HOME HEADQUARTERS, INC. AND AFFILIATES

Consolidated Financial Statements and
Supplementary Information
April 30, 2020 and 2019
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

HOME HEADQUARTERS, INC. AND AFFILIATES

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 25, 2020

To the Boards of Directors of
Home Headquarters, Inc. and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Home Headquarters, Inc. (a nonprofit Corporation) and Affiliates, which comprise the consolidated statements of financial position as of April 30, 2020 and 2019, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Home Headquarters, Inc. and Affiliates as of April 30, 2020 and 2019, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles
As described in Note 2 to the consolidated financial statements, Home Headquarters, Inc. and Affiliates implemented Accounting Standards Updates (ASU) ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ASU 2016-18*, Statement of Cash Flows (Topic 230) – Restricted Cash*, and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),* as of May 1, 2019 and the effects have been included in these consolidated financial statements. Our opinion is not modified with respect to these matters.

Report on Supplemental Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 2020 supplementary information included on pages 27 and 29 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2019 supplementary information included on pages 28 and 30 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020 on our consideration of Home Headquarters, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Headquarters, Inc. and Affiliates' internal control over financial reporting and compliance.

Bonadio & Co., LLP

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,669,482	$ 7,068,558
Grants and contracts receivable	3,506,465	2,923,102
Loans receivable, net of allowance for loan losses of $1,887,661 and $1,366,041 in 2020 and 2019, respectively	2,227,493	3,034,119
Assets limited to use - current portion	349,012	506,450
Properties held for resale	782,578	687,690
Properties held for redevelopment - current portion	2,353,481	3,042,199
Deposits held in trust	21,811	55,777
Prepaid expense and other assets	150,499	164,284
Total current assets	15,060,821	17,482,179
NON-CURRENT ASSETS:		
Certificates of deposit	436,661	685,012
Assets limited to use, net - long-term portion	2,183,897	2,147,665
Investment in other entities	500	500
Loans receivable, net - long-term portion	36,825,275	28,554,847
Notes receivable	100,000	100,000
Properties held for redevelopment - long-term portion	584,494	888,503
Property and equipment, net	3,434,148	3,599,473
Total non-current assets	43,564,975	35,976,000
Total assets	$ 58,625,796	$ 53,458,179
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,058,398	$ 567,774
Refundable advances - current portion	675,131	869,352
Escrow payable	2,997,070	2,326,164
Tenant security deposits	21,809	44,662
Notes and mortgages payable - current portion	999,275	758,572
Total current liabilities	5,751,683	4,566,524
NON-CURRENT LIABILITIES:		
Refundable advances - long-term portion	208,233	1,685,304
Liability for home value protection program	700,000	700,000
Other liability	1,500,000	-
Paycheck protection program loan payable	702,120	-
Notes and mortgages payable - long-term portion	5,594,294	5,110,124
Total non-current liabilities	8,704,647	7,495,428
Total liabilities	14,456,330	12,061,952
NET ASSETS:		
Without donor restrictions	33,319,029	30,669,790
With donor restrictions	10,850,437	10,726,437
Total net assets	44,169,466	41,396,227
Total liabilities and net assets	$ 58,625,796	$ 53,458,179

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Program revenue:		
Lending and finance products	$ 6,510,114	$ 5,347,563
Real estate development, net	3,100,750	2,991,464
Grant revenue and contributions	1,783,653	926,443
Commission income	153,893	159,787
Contract service provided revenue	2,603,833	2,717,744
Counseling fees	-	125,575
Homebuyer education	-	40,625
Rental revenue	744,862	637,397
Property management and maintenance fees	26,769	47,785
Servicing revenue	52,208	32,217
Other program revenue	11,597	6,094
Net assets released from donor restrictions	441,000	630,000
Total program revenue	15,428,679	13,662,694
Operating revenue:		
Fee revenue	1,326,220	726,404
Grants and contributions	1,473,561	1,296,016
Shared service revenue	127,138	45,796
Loan interest income	1,775,053	1,382,862
Other income	272,092	214,294
Total operating revenue	4,974,064	3,665,372
Total revenues	20,402,743	17,328,066
Operating expenses:		
Program expenses	17,417,042	14,796,105
Operating and administrative expenses	413,982	505,490
Fundraising expenses	40,438	19,191
Total operating expenses	17,871,462	15,320,786
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE UNREALIZED GAIN	2,531,281	2,007,280
Unrealized gain on investment	181,454	74,939
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,712,735	2,082,219
NET ASSETS WITH DONOR RESTRICTIONS:		
Lending and finance products	565,000	1,561,500
Net assets released from donor restrictions	(441,000)	(630,000)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	124,000	931,500
CHANGE IN NET ASSETS	2,836,735	3,013,719
NET ASSETS - beginning of year, as previously stated	41,396,227	38,382,508
Prior period adjustment	(63,496)	-
NET ASSETS - beginning of year, restated	41,332,731	38,382,508
NET ASSETS - end of year	$ 44,169,466	$ 41,396,227

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2020

	Program Expense	Operating and Administrative Expense	Fundraising Expense	Total
Grant expenses	$ 5,871,411	$ -	$ -	$ 5,871,411
Rehab and acquisition expense	3,106,703	-	-	3,106,703
Salaries, fringes and payroll taxes	3,647,131	210,779	-	3,857,910
Bad debt expense	927,053	-	-	927,053
Contract service provided expense	1,800,392	-	-	1,800,392
Depreciation	245,638	110,887	-	356,525
Insurance	570,801	23,442	-	594,243
Rent and utilities	263,943	9,671	-	273,614
Professional fees	120,673	20,031	-	140,704
Computer and equipment services	88,800	7,313	-	96,113
Property management and maintenance	372,373	109	-	372,482
Warranty expense	769	-	-	769
Conferences, training and travel	38,912	2,570	-	41,482
Office equipment and supplies	26,860	1,997	-	28,857
Equipment rental and maintenance	24,240	-	-	24,240
Fundraising and events	-	-	40,438	40,438
Printing and postage	23,466	1,237	-	24,703
Bank charges and loan fees	18,442	1,291	-	19,733
Credit reports	34,589	-	-	34,589
Advertising and marketing	17,846	-	-	17,846
Dues and publications	21,531	7,625	-	29,156
Miscellaneous	48,696	17,030	-	65,726
Interest	146,773	-	-	146,773
Total expenses	$ 17,417,042	$ 413,982	$ 40,438	$ 17,871,462

