1,096,471	-
Notes payable, net	10,653,615	1,000,000
TOTAL LIABILITIES	12,864,603	2,978,637
NET ASSETS		
Without donor restrictions		
Undesignated	14,896,653	615,713
Board designated	389,990	150,000
Total net assets without donor restrictions	15,286,643	765,713
With donor restrictions		
Restricted by purpose	730,504	647,044
Total net assets with donor restrictions	730,504	647,044
TOTAL NET ASSETS	16,017,147	1,412,757
TOTAL LIABILITIES AND NET ASSETS	$ 28,881,750	$ 4,391,394

See notes to the financial statements.

STATUS: HOME, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(with comparative totals for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
PUBLIC SUPPORT AND REVENUE				
Federal financial assistance	$ 13,875,518	$ -	$ 13,875,518	$ 6,032,763
Other governmental assistance	12,723	-	12,723	68,219
Community group contributions	3,040	-	3,040	45,804
Corporate contributions	246,791	115,000	361,791	34,139
Faith community contributions	5,100	-	5,100	10,468
Foundations and trusts	406,697	-	406,697	375,869
In-kind contributions	3,896,787	-	3,896,787	265,590
Special events	254,522	-	254,522	78,585
Individuals, memorials and bequests	165,247	-	165,247	535,797
Program service fees	629,467	-	629,467	538,603
Other income	47,401	-	47,401	17,255
Net assets released from restrictions	31,540	(31,540)	-	-
Total public support and revenue	19,574,833	83,460	19,658,293	8,003,092
EXPENSES				
Program services				
The Program for Single Adults	1,013,495	-	1,013,495	1,121,653
The Family Program	996,975	-	996,975	923,181
Scattered Site Program I	666,375	-	666,375	584,944
Scattered Site Program II	4,630,376	-	4,630,376	4,083,833
Tenant Based Rental Assistance	655,737	-	655,737	624,107
Capital Acquisiton Program	127,813	-	127,813	-
Supporting services				
Management and general	465,767	-	465,767	355,692
Fundraising	477,320	-	477,320	234,189
Total expenses	9,033,858	-	9,033,858	7,927,599
Gain on sale of property and equipment	3,979,955	-	3,979,955	-
CHANGE IN NET ASSETS	14,520,930	83,460	14,604,390	75,493
NET ASSETS AT:				
BEGINNING OF YEAR	765,713	647,044	1,412,757	1,337,264
END OF YEAR	$ 15,286,643	$ 730,504	$ 16,017,147	$ 1,412,757

See notes to the financial statements.

STATUS: HOME, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
PUBLIC SUPPORT AND REVENUE			
Federal financial assistance	$ 6,032,763	$ -	$ 6,032,763
Other governmental assistance	14,153	54,066	68,219
Community group contributions	45,804	-	45,804
Corporate contributions	34,139	-	34,139
Faith community contributions	10,468	-	10,468
Foundations and trusts	337,119	38,750	375,869
In-kind contributions	265,590	-	265,590
Special events	78,585	-	78,585
Individuals, memorials and bequests	535,797	-	535,797
Program service fees	538,603	-	538,603
Other income	17,255	-	17,255
Net assets released from restrictions	102,088	(102,088)	-
Total public support and revenue	8,012,364	(9,272)	8,003,092
EXPENSES			
Program services			
The Program for Single Adults	1,121,653	-	1,121,653
The Family Program	923,181	-	923,181
Scattered Site Program I	584,944	-	584,944
Scattered Site Program II	4,083,833	-	4,083,833
Tenant Based Rental Assistance	624,107	-	624,107
Supporting services			
Management and general	355,692	-	355,692
Fundraising	234,189	-	234,189
Total expenses	7,927,599	-	7,927,599
CHANGE IN NET ASSETS	84,765	(9,272)	75,493
NET ASSETS AT:			
BEGINNING OF YEAR	680,948	656,316	1,337,264
END OF YEAR	$ 765,713	$ 647,044	$ 1,412,757

See notes to the financial statements.