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2019

	Program Expense	Operating and Administrative Expense	Fundraising Expense	Total
Grant expenses	$ 4,126,615	$ -	$ -	$ 4,126,615
Rehab and acquisition expense	3,416,958	-	-	3,416,958
Salaries, fringes and payroll taxes	3,103,991	337,431	-	3,441,422
Bad debt expense	304,120	-	-	304,120
Contract service provided expense	2,022,650	(38,413)	-	1,984,237
Depreciation	315,104	21,634	-	336,738
Insurance	357,063	15,216	-	372,279
Rent and utilities	275,861	16,369	-	292,230
Professional fees	85,498	36,032	-	121,530
Computer and equipment services	110,586	15,080	-	125,666
Property management and maintenance	314,362	-	-	314,362
Warranty expense	46,758	-	-	46,758
Conferences, training and travel	32,433	16,828	-	49,261
Office equipment and supplies	50,166	22,116	-	72,282
Equipment rental and maintenance	16,806	2,292	-	19,098
Fundraising and events	-	-	19,191	19,191
Printing and postage	19,165	1,821	-	20,986
Bank charges and loan fees	6,695	5,166	-	11,861
Credit reports	28,688	150	-	28,838
Advertising and marketing	22,421	-	-	22,421
Dues and publications	12,630	7,773	-	20,403
Miscellaneous	65,477	18,910	-	84,387
Interest	62,058	-	-	62,058
Cyber security	-	27,085	-	27,085
Total expenses	$ 14,796,105	$ 505,490	$ 19,191	$ 15,320,786

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 2,773,239	$ 3,013,719
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation expense	356,525	336,738
Unrealized gain on investment	(181,454)	(74,939)
Provision for loan losses	927,053	304,120
Net grants with donor restrictions	441,000	630,000
(Gain) on sale of property and equipment	(9,480)	(1,750)
(Gain) on sale of properties held for resale	(20,401)	(13,179)
(Gain) loss on sale of properties held for redevelopment	(140,223)	25,627
Changes in:		
Grants and contracts receivable	(583,363)	482,834
Investment in other entities	-	(5,044)
Prepaid expenses and other assets	13,785	1,116
Accounts payable and accrued expenses	490,624	88,213
Escrow payable	670,906	(28,929)
Tenant security deposits	(22,853)	12,532
Refundable advances	(1,671,292)	583,338
Net cash flow from operating activities	3,044,066	5,354,396
CASH FLOW FROM INVESTING ACTIVITIES:		
Changes in assets limited to use	302,660	943,704
Proceeds on sales of loans receivable	4,562,212	(217,897)
Issuance of loans	(17,364,328)	(12,723,802)
Repayment of loans	4,411,261	6,878,381
Change in certificates of deposit	248,351	(10,786)
Purchase of property and equipment	(59,534)	(141,497)
Proceeds from sale of property and equipment	73,989	-
Sales of properties held for resale	886,602	876,444
Additions to properties held for resale	(209,104)	(736,371)
Additions of properties held for redevelopment	(3,206,543)	(13,031,885)
Sales of properties held for redevelopment	3,391,333	12,640,638
Net cash flow from investing activities	(6,963,101)	(5,523,071)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from grants with donor restrictions	(441,000)	(630,000)
Proceeds from line of credit	4,350,000	1,000,000
Payments on line of credit	(4,350,000)	(1,666,667)
Proceeds from other liability	1,500,000	-
Proceeds from paycheck protection program loan payable	702,120	-
Proceeds from notes and mortgages payable	1,500,000	2,746,000
Payments on notes and mortgages payable	(775,127)	(549,952)
Net cash flow from financing activities	2,485,993	899,381
CHANGE IN CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST	(1,433,042)	730,706
CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST - beginning of year	7,124,335	6,393,629
CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST - end of year	$ 5,691,293	$ 7,124,335
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 146,773	$ 62,058
Transfer from property held for redevelopment to property and equipment	$ 196,175	$ 93,310
Transfer from property held for redevelopment to property held for resale	$ 751,985	$ 687,690

The accompanying notes are an integral part of these statements.

1. ORGANIZATIONS

Home Headquarters, Inc. (HHQ) and affiliates are a consolidated group of organizations formed to provide a wide range of housing services. Services include lending and finance products, real estate development and counseling services.

HHQ is a New York not-for-profit corporation formed to improve the quality of housing and neighborhoods throughout Syracuse, Central and Upstate New York. The mission is accomplished by providing: 1. Affordable loans for home owners, investors and businesses, primarily where low and moderate-income people or distressed neighborhoods are the beneficiaries; helping those people and geographies that have been traditionally underserved. 2. Real estate development projects that improve neighborhoods, foster home ownership or provide affordable housing. 3. Home ownership, post-purchase and financial literacy counseling services so that consumers can make informed decisions and are less susceptible to predatory practices and financial products.

Opportunity Headquarters, Inc. (OHQ) is a New York not-for-profit corporation formed to revitalize properties in low and moderate-income neighborhoods. With a dedicated construction crew, OHQ completes both rehabilitation and new construction projects on residential and commercial properties as a means to support new and affordable housing for underserved individuals and neighborhoods. The entity also provides support to the community at large with activities such as providing opportunities for Minority and Women Owned Business enterprises; advancing green and sustainable building practices and supporting job training efforts.

Equity Headquarters, Inc. (EHQ) is a New York not-for-profit corporation formed for the purpose of operating an innovative Home Value Protection Program which sought to stabilize housing prices in troubled neighborhoods in the City of Syracuse. Subsequent to year end, EHQ ceased operations and received approval of plan dissolution from the New York Attorney General on June 8, 2020.

CNY Affordable Realty, Inc. (CNYAR) is a New York not-for-profit formed to assist first-time homebuyers and promote neighborhood revitalization efforts.

The Home Ownership Center at Home Headquarters, Inc. (HOC) is a New York not-for-profit corporation formed to provide homebuyer counseling to prospective first-time homebuyers. The HOC ceased operations on April 30, 2019.

Cayuga Developments, Inc. (CDI), Cayuga County Homsite Development Corporation (CCHDC), Homsite Fund, Inc. (HFI) and Homsite Holding Company, Inc. (HHC) are New York not-for-profit corporations formed to help the underprivileged by providing affordable housing, rental assistance, rehabilitation services and counseling.

HHQ is the sole corporate member of OHQ, EHQ, CNYAR, HOC, CDI, CCHDC, HFI and HHC.

1. ORGANIZATIONS (Continued)

CNY Affordable Properties, Inc. (CNYAP) is a New York for-profit corporation formed to own and manage property within Syracuse and Central New York including, but not limited to, properties that are affordable to low and moderate-income individuals. The properties are held in the short-term until an appropriate long-term strategy can be determined.

Superior Servicing HeadQuarters, LLC (Superior) is a New York limited liability company formed to service first mortgages originated by Home HeadQuarters or other nonprofit lenders, as well as loans extended by banks or credit unions to underserved areas for the purpose of community building. Superior contracts with customers to collect loan payments on their behalf, provide borrower with monthly notices, and notify customers and borrowers of delinquent payments in exchange for a loan servicing fee.

Syracuse Neighborhood Development Partners, LLC (SNDP) is a New York limited liability company formed for land development ventures. SNDP was made inactive as of May 1, 2019.

CNYAP, Superior and SNDP are wholly owned by HHQ.

Advanced Energy Corporation, Inc. (Advanced) is a New York for-profit corporation formed to operate a construction crew that performs work on home improvement projects. Advanced is wholly owned by OHQ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation
The accompanying consolidated financial statements include the accounts of HHQ, OHQ, EHQ, CNYAR, HOC, CDI, CCHDC, HFI, HHC, CNYAP, Advanced, SNDP and Superior (collectively the Organizations). In accordance with generally accepted accounting principles, all significant intercompany transactions and balances have been eliminated.

Basis of Accounting
The consolidated financial statements of the Organizations are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Reporting
The Organizations report their activities and the related net assets using the following categories:

- **Net Assets Without Donor Restrictions**
  Net assets without donor restrictions include resources that are available for the support of the Organizations' operating activities. In addition, they include resources set aside by the Board of Directors for cash reserves and loan loss reserve purposes, over which the Board may at its discretion subsequently use for other purposes.

- **Net Assets With Donor Restrictions**
  Net assets with donor restrictions are those net assets whose use by the Organizations is limited by donor-imposed stipulations that do not expire, donor-imposed stipulations that expire by the passage of time, or donor-imposed stipulations that can be fulfilled or removed by actions of the Organizations pursuant to those stipulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principle

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers,* and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organizations adopted ASC 606 as of May 1, 2019, using a modified retrospective application. There was no effect on total net assets or change in net assets.

ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The standard requires entities to include restricted cash and equivalents with cash when reconciling the beginning and end of year total amounts presented on the statements of cash flows. The Organizations adopted the guidance as of May 1, 2019, using a retrospective application. Retrospective application resulted in a $13,430 decrease in cash flows from investing activities for the year ended April 30, 2019. The beginning and end of year cash, cash equivalents, and deposits held in trust increased by $42,347 and $55,777, respectively, for the year ended April 30, 2019.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*

Effective May 1, 2019, the Organizations adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore, had no effect on the financial position or results of operations for the year ended April 30, 2019. There was no effect on total net assets or changes in net assets for the year ended April 30, 2020.

Cash and Cash Equivalents

For purposes of these consolidated financial statements, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. At times, the balances in these accounts may exceed federally insured limits. The Organizations have not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation to Statement of Cash Flows

The table below provides a reconciliation of cash and cash equivalents and deposits held in trust reported on the consolidated statements of financial position that sum to the total of those same amounts shown in the consolidated statements of cash flows at April 30:

	2020	2019	2018
Cash and cash equivalents	$ 5,669,482	$ 7,068,558	$ 6,351,282
Deposits held in trust	21,811	55,777	42,347
Cash and cash equivalents and deposits held in trust – end of year	$ 5,691,293	$ 7,124,335	$ 6,393,629

Grants and Contracts Receivable and Refundable Advances

The Organizations receive grants and contracts to assist carrying out its programs from federal, state, and local government agencies and other organizations. Unconditional grants and restricted grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. The Organizations have adopted a policy whereby all restricted grants be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Grants and contracts receivable represent amounts due under grants and contracts to the Organizations. Receivables are stated at the amount management expects to collect from outstanding balances. As of April 30, 2020 and 2019, management has determined based on review, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. If amounts become uncollectible, they will be charged to bad debt expense when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

Conditional grants and contracts received that were not fully recognized before year end have the following conditions as of April 30, 2020:

	2020
Cost reimbursement	$ 55,000
Performance based	2,089,030
Hybrid	6,629,362
	$ 8,773,392

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Lending and Finance Products

Lending and finance products consist of grants used to provide affordable loans for home owners, investors and businesses as well as revenue generated from loan repayments. Grants are recognized as revenues when the conditions on which they depend are substantially met. Revenue from loan repayments are recognized when received. Lending and finance products consists of grants and loan repayment revenues of approximating 83% and 17%, respectively as of April 30, 2020.

Real Estate Development

Real estate development consists of grants used to rehabilitate and repurpose distressed or vacant properties in underserved areas, empower homeownership for low to moderate-income people. Grants are recognized as revenues when the conditions on which they depend are substantially met.

Contract Service Provided Revenue

Contract service provided revenue is related to contracts with various customers to renovate and build properties in distressed parts of the community for low and moderate-income people. The Organizations' recognize contract service provided revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Contracts are generally accounted for as a single unit of account, or a single performance obligation, and are not segmented between types of services. The Organizations recognize revenue using the percentage-of-completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. The percentage-of-completion method, an input method, is used as management considers it to be the best available measure of progress on these contracts. The timing and amount of billing is generally dependent on contract terms and completion of work. Invoices are due upon presentation.

There were no material contracts in process at both April 30, 2020 and 2019 and the majority of such contracts are short term in nature. Contract costs include all direct material, labor, subcontract and other costs and those indirect costs determined to relate to contract performance, such as indirect salaries and wages, equipment repairs and depreciation, insurance and payroll taxes. Administrative and general expenses are charged to expense as incurred. Provision for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Historically, these losses have been minimal. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the client.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contract Service Provided Revenue (Continued)

The Organizations generally provide limited warranties for work performed under service contracts. The warranty period typically extends for a limited duration following substantial completion of the Organization's work on a project. Historically, warranty claims have not resulted in material costs incurred, and any estimated costs for warranties are included in the individual project cost estimates. Any adjustments and warranty costs in the future would be included in warranty expense as it becomes known.

The Organizations' have utilized the following practical expedients available under ASC 606: (1) to make a policy election to expense incremental costs of obtaining a contract with a customer, as the amortization period of such costs would be one year or less; and (2) an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Receivables are uncollateralized customer obligations due with 30 days from the invoice date. Interest is not charged on delinquent accounts.

Fee Revenue

Fee revenue consists of development fees associated with administering grant activities as described above, as well as lending fees such as origination fees and certain direct loan origination costs. Grants are recognized as revenues when the conditions on which they depend are substantially met. Lending fees are recognized as revenue upon issuance of the loan. Fee revenue is primarily comprised of grants and lending fee revenues of approximating 50% and 35%, respectively as of April 30, 2020.

Rental Revenue

The Organizations recognize rental revenue using the straight-line method over the life of the lease. The Organizations lease space to tenants under noncancelable leases on a month to month or annual basis.

Loan Interest Income

Loan interest income is included in income at contractual rates applied to the principal outstanding. Interest on loans, including impaired loans, is generally discontinued when loan payments are 90 days or more past due and by the judgment of management, collectability becomes uncertain. Subsequent recognition of income occurs only to the extent that payment is received. Payments are either applied to the outstanding balance or recorded as loan interest income, depending on the assessment of the ultimate collectability of the loans. Loans are returned to accrual status when both principal and interest are current and the loan is determined to be performing in accordance with the applicable loan terms. Interest rates charged on outstanding loans ranged from 1.00% to 8.00% for both years ended April 30, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable

HHQ provides home improvement loans, first mortgage loans, down payment and closing cost loans, investor loans, commercial loans and interim financing partner loans. First mortgage loans typically hold a term of 25 years, home improvement loan terms vary between 5 to 10 years, investor loans are typically given with a term of 7 to 10 years or less and interim financing partner loan terms vary by project. Details of loans, by class, are included in Note 5. A substantial portion of the loan portfolio is provided in the Central New York area. The ability of borrowers to honor their contracts is dependent upon the real estate and general economic conditions in HHQ's market area.