STATUS: HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(with comparative totals for 2022)

	2023									
	Program Services						Supporting Services			
	The Program for Single Adults	The Family Program	Scattered Site Program I	Scattered Site Program II	Tenant Based Rental Assistance	Capital Acquisition Program	Management and General	Fund-Raising	Total	2022 Total
Salaries and wages	$ 363,154	$ 363,774	$ 157,455	$ 967,009	$ 220,356	$ 60,587	$ 133,264	$ 206,590	$ 2,472,189	$ 2,175,443
Worker's compensation insurance	3,259	3,422	1,575	8,921	-	-	6,990	1,491	25,658	23,787
Payroll taxes	27,433	27,778	11,934	72,994	16,957	4,581	12,453	15,367	189,497	167,313
Employee benefits	69,904	62,293	31,359	243,958	44,139	5,073	45,125	32,982	534,833	459,264
Total salaries and related expenses	463,750	457,267	202,323	1,292,882	281,452	70,241	197,832	256,430	3,222,177	2,825,807
Apartment leases	-	-	268,663	1,807,439	358,726	-	-	-	2,434,828	2,559,034
In-kind rent	-	-	-	-	-	-	-	-	-	265,590
Apartment utilities	53,000	46,410	55,529	468,649	375	-	-	-	623,963	570,455
Apartment furnishings and supplies	-	-	-	408,015	-	-	-	-	408,015	3,420
Maintenance and repairs	31,492	26,839	-	5,426	139	-	-	-	63,896	68,946
Insurance	62,178	97,023	32,603	91,842	-	16,193	-	13,359	313,198	120,423
Occupancy	9,591	10,196	18,850	112,481	2,000	-	70,652	39,021	262,791	207,712
Communications	48,883	54,083	10,189	102,923	6,025	-	29,705	8,726	260,534	243,821
Professional services	27,596	37,267	11,595	63,148	413	-	47,429	625	188,073	110,933
Special events	-	-	-	-	-	-	-	88,534	88,534	644
Contract personnel	208,242	154,026	-	-	-	-	-	-	362,268	369,589
Supportive services	17,595	46,808	43,636	118,128	2,972	-	-	-	229,139	263,681
Mileage	1,108	1,447	2,467	13,514	1,155	-	2,039	10	21,740	19,247
Other	60,794	51,098	20,520	145,929	2,480	41,379	117,748	70,615	510,563	202,520
Total expenses before depreciation	984,229	982,464	666,375	4,630,376	655,737	127,813	465,405	477,320	8,989,719	7,831,822
Depreciation	29,266	14,511	-	-	-	-	362	-	44,139	95,777
TOTAL EXPENSES	$ 1,013,495	$ 996,975	$ 666,375	$ 4,630,376	$ 655,737	$ 127,813	$ 465,767	$ 477,320	$ 9,033,858	$ 7,927,599

See notes to the financial statements.

STATUS: HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services		
	The Program for Single Adults	The Family Program	Scattered Site Program I	Scattered Site Program II	Tenant Based Rental Assistance	Management and General	Fund-Raising	Total
Salaries and wages	$ 326,483	$ 359,091	$ 129,710	$ 969,007	$ 181,038	$ 114,159	$ 95,955	$ 2,175,443
Worker's compensation insurance	4,382	4,736	1,579	9,636	-	2,283	1,171	23,787
Payroll taxes	23,059	26,379	9,534	73,468	13,823	13,460	7,590	167,313
Employee benefits	68,055	70,715	23,255	214,409	43,379	24,283	15,168	459,264
Total salaries and related expenses	421,979	460,921	164,078	1,266,520	238,240	154,185	119,884	2,825,807
Apartment leases	-	-	259,024	1,949,115	350,895	-	-	2,559,034
In-kind rent	265,590	-	-	-	-	-	-	265,590
Apartment utilities	40,140	19,721	54,562	454,380	1,652	-	-	570,455
Apartment furnishings and supplies	247	3,173	-	-	-	-	-	3,420
Maintenance and repairs	34,551	31,712	-	2,359	324	-	-	68,946
Insurance	36,338	36,214	23,555	24,316	-	-	-	120,423
Occupancy	4,170	4,170	14,873	104,700	11,903	32,294	35,602	207,712
Communications	42,527	74,293	9,291	77,364	7,565	24,400	8,381	243,821
Professional services	23,324	33,205	764	6,758	-	28,538	18,344	110,933
Special events	-	-	-	-	-	-	644	644
Contract personnel	203,729	165,860	-	-	-	-	-	369,589
Supportive services	24,047	8,778	53,000	169,762	8,094	-	-	263,681
Mileage	1,927	1,979	2,917	10,347	1,597	105	375	19,247
Other	5,633	5,190	2,880	18,212	3,837	115,809	50,959	202,520
Total expenses before depreciation	1,104,202	845,216	584,944	4,083,833	624,107	355,331	234,189	7,831,822
Depreciation	17,451	77,965	-	-	-	361	-	95,777
TOTAL EXPENSES	$ 1,121,653	$ 923,181	$ 584,944	$ 4,083,833	$ 624,107	$ 355,692	$ 234,189	$ 7,927,599

See notes to the financial statements.