Loans are reported at their outstanding unpaid principal balances, net of an allowance for loan losses and any deferred fees or costs. Interest income is not accrued on the unpaid principal balances and the amounts are considered immaterial to the financial statements. Loan origination fees are received at closing. The loans are secured by the borrowers' primary residence. HHQ has committed unfunded draw loans in the amount of $604,842 and $444,353 as of April 30, 2020 and 2019, respectively.

Loans over 30 days past due are considered delinquent. Management evaluates collectability of loans quarterly. Delinquent loans over 180 days past due are presented to the Business & Finance Committee and recommended to be charged off. Management reserves the right to make the determination if the loan should be forwarded to an outside collection agency or not. Bad debt expense for the years ended April 30, 2020 and 2019 was $927,053 and $304,120, respectively.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of losses inherent in the loan receivable portfolio as of the date of the consolidated statements of financial position and is recorded as a reduction to loans. The allowance for loan losses is increased by the provision for loan losses and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable is charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is considered highly unlikely.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the HHQ's past loan loss experience, past delinquency rates and subsequent recoveries. Other factors include known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition and value of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available. As of April 30, 2020 the allowance for loan losses includes an additional $360,000 that was reserved by the Board in response to economic uncertainty related to the COVID-19 pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (Continued)
The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. For loans that are considered impaired, an allowance is established for the carrying value of the loan. The general component covers pools of loans by loan class that are not impaired. This component represents the losses anticipated by management based on historical loss experience. The unallocated component represents an evaluation of loss exposure based upon qualitative risk factors applied to various aspects of the overall loan portfolio. Qualitative risk factors include: trends of past due loans, national, regional, and local economic and business conditions and the effects on the value of underlying collateral.

A loan is considered impaired when, based on current information and events, it is probable that HHQ will be unable to collect the scheduled payments. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled payments. Loans that experience payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

HHQ does not routinely restructure loans in the normal course of business.

The allowance calculation methodology includes further segregation of loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of the collateral, if appropriate, are evaluated annually or when credit deficiencies arise. Credit quality risk ratings include classifications of loans as substandard, doubtful and loss. Loans classified as substandard may be inadequately protected by current worth or the paying capacity of the obligor. Substandard loans have also had past delinquencies. Loans classified as doubtful have all the weaknesses inherent in loans classified as substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Additional criteria HHQ considers for loans classified as doubtful are loans past due 60-90 days and loans for which the customer does not communicate with HHQ. Loans classified as a loss are considered uncollectible as the loan is past due 90-120 days or more and loans for which the customer has not made any payments within the last 6 months. These loans are then considered in the calculation of the allowance for loan losses. Loans that are not classified are rated as pass.

Assets Limited as to Use
Assets limited as to use are limited by actions of the Board and funders. Assets include amounts set aside for building replacement, property insurance and other required deposits. Withdrawals from these accounts require approval from the funder. These assets consist of bank demand deposits, money market accounts, and certificates of deposits stated at cost which at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to assets limited to use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties Held for Resale
HHQ has properties held for resale which have been rehabbed by the Organizations and are available to low to moderate-income buyers for purchase. The value of properties held for resale include dollars HHQ will receive from funders for rehabilitation costs incurred. In many cases the subsidy attached to the property is not disbursed until the date of the closing or after the property is sold.

Certificates of Deposit
Certificates of deposit have maturities extending beyond a three month period from the date of the purchase and/or are due one year or more from the date of the consolidated statements of financial position. The Organizations report certificates of deposit at cost plus accrued interest which approximates fair market value. Accrued interest is recognized on the consolidated statement of activities and change in net assets as unrealized gain on investment.

Deposits Held in Trust
These amounts represent funds held with the Organizations on behalf of tenants. These funds are held in separate interest bearing bank demand deposit accounts with the corresponding liability to the tenants reflected on the consolidated statements of financial position.

Properties Held for Redevelopment
Properties held for redevelopment consists of properties purchased by the Organizations. These properties are either rehabilitated or demolished, the latter will either be maintained as a bare lot or the site of a new-build construction. The completed properties will then be sold at a later date or kept by the Organizations as part of its rental portfolio and reclassified to property and equipment. No depreciation is recorded on properties held for development and resale. Gains or losses on sales of these properties are recognized as a change charge to real estate development program revenue.

Property and Equipment
Purchased property and equipment are carried at cost if purchased or at fair value. All the Organizations capitalize all expenditures for property and equipment in excess of $10,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years. Expenditures for repairs and maintenance not considered to substantially lengthen property lives are charged to expense as incurred.

Escrow Payable
Escrow payable is the money held by the Organizations on behalf of borrowers and those receiving grants for home improvement loans. Escrow payable is reduced as funds are released to pay contractors on behalf of the borrower or grantee.

Other Liability
Other liability represents amounts paid to HHQ by a local financial institution to provide funding to HHQ to assist in the development of safe and healthy housing. The investment is committed for a ten year term to be paid a fixed dividend rate of 2% per annum. At the end of the ten years, the financial institution may at their discretion, extend the maturity annually for successive periods of one year.

Allocation of Certain Expenses
The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include personnel and benefits, depreciation and occupancy related costs. Personnel and benefits are allocated based on time spent in the various programs. Depreciation and occupancy related costs are allocated on square footage used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

HHQ, OHQ, CNYAR, HOC, CCHDC and HFI are exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. They have been classified by the Internal Revenue Service as other than a private foundation.

EHQ is exempt from federal income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. EHQ has been classified by the Internal Revenue Service as a private foundation.

CDI is exempt from federal income taxes under section 501(c)(4) of the Internal Revenue Code.

HHC is exempt from federal income taxes under section 501(c)(2) of the Internal Revenue Code.

CNYAP and Advanced are for-profit “C” corporations.

Superior and SNDP are single member limited liability corporations and are disregarded entities for federal income tax purposes.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities 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.

Prior Period Adjustment

During the year ended April 30, 2020, it was determined that a mortgage payable was being carried at the incorrect balance. As a result, the Organizations’ net assets and mortgage and notes payable were overstated by $63,496 and have been restated.

Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on change in net assets or net assets as originally stated.

3. LIQUIDITY

As part of the Organizations' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organizations ability to meet its cash needs is dependent on timely collection of accounts and loans receivable. In the event of an unanticipated liquidity need, HHQ could draw upon a $3,000,000 available line of credit (as further described in Note 8).

The Organizations' financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	2020	2019
Cash and cash equivalents	$ 5,669,482	$ 7,068,558
Grants and contracts receivable	3,506,465	2,923,102
Loans receivable, net	39,052,768	31,588,966
Assets limited to use	2,532,909	2,654,115
Certificates of deposit	436,661	685,012
Deposits held in trust	21,811	55,777
Notes receivable	100,000	100,000
Total financial assets	51,320,096	45,075,530
Less those unavailable for general expenditures within one year due to:		
Assets limited as to use – long term portion	(2,183,897)	(2,147,665)
Certificates of deposit	(436,661)	(685,012)
Deposits held in trust	(21,811)	(55,777)
Notes receivable	(100,000)	(100,000)
Board designated loan programs	(14,113,216)	(13,648,662)
Restricted by donor for time or purpose or in perpetuity	(10,850,437)	(10,726,437)
Financial assets available for general expenditures within one year	$ 23,614,074	$ 17,711,977

4. CONCENTRATIONS

As of April 30, 2020 and 2019 the Organizations had approximately 22% and 53% of its receivable balance due from Community Development Block (CDBG) grants, and 51% and 26% from New York State, respectively.