STATUS: HOME, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 14,604,390	$ 75,493
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	44,139	95,777
Noncash operating lease expense	534,825	-
Gain on sale of property and equipment	(3,979,955)	-
Conversion of conditional grant to support	-	(44,932)
(Increase) decrease in operating assets:		
Accounts receivable	(95,424)	(55,172)
Grants receivable	(9,158,035)	(268,530)
Unconditional promises to give	(75,415)	64,236
Prepaid expenses and other current assets	50,767	(54,340)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	292,386	(94,906)
Deferred revenue	(22,427)	5,000
Security deposits	57,154	-
Deferred rent	(33,523)	(18,498)
Payments on operating lease liabilities	(482,630)	-
HOPWA advance	1,096,471	(1,175,356)
Net cash provided by (used in) operating activities	2,832,723	(1,471,228)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of property and equipment	5,366,560	-
Purchases of property and equipment	(11,599,676)	-
Net cash used in investing activities	(6,233,116)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	9,653,615	1,000,000
Net borrowings on line of credit	(1,790,976)	326,307
Net cash provided by financing activities	7,862,639	1,326,307
NET INCREASE (DECREASE) IN CASH	4,462,246	(144,921)
CASH AT BEGINNING OF YEAR	283,355	428,276
CASH AT END OF YEAR	$ 4,745,601	$ 283,355
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest paid	$ 16,053	$ 90,791
Additions to right-of-use lease assets obtained from new operating lease liabilities	$ 1,058,292	$ -

See notes to the financial statements.

1. ORGANIZATION

Jerusalem House, Inc. (the Organization) was incorporated in the State of Georgia on August 2, 1988, as a nonprofit corporation. Effective, April 3, 2023, the name of the Organization was changed from Jerusalem House, Inc. to Status: Home, Inc.

The Organization has five programs, four of which provide permanent housing and supportive services for homeless and low-income persons living with HIV/AIDS in the metropolitan Atlanta area. In 1989, the Organization established the Program for Adults, serving 23 homeless single men and women living with HIV/AIDS. During 1997, the Organization added the Family Program, serving 12 homeless parents with HIV/AIDS and their children. In 2003, the Organization opened the Scattered Site I Program to provide homeless individuals and family's independent permanent housing and supportive services in apartment units scattered throughout Atlanta. In 2009, the Organization added the Scattered Site II Program to provide additional permanent independent housing units. This program has expanded several times since 2009. In July 2015 the Organization introduced New Horizons which is a Tenant Based Rental Assistance (TBRA) program providing eligible individuals and families with a rental and utilities subsidy to offset their housing rental payments. The Organization's TBRA program allows individuals to remain housed in their homes or lease an apartment of their choice. Eligible applicants must be able to secure a lease and utilities in their name and participate in case management. The program will allow individuals and families to move toward greater independence as they transition into their own apartment or home with no subsidy. TBRA is not considered permanent housing, and residents can remain in the program for up to five years. As people with HIV disease are living longer and healthier lives due to advancements in treatment options, the New Horizons program allows them to maintain their independence while maintaining their health. As of June 30, 2023, the Organization provides homeless or low-income individuals and families living with HIV/AIDS access to 252 units of permanent supportive housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities at year end. Net assets, revenues, expenses, gains, and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Board Designated – Assets designated by the Board of Directors (the Board) to be held for other specified purposes. The Board can elect to remove these designations in the future.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