During the years ended April 30, 2020 and 2019, the Organizations derived 18% and 21% of its revenues from CDBG grants, respectively.

5. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans receivable consist of the following at April 30:

	2020	2019
Residential home improvement	$ 8,529,980	$ 7,917,705
Down payment & closing cost	489,581	393,382
Residential first mortgages	23,309,169	19,114,907
Investor loans	4,405,734	2,366,808
Commercial loans	3,710,179	2,665,781
Community impact loans	50,536	52,885
Other loans	105,374	-
Interim financing to other not-for-profit housing organizations	339,876	443,539
Total loans receivable	40,940,429	32,955,007
Allowance for loan losses	(1,887,661)	(1,366,041)
	$ 39,052,768	$ 31,588,966
Current, net of allowance	$ 2,227,493	$ 3,034,119
Long-term	$ 36,825,275	$ 28,554,847

The following tables present the classes of the loan portfolio summarized by past due status as of April 30:

	2020					
	Current	1-29 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Loans Receivable
Residential home improvement	$ 8,193,130	$ 217,684	$ 92,575	$ 17,521	$ 9,070	$ 8,529,980
Down payment & closing cost loans	466,064	10,756	1,072	9,874	1,815	489,581
Residential first mortgages	22,157,508	467,954	314,734	234,064	134,909	23,309,169
Investor loans	4,383,501	-	-	-	22,233	4,405,734
Commercial loans	3,710,179	-	-	-	-	3,710,179
Community impact loans	50,536	-	-	-	-	50,536
Other loans	105,374	-	-	-	-	105,374
Interim financing to other not-for-profit housing organizations	339,876	-	-	-	-	339,876
	$ 39,406,168	$ 696,394	$ 408,381	$ 261,459	$ 168,027	$ 40,940,429

5. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

	2019					
	Current	1-29 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Loans Receivable
Residential home improvement	$ 7,819,971	$ 71,292	$ 24,257	$ 45	$ 2,140	$ 7,917,705
Down payment & closing cost loans	375,873	15,764	-	-	1,745	393,382
Residential first mortgages	18,495,164	436,857	79,671	34,668	68,547	19,114,907
Investor loans	2,366,808	-	-	-	-	2,366,808
Commercial loans	2,665,781	-	-	-	-	2,665,781
Community impact loans	52,885	-	-	-	-	52,885
Interim financing to other not-for-profit housing organizations	443,539	-	-	-	-	443,539
	$ 32,220,021	$ 523,913	$ 103,928	$ 34,713	$ 72,432	$ 32,955,007

Loans individually and collectively evaluated for impairment is as follows at April 30:

	2020	2019
Amount of allowance for loan losses on loans collectively evaluated for impairment	$ 1,887,661	$ 1,366,041
Total allowance for loan losses	$ 1,887,661	$ 1,366,041
Loans individually evaluated for impairment	$ -	$ -
Loans collectively evaluated for impairment	40,940,429	32,955,007
Total loans	$ 40,940,429	$ 32,955,007

There are no loans on nonaccrual status as of April 30, 2020 and 2019.

Activity in the allowance for loan losses is summarized as follows:

	2020	2019
Balance at beginning of year	$ 1,366,041	$ 1,221,748
Additions to provisions for loan loss reserve	921,442	302,173
Write-offs of loans deemed impaired or uncollectable	(399,822)	(157,880)
Balance at end of year	$ 1,887,661	$ 1,366,041

Sales of Loans Receivable
During the years ended April 30, 2020 and 2019, HHQ sold loans with recourse totaling $4,562,210 and $2,657,084, respectively. Proceeds received from sales of such loans during the year totaled $4,960,419 and $2,874,981, respectively. Concurrently with the sales, HHQ entered into substitute collateral agreements that state that as a condition of the sale, HHQ agrees to substitute performing loans of equal or greater value for any loans sold that become in default.

6. ASSETS LIMITED TO USE

Assets limited as to use are limited by actions of the Board and funders. These amounts are maintained in bank demand deposits, money market accounts, and certificates of deposit and are recorded at cost which approximates fair value. The composition of assets limited as to use consisted of the following at April 30:

	2020	2019
Lending reserves – board designated	$ 2,319,419	$ 2,390,178
Replacement reserves	213,490	263,937
	$ 2,532,909	$ 2,654,115

7. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at April 30:

	2020	2019
Land	$ 280,732	$ 280,732
Automobiles	161,595	142,119
Construction equipment	-	10,281
Buildings and capital improvements	4,789,976	4,644,940
Office furniture and equipment	456,031	536,316
	5,688,334	5,614,388
Accumulated depreciation	(2,254,186)	(2,014,915)
Total	$ 3,434,148	$ 3,599,473

8. LINES OF CREDIT

At April 30, 2019, HHQ had a $3,000,000 unsecured line of credit which was due on May 23, 2024. The line of credit had a variable interest rate of 4.5% as of April 30, 2019. On May 28, 2019, the terms of the unsecured line of credit were changed to a $1,416,667 term line of credit which could be drawn on until November 30, 2019 and was due on May 23, 2024. On November 27, 2019, HHQ obtained a $3,000,000 revolving line of credit, that replaced the previous term line of credit. This line of credit matures on and all outstanding principal and accrued unpaid interest is due November 27, 2020. The current line of credit bears a variable interest rate at 4.25% as of April 30, 2020. As of April 30, 2020 and 2019, there were no outstanding balances on the lines of credit.

9. NOTES AND MORTGAGES PAYABLE

Obligations under notes and mortgages payable consist of the following at April 30:

	2020	2019
Note payable, due in quarterly installments of $8,929 through October 2024, non-interest bearing, unsecured	$ 160,714	$ 196,429
Note payable, due in quarterly installments of $28,016 through January 2025, interest at 1.25%, unsecured	516,037	620,832
Note payable, due in quarterly installments of $8,929 through March 2025, non-interest bearing, unsecured	178,571	214,286
Note payable, due in quarterly installments of $28,036 through March 2025, interest at 1.25%, unsecured	542,407	646,881
Note payable, due in quarterly installments of $8,929 through April 2025, non-interest bearing, unsecured	178,571	214,286
* Note payable, due in quarterly installments of $28,051 through April 2025, interest at 1.25%, unsecured	542,715	647,214
Note payable, due in one payment of $246,000 due April 2034, interest at 1.00%, unsecured	246,000	246,000
* Note payable, due in quarterly installments of $28,035 through August 2025, interest at 1.25%, unsecured	594,836	698,636
* Note payable, due in quarterly installments of $8,929 through August 2025, non-interest bearing, unsecured	196,429	232,143
Note payable, due in quarterly installments of $18,355 through December 2025, interest at 0.75%, unsecured	412,669	482,614
Note payable, due in quarterly installments of $18,340 through December 2025, interest at 0.75%, unsecured	412,326	482,213
Multiple disbursement term note up to $1,000,000, with advances made until conversion date of August 2019. Quarterly installments of $39,151 through August 2026, interest at 2.58%, unsecured	912,484	500,000

9. NOTES AND MORTGAGES PAYABLE (Continued)

	2020	2019
Note payable, due in quarterly installments of $1,357 through April 2020, non-interest bearing, unsecured	-	4,069
Note payable, due in monthly installments of $6,384 through March 2027, interest at 2.00%, unsecured	493,616	-
Note payable, due in quarterly installments of $19,201 through November 2026, interest at 2.00%, unsecured	483,355	-
Mortgage payable, payments due when the property is sold, interest at 0%, collateralized by property and equipment	50,000	50,000
Mortgage payable, due in monthly installments of $2,882 through March 2045, interest at 8.25%, collateralized by property and equipment	672,839	633,092
	6,593,569	5,868,696
Less: Current portion	(999,275)	(758,572)
	$ 5,594,294	$ 5,110,124

Obligations under paycheck protection program loan payable consist of the following at April 30:

	2020	2019
Paycheck Protection Program loan, due in monthly installments of $22,662, interest at 1.00%, unsecured. The loan is eligible for forgiveness if HHQ maintains employment levels and payments deferred until forgiveness is determined.	543,885	-
Paycheck Protection Program loan, due in monthly installments of $3,306, interest at 1.00%, unsecured. The loan is eligible for forgiveness if OHQ maintains employment levels and payments deferred until forgiveness is determined.	79,335	-
Paycheck Protection Program loan, due in monthly installments of $3,322, interest at 1.00%, unsecured. The loan is eligible for forgiveness if CCHDC maintains employment levels and payments deferred until forgiveness is determined.	78,900	-
Long-term portion	$ 702,120	$ -

9. NOTES AND MORTGAGES PAYABLE (Continued)

The future scheduled maturities of long-term debt are as follows:

2021	$ 999,275
2022	1,714,260
2023	1,025,188
2024	1,038,835
2025	1,005,379
Thereafter	1,462,752
Mortgage not due unless property is sold	50,000
	$ 7,295,689

* The agreement with the lender contains covenants with which the Organizations has agreed to comply. At April 30, 2020 and 2019, the Organizations were in compliance with the covenants.

10. COMMITMENTS AND CONTINGENCIES

CDI operates a twenty-four unit low income housing project located in Cayuga, New York and began operations in October, 1990. The project was funded by New York State Housing Trust Fund Corporation (NYSHTFC) with initial funding of $1,377,631 which requires no repayment terms unless CDI does not follow the terms of the grant. NYSHTFC provides significant oversight and restrictions on the operation and use of operating funds and facilities. Restrictions are due to expire in October 2089.

The United States is presently in the midst of a national health emergency related to a disease (COVID-19), caused by a virus, commonly known as Novel Coronavirus. The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has resulted in a significant economic impact. The impact of this situation on the Organizations and their future results and financial position is not presently determinable. Measures taken by the Organizations to address the short term liquidity needs of the Organizations include the application for and receipt of three Paycheck Protection Program (PPP) loans which collectively total $702,120. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Organizations' use of the funds, maintenance of its personnel complement, and compliance with certain elements to the banks in accordance with the requirements of the PPP Program. Under the terms of the PPP loan agreement, any balance related to this arrangement that is not ultimately forgiven will be repayable in monthly installments through October 2025, including interest at 1.00%. The final outcome of whether this arrangement will be forgiven has not been determined as of the date these financial statements were available to be issued. The Organizations expect this determination to be made during its fiscal year ending April 30, 2021.

11. OPERATING LEASES

The Organizations entered into a ten-year operating lease for office space commencing in July 2016 with monthly rent payments of $9,458. Rent expense for the years ended April 30, 2020 and 2019 was $115,480 and $113,500, respectively.

The minimum payments under these non-cancelable leases are as follows at April 30:

2021	$ 113,500
2022	113,500
2023	113,500
2024	113,500
2025	113,500
Thereafter	132,417
	$ 699,917

12. LIABILITY FOR HOME VALUE PROTECTION PROGRAM

The Home Value Protection (HVP) provides homeowners in the City of Syracuse with the opportunity to purchase protection against declines in the value of housing in their neighborhood.

EHQ was set up to manage the Home Value Protection Program. As of April 30, 2020 and 2019, EHQ had recorded a $700,000 liability for the Home Value Protection Program.

The HVP program had 95 active policies issued under the program, with an average protected value of $67,778 per property. The total protected value across all policies is $6,000,000. Periodically, Home Headquarters, Inc. has an actuarial analysis performed to determine if EHQ has adequate reserves to cover the HVP program. Based on the latest analysis performed in October 2016, EHQ needed at least $700,000 in reserves to cover future claims. As of April 30, 2020 and 2019, EHQ had $729,943 and $923,247 in total assets available to cover future claims.

13. RECONCILIATIONS OF NWA CAPITAL FUNDS

NeighborWorks America (NWA) capital funds are required to be maintained in a net asset with donor restriction classification. A reconciliation of the net assets at April 30, 2020 and 2019 is as follows:

	2020	2019
Total NWA net assets beginning of year	$ 1,470,001	$ 2,100,001
Conversion approved/Net assets released from restrictions	(441,000)	(630,000)
Total NWA net assets with donor restrictions	$ 1,029,001	$ 1,470,001

During the fiscal year ended April 30, 2020, HHQ was offered a conversion opportunity from NeighborWorks America, to convert restricted capital received in the current year and prior years to unrestricted uses that support HHQ's strategic plan and mission. HHQ applied for and was approved for conversions of $441,000.

14. LOAN GUARANTEE PROGRAM

In an effort to encourage investment within the City of Syracuse and encourage responsible local landlords in the City of Syracuse, HHQ and a national banking association (Bank) established a first mortgage loan guaranty program totaling $1,500,000. Under the loan guarantee program HHQ funded investors have been appropriately vetted through HHQ's Loan Committee. If however, the investor defaults under the mortgage two local foundations and the Greater Syracuse Property Development Corp. have guaranteed HHQ's repurchase obligations up to a total of $300,000.

15. RETIREMENT PLAN

The Organizations provide a retirement plan to all full-time employees. Employees are eligible for participation after working for the Organization for twelve months. The plan is a tax-deferred savings program, where the Organizations contribute an amount up to 6% of an employee's annual base pay. The employee may contribute voluntary tax-deferred contributions up to the legal limit.

For the years ended April 30, 2020 and 2019, retirement plan expense was $98,151 and $83,293, respectively which is included in salaries, fringes and payroll taxes in the consolidated statements of functional expenses.