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

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues received, which are purpose restricted, are reported as increases in net assets with donor restrictions and subsequently released as the donor-stipulated time restriction ends or purpose restriction is accomplished. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor time restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions subject to donor-imposed restrictions that the corpus is maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Federal grants are primarily reimbursement basis grants and revenue is recognized as expenditures are made and related work progresses.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year end. Management does not consider any amounts to be uncollectible at June 30, 2023 and 2022.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give depend on the occurrence of a specified future and uncertain event to bind the promises. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met, there is not right of return of the assets received and no indications of barriers imposed by the donor, that is, when a conditional promise becomes unconditional. Contributions or assets other than cash are recorded at estimated fair value at the date of the gift, as determined by independent appraisal or other valuation methods as deemed appropriate by management. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of future cash flows with discounts computed using risk adjusted rates commensurate with associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

Program Service Fees
Program service fees represent rent paid by residents in accordance with Section 3(a)(1) of the U.S. Housing Act of 1937. The amount of rent charged to each resident is based on the family's monthly adjusted income. Adjusted income is determined in accordance with HUD guidelines, and is adjusted at least annually. Fees collected are required to be used to offset program expenses. Program service fees are recognized as services are delivered. Accounts receivable represent program service fees that are due from residents at year end. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on historical experience and management's analysis of specific accounts. Accounts are considered past due after 30 days. It is management's policy to write off accounts receivable when management determines the receivable will not be collectible. An allowance of $101,387 and $38,350 was recorded at June 30, 2023 and 2022, respectively.

In-Kind Contributions
The Organization utilizes in-kind contributions to carry out the mission of the Organization. All in-kind contributions received during the years ended June 30, 2023 and 2022, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management. The Organization values in-kind contributed services and rent based on current market rates for comparable services and rental facilities. In-kind contributions are included in support revenue and program expense in the accompanying statements of activities.

Donated Materials: Donated materials are reflected as contributions at their estimated value at date of receipt. Generally donated materials are received for use in special events. None were received during the years ended June 30, 2023 and 2022. At June 30, 2022, the materials that were donated during the year ended June 30, 2020 and valued at $31,956, are included in other current assets on the statements of financial position because the event was postponed until October 2022.

Contributed Services: Contributed services are recognized 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. Contributed services meeting these criteria for the years ended June 30, 2023 and 2022, were not significant.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities which is not valued in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Facility: As described in Note 9, the Organization leased land and a building for $1 per year. The estimated fair value of the annual rental of $265,590 for the year ended June 30, 2022, was included in support revenue and program expense in the accompanying financial statements. During 2023, the land and building were contributed to the Organization and are reflected as in-kind contributions at the appraised value of $3,896,787 on the statement of activities for the year ended June 30, 2023.

Financial Instruments and Credit Risk
Financial instruments, principally cash, receivables, line of credit and accounts payable are reported at values, which the Organization believes are not significantly different from fair values. At times, cash in the bank is in excess of the Federal Deposit Insurance Corporation's insured limits. The Organization believes no significant credit risk exists with respect to any of its financial instruments.

Property and Equipment
The Organization capitalizes all expenditures for property, furniture, fixtures and equipment in excess of $5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods ranging from three to 40 years based upon their estimated useful lives.

Right-of-Use Assets and Lease Liabilities
Effective July 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). Under Topic 842, a lessee is required to recognize a lease liability and a right-of-use lease asset on the statements of financial position. Upon adoption of the new guidance, the Organization recognized a right-of-use lease assets and lease liabilities of $1,058,292 and $1,115,896, respectively, and a reduction of previously recorded deferred rent of $29,878. There was no cumulative effect adjustment to the Organization's net assets as a result of the adoption of this standard.

In connection with the adoption of Topic 842, the Organization elected to apply the following practical expedients:

- not to reassess whether a contract includes an embedded lease at adoption;
- not to reassess the previously determined classification of a lease as operating or capital;
- not to reassess previously recorded initial direct costs;
- election of an accounting policy that permits inclusion of both the lease and non-lease components as a single lease component;
- election of an accounting policy to exclude lease accounting requirements for leases that have terms of less than 12 months; and
- the use of hindsight in determining the lease term and in assessing impairment of right-of-use assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In accordance with Topic 842, at lease commencement, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. The right-of-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Key estimates and judgments related to leases include how the Organization determines: (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Organization monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

Deferred Rent
Deferred rent represents the net amount of the excess of recognized rent expense over scheduled lease payments that will be amortized over the respective lease term.