16. RELATED PARTY TRANSACTIONS

HHQ has outstanding loans receivable for residential home improvements and residential first mortgages from employees totaling $831,043 and $826,182 as of April 30, 2020 and 2019. The related party loans are subject to terms and interest rates that are consistent with HHQ's policies.

17. BOARD DESIGNATED NET ASSETS

The Board has directed that certain loan programs be funded by HHQ (board designated funds). These loan programs include home improvement loans, interim financing loans and first mortgages. The amount of the board designated loans are $7,006,344 and $10,950,103 at April 30, 2020 and 2019, respectively. Board designated net assets were $14,113,216 and $13,648,662 as of April 30, 2020 and 2019, respectively.

18. SUBSEQUENT EVENTS

The Organizations have evaluated subsequent events through September 25, 2020, which is the date the financial statements were available to be issued.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
April 30, 2020

	HHQ	HOC	OHQ	CNYAP	CNYAR	Advanced	EHQ
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 3,371,758	$ -	$ 278,927	$ 112,007	$ 158,914	$ 205	$ 293,282
Grants and contracts receivable	3,200,747	-	2,200	-	-	-	-
Accounts receivable - intercompany	202,137	-	414,307	-	-	-	-
Loans receivable, net of allowance for loan losses of $1,887,661 in 2020	474,478	-	-	-	-	-	-
Intercompany notes receivable - current	207,630	-	-	-	6,828	-	-
Interfund transfers	(945,623)	-	-	-	-	-	-
Assets limited to use	349,012	-	-	-	-	-	-
Properties held for resale	782,578	-	-	-	-	-	-
Properties held for redevelopment - current portion	2,148,269	-	-	205,212	-	-	-
Deposits held in trust	-	-	-	-	-	-	-
Prepaid expense and other assets	114,678	-	16,246	-	1,417	-	-
Total current assets	9,905,664	-	711,680	317,219	167,159	205	293,282
NON-CURRENT ASSETS:							
Certificates of deposit	-	-	-	-	-	-	436,661
Assets limited to use, net - long term portion	1,970,407	-	-	-	-	-	-
Investment in other entities	-	-	-	-	500	-	-
Loans receivable, net - long-term portion	28,567,778	-	-	-	-	-	-
Intercompany notes receivable - long-term portion	90,763	-	-	-	310,089	-	-
Notes receivable	100,000	-	-	-	-	-	-
Properties held for redevelopment - long-term portion	584,494	-	-	-	-	-	-
Property and equipment, net	1,515,753	-	123,918	-	9,500	-	-
Total non-current assets	32,829,195	-	123,918	-	320,089	-	436,661
Total assets	$ 42,734,859	$ -	$ 835,598	$ 317,219	$ 487,248	$ 205	$ 729,943
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	$ 692,445	$ -	$ 121,403	$ 500	$ 264	$ -	$ -
Accounts payable - intercompany	460,831	-	-	185,110	-	-	-
Intercompany notes payable - current portion	6,828	-	5,948	201,682	-	-	-
Refundable advances - current portion	636,319	-	-	-	-	-	-
Escrow payable	2,835,723	-	-	-	3,000	-	-
Tenant security deposits	-	-	-	-	-	-	-
Notes and mortgages payable - current portion	975,690	-	-	-	-	-	-
Total current liabilities	5,607,836	-	127,351	387,292	3,264	-	-
NON-CURRENT LIABILITIES:							
Refundable advances - long-term portion	191,294	-	2,500	-	-	-	-
Intercompany note payable - long-term portion	310,089	-	90,763	-	-	-	-
Liability for home value protection program	-	-	-	-	-	-	700,000
Other liability	1,500,000	-	-	-	-	-	-
Paycheck protection program loan payable	543,885	-	79,335	-	-	-	-
Notes and mortgages payable - long-term portion	4,895,040	-	-	-	-	-	-
Total non-current liabilities	7,440,308	-	172,598	-	-	-	700,000
Total liabilities	13,048,144	-	299,949	387,292	3,264	-	700,000
NET ASSETS:							
Without donor restrictions	29,686,715	-	535,649	(70,073)	483,984	205	29,943
With donor restrictions	-	-	-	-	-	-	-
Total net assets	29,686,715	-	535,649	(70,073)	483,984	205	29,943
Total liabilities and net assets	$ 42,734,859	$ -	$ 835,598	$ 317,219	$ 487,248	$ 205	$ 729,943

Superior	HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2020
$ 416,314	$ 42,957	$ 212,288	$ 475,415	$ 307,415	$ 5,669,482	$ -	$ -	$ -	$ 5,669,482
5,023	94	176,960	41,404	80,037	3,506,465	-	-	-	3,506,465
-	-	62,491	-	266,078	945,013	-	-	(945,013)	-
-	-	17,294	-	-	491,772	220,891	1,514,830	-	2,227,493
-	-	-	-	-	214,458	-	-	(214,458)	-
-	-	-	-	-	(945,623)	(495,392)	1,441,015	-	-
-	-	-	-	-	349,012	-	-	-	349,012
-	-	-	-	-	782,578	-	-	-	782,578
-	-	-	-	-	2,353,481	-	-	-	2,353,481
-	1,449	4,937	15,425	-	21,811	-	-	-	21,811
2,073	-	-	-	16,085	150,499	-	-	-	150,499
423,410	44,500	473,970	532,244	669,615	13,538,948	(274,501)	2,955,845	(1,159,471)	15,060,821
-	-	-	-	-	436,661	-	-	-	436,661
-	38,853	174,637	-	-	2,183,897	-	-	-	2,183,897
-	-	-	-	-	500	-	-	-	500
-	-	88,404	-	-	28,656,182	1,303,502	6,865,591	-	36,825,275
-	-	-	-	-	400,852	-	-	(400,852)	-
-	-	-	-	-	100,000	-	-	-	100,000
-	-	-	-	-	584,494	-	-	-	584,494
-	236,655	158,312	1,390,010	-	3,434,148	-	-	-	3,434,148
-	275,508	421,353	1,390,010	-	35,796,734	1,303,502	6,865,591	(400,852)	43,564,975
$ 423,410	$ 320,008	$ 895,323	$ 1,922,254	$ 669,615	$ 49,335,682	$ 1,029,001	$ 9,821,436	$ (1,560,323)	$ 58,625,796
$ 61,256	$ 1,788	$ 130,709	$ 9,325	$ 40,708	$ 1,058,398	$ -	$ -	$ -	$ 1,058,398
15,000	-	-	266,078	17,994	945,013	-	-	(945,013)	-
-	-	-	-	-	214,458	-	-	(214,458)	-
-	-	38,812	-	-	675,131	-	-	-	675,131
50,314	-	108,033	-	-	2,997,070	-	-	-	2,997,070
-	1,449	4,937	15,423	-	21,809	-	-	-	21,809
-	-	-	23,585	-	999,275	-	-	-	999,275
126,570	3,237	282,491	314,411	58,702	6,911,154	-	-	(1,159,471)	5,751,683
-	1,400	-	841	12,198	208,233	-	-	-	208,233
-	-	-	-	-	400,852	-	-	(400,852)	-
-	-	-	-	-	700,000	-	-	-	700,000
-	-	-	-	-	1,500,000	-	-	-	1,500,000
-	-	-	-	78,900	702,120	-	-	-	702,120
-	-	50,000	649,254	-	5,594,294	-	-	-	5,594,294
-	1,400	50,000	650,095	91,098	9,105,499	-	-	(400,852)	8,704,647
126,570	4,637	332,491	964,506	149,800	16,016,653	-	-	(1,560,323)	14,456,330
296,840	315,371	562,832	957,748	519,815	33,319,029	-	-	-	33,319,029
-	-	-	-	-	-	1,029,001	9,821,436	-	10,850,437
296,840	315,371	562,832	957,748	519,815	33,319,029	1,029,001	9,821,436	-	44,169,466
$ 423,410	$ 320,008	$ 895,323	$ 1,922,254	$ 669,615	$ 49,335,682	$ 1,029,001	$ 9,821,436	$ (1,560,323)	$ 58,625,796