Special Events
Special events revenue is shown net of cost of direct benefit to donors, which amounted to zero for each of the years ended June 30, 2023 and 2022, respectively. Deferred revenue at June 30, 2022, related to event sponsorships that was recognized as revenue when the event took place in October 2022.

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 and functional expenses. Accordingly, certain costs have been allocated among the programs, and supporting services benefited, and personnel costs have been allocated based on estimates of time and effort.

Income Taxes
The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Events Occurring After Report Date
Management has evaluated events and transactions that occurred between June 30, 2023 and February 6, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. See Note 13.

3. PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment, net consisted of:

	2023	2022
Land	$ 3,405,000	$ 482,202
Buildings and land improvements	8,185,887	2,371,195
Leasehold improvements	5,427	233,485
Furniture, fixtures and equipment	120,105	310,802
	11,716,419	3,397,684
Less accumulated depreciation	(34,516)	(1,884,713)
	$ 11,681,903	$ 1,512,971

Depreciation expense of $44,139 and $95,777 was recorded for the years ended June 30, 2023 and 2022, respectively.

4. LINE OF CREDIT

The Organization had a line of credit with a bank. In November 2019, the line of credit was increased from $1,500,000 to $2,500,000. The credit line matured January 28, 2023 and was not renewed. The line accrued interest monthly at the Index Rate, as defined in the loan documents, plus 0.5% and was secured by all property. The balance at June 30, 2023 and 2022, was $0 and $1,790,976, respectively. The

5. NOTES PAYABLE

In December 2021 the Organization obtained a $1,000,000 Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL). The loan bears 2.75% interest and provides for monthly principal and interest payments beginning in December 2023 through its December 2051 maturity date. The COVID-19 EIDL program was designed to provide funding to small businesses that were hurt economically during the COVID-19 pandemic. The loan is collateralized by substantially all of the Organization's assets and has restrictions on the use of the funds. Future maturities are due as follows:

Year ending June 30,	
2024	$ 2,612
2025	25,592
2026	26,305
2027	27,037
Thereafter	918,454
	$ 1,000,000

5. NOTES PAYABLE – CONTINUED

In September 2022, the Organization obtained a bridge loan of up to $2,000,000. The loan bears 6% interest and matures in March 2024 at which time any balance will immediately become due in full. The loan is collateralized by substantially all of the Organization's assets and has restrictions on the use of the funds. As of June 30, 2023, the balance was $2,000,000.

In May 2023, the Organization obtained two additional acquisition bridge loans in the amounts of up to $5,210,000 (Loan A) and $3,100,000 (Loan B) to acquire certain real properties. The loans bear interest at a floating rate of term Secured Overnight Financing Rate (SOFR) plus 2.25% with a floor of 6% and no ceiling (7.41% at June 30, 2023) and mature in June 2024 at which time any balance will immediately become due in full. The loan is collateralized by substantially all of the Organization's assets and has restrictions on the use of the funds. As of June 30, 2023, the balance on Loan A and Loan B was $4,840,000 and $2,890,000, respectively.

The following is a reconciliation of notes payable to the statement of financial position at June 30, 2023 and 2022:

	2023	2022
EIDL Loan	$ 1,000,000	$ 1,000,000
Bridge Loan	2,000,000	-
Acquisition (Loan A)	4,840,000	-
Acquisition (Loan B)	2,890,000	-
Less: Loan Costs	(76,385)	-
	$ 10,653,615	$ 1,000,000

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are expected to be collected during the subsequent year.

7. LIABILITY FOR CONDITIONAL GRANT

During 1994, the Organization purchased property to implement a new program to provide a housing facility for homeless families who have AIDS or symptomatic HIV disease and their children. Renovation of the facility began in January 1997. The facility was completed and opened in October 1997. During the year ended June 30, 1998, Federal Home Loan Bank (FHLB) granted the Organization a $192,633 forgivable loan for construction of the property. As long as the property is used for housing income-eligible residents, FHLB will forgive a portion of the loan on an annual basis over 30 years. Consequently, each year a portion of the loan is converted from a liability to support. The remaining balance on the loan was forgiven by FHLB during the year ended June 30, 2022.

8. COMPOSITION OF NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30, 2023 and 2022:

	2023	2022
Subject to expenditures for specific purpose:		
Capital campaign	$ 222,719	$ 222,719
Maintenance and repairs	178,930	63,930
Client support	84,283	84,283
Expansion support	139,712	141,021
Furnishings	12,307	12,307
Supportive services	71,247	101,478
Resident medical costs	15,306	15,306
College tour expenses	6,000	6,000
	$ 730,504	$ 647,044

Net assets with donor restrictions released from restrictions during the year ended June 30, 2023 was as follows:

	2023	2022
Maintenance and repairs	$ -	$ 241
Client support	-	76,053
Expansion support	1,309	6,678
Furnishings	-	27
Supportive services	30,231	16,919
Resident medical costs	-	2,170
	$ 31,540	$ 102,088

Total Board designated net assets as of June 30, 2023 and 2022, amounted to $389,990 and $150,000, respectively, and are included as net assets without restrictions. The amounts are designated for programs.

9. CONTRIBUTION OF LAND AND BUILDING

During 1990 the Organization purchased land and a building for its operations. Title to the land and building was subsequently transferred to Community Foundation for Greater Atlanta (CFGA). The Organization leased the land and building for $1 per year. During the year ended June 30, 1992, leasehold improvements and capitalized construction costs related to the 1992 renovation of an addition to the building were contributed to CFGA. The Organization has made cumulative contributions of $2,100,976 to CFGA. The contributions were made to enhance fund raising as well as to ensure that the property will consistently be used for the community good. CFGA has committed to leasing the property to the Organization indefinitely provided the Organization's use of the property does not significantly change. During 2023, the Title to the land and building was transferred back to the Organization by CFGA. See Note 2 – In-Kind Contributions.

10. RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES

The Organization leases its administrative offices and certain office equipment under noncancelable operating leases. In addition, the Organization leases apartments for its scattered site programs under annual renewable leases.

Right-of-use assets and liabilities are classified as follows on the statements of financial position as of June 30, 2023:

Operating Lease	
Operating lease right-of-use assets, net	$ 581,071
Operating lease liabilities	$ 633,266

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term	
Operating leases	3.48 years
Weighted Average Discount Rate	
Operating leases	4.12%

10. RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES – CONTINUED

Future maturities of the lease liability as of June 30, 2023 are as follows:

For the Years Ending June 30,	Amount
2024	$ 311,994
2025	114,353
2026	107,333
2027	109,946
2028	103,603
Total lease payments	747,229
Less interest	(113,963)
Present value of lease liabilities	$ 633,266

The following is a summary of lease expense recorded in the statement of activities for the year ended June 30, 2023:

Operating lease expense included in:	
The Program for Single Adults	$ 9,591
The Family Program	10,196
Scattered Site Program I	23,976
Scattered Site Program II	419,347
Tenant Based Rental Assistance	2,000
Management and General	87,102
Fundraising	39,021
	$ 591,233

Not included in the amounts above are leases with an initial term of 12 months or less. Expense for these such leases are $2,080,503 for the year ended June 30, 2023.

11. EMPLOYEE BENEFIT PLAN

Effective July 2010 the Organization adopted a 403(b) Employee Benefit Plan (the Plan) for those employees who meet the eligibility requirements set forth in the Plan. All Plan participants are allowed to contribute any amount up to the legal maximum allowed. The Organization matches 100% of the first 3% of a participants' compensation and 50% of each additional 1% of a participants' compensation deferred to the Plan, with a maximum match of 4%. Employer contributions amounted to $60,389 and $61,234 for the years ended June 30, 2023 and 2022, respectively.

12. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2023	2022
Financial assets:		
Cash	$ 4,745,601	$ 283,355
Grants receivable	11,366,340	2,208,305
Unconditional promises to give, net	75,415	-
Accounts receivable	334,907	239,483
Financial assets, at year-end	16,522,263	2,731,143
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	730,504	647,044
Board designations	389,990	150,000
Financial assets available to meet cash needs for general expenditures within one year	$ 15,401,769	$ 1,934,099

The Organization is substantially supported by federal awards and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization has a line of credit that can be used to cover expenses as needed and Board designated amounts could be made available if necessary.

13. SUBSEQUENT EVENT

The Organization entered into an agreement to purchase property located in Dekalb County, Georgia. The purchase price for the premise is $3,000,000. The sale closed on September 28, 2023. Additionally, the acquisition bridge loans were paid off on September 29, 2023.