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
APRIL 30, 2019

	HHQ	HOC	OHQ	CNYAP	CNYAR	Advanced	EHQ
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 4,879,517	$ 78,854	$ 150,018	$ 21,432	$ 416,945	$ 315	$ 238,236
Grants and contracts receivable	2,723,078	1,250	-	-	12,740	-	-
Accounts receivable - intercompany	(585,729)	4,695	545,100	222,714	918	-	-
Loans receivable, net of allowance for loan losses of $1,366,041 in 2019	3,118,990	-	-	-	-	-	-
Intercompany notes receivable - current	-	-	-	-	-	-	-
Interfund transfers	(3,012,782)	-	-	-	-	-	-
Assets limited to use	506,450	-	-	-	-	-	-
Properties held for resale	687,690	-	-	-	-	-	-
Properties held for redevelopment - current portion	2,831,434	-	-	210,765	-	-	-
Deposits held in trust	29,690	-	-	-	-	-	-
Prepaid expense and other assets	111,944	-	32,514	-	-	-	-
Total current assets	11,290,282	84,799	727,632	454,911	430,603	315	238,236
NON-CURRENT ASSETS:							
Certificates of deposit	-	-	-	-	-	-	685,012
Assets limited to use	1,883,728	-	-	-	-	-	-
Investment in other entities	-	-	-	-	500	-	-
Loans receivable, net - long-term portion	20,065,512	-	-	-	-	-	-
Intercompany notes receivable - long-term portion	627,721	-	-	-	-	-	-
Notes receivable	100,000	-	-	-	-	-	-
Properties held for redevelopment	888,503	-	-	-	-	-	-
Property and equipment, net	1,498,500	-	117,526	-	15,500	-	-
Total non-current assets	25,063,964	-	117,526	-	16,000	-	685,012
Total assets	$ 36,354,246	$ 84,799	$ 845,158	$ 454,911	$ 446,603	$ 315	$ 923,247
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	$ 406,432	$ -	$ 284,342	$ -	$ 688	$ -	$ -
Accounts payable - intercompany	-	-	-	300	-	-	41,230
Refundable advances - current portion	-	-	-	-	-	-	-
Intercompany notes payable - current portion	-	-	-	-	-	-	-
Escrow payable	2,202,394	-	-	-	2,500	-	-
Tenant security deposits	20,726	-	-	-	-	-	-
Notes and mortgages payable - current portion	734,987	-	-	-	-	-	-
Total current liabilities	3,364,539	-	284,342	300	3,188	-	41,230
NON-CURRENT LIABILITIES:							
Refundable advances - long-term portion	1,663,709	-	-	-	-	-	-
Intercompany notes payable - long-term portion	-	-	102,533	525,188	-	-	-
Liability for Home Value Protection Program	-	-	-	-	-	-	700,000
Notes and mortgages payable - long-term portion	4,450,615	-	-	-	-	-	-
Total non-current liabilities	6,114,324	-	102,533	525,188	-	-	700,000
Total liabilities	9,478,863	-	386,875	525,488	3,188	-	741,230
NET ASSETS:							
Without donor restrictions	26,875,383	84,799	458,283	(70,577)	443,415	315	182,017
With donor restricitons	-	-	-	-	-	-	-
Total net assets	26,875,383	84,799	458,283	(70,577)	443,415	315	182,017
Total liabilities and net assets	$ 36,354,246	$ 84,799	$ 845,158	$ 454,911	$ 446,603	$ 315	$ 923,247

Superior	HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2019
$ 385,157	$ 30,666	$ 300,773	$ 369,026	$ 258,619	$ 7,129,558	$ (21,000)	$ -	$ (40,000)	$ 7,068,558
3,050	412	91,317	1,436	89,819	2,923,102	-	-	-	2,923,102
-	-	55,301	-	123,879	366,878	-	-	(366,878)	-
-	-	15,129	-	-	3,134,119	-	-	(100,000)	3,034,119
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(3,012,782)	124,129	2,888,653	-	-
-	-	-	-	-	506,450	-	-	-	506,450
-	-	-	-	-	687,690	-	-	-	687,690
-	-	-	-	-	3,042,199	-	-	-	3,042,199
-	2,958	5,365	17,764	-	55,777	-	-	-	55,777
2,089	410	5,811	1,826	9,690	164,284	-	-	-	164,284
390,296	34,446	473,696	390,052	482,007	14,997,275	103,129	2,888,653	(506,878)	$17,482,179
-	-	-	-	-	685,012	-	-	-	685,012
-	43,922	125,886	94,129	-	2,147,665	-	-	-	2,147,665
-	-	-	-	-	500	-	-	-	500
-	-	81,714	-	-	20,147,226	1,369,871	7,140,283	(102,533)	28,554,847
-	-	-	-	-	627,721	-	-	(627,721)	-
-	-	-	-	-	100,000	-	-	-	100,000
-	-	-	-	-	888,503	-	-	-	888,503
-	258,982	204,721	1,500,747	3,497	3,599,473	-	-	-	3,599,473
-	302,904	412,321	1,594,876	3,497	28,196,100	1,369,871	7,140,283	(730,254)	35,976,000
$ 390,296	$ 337,350	$ 886,017	$ 1,984,928	$ 485,504	$ 43,193,375	$ 1,473,001	$ 10,028,936	$ (1,237,132)	$ 53,458,179
$ 106,228	$ 1,507	$ 26,415	$ 6,761	$ 20,350	$ 852,723	$ 3,000	$ -	$ (287,949)	$ 567,774
1,840	10,629	-	267,463	-	321,462	-	-	(321,462)	-
-	-	96,852	-	-	96,852	-	772,500	-	869,352
-	-	-	-	-	-	-	-	-	-
-	-	121,270	-	-	2,326,164	-	-	-	2,326,164
-	2,245	3,927	17,764	-	44,662	-	-	-	44,662
-	-	-	23,585	-	758,572	-	-	-	758,572
108,068	14,381	248,464	315,573	20,350	4,400,435	3,000	772,500	(609,411)	4,566,524
-	250	-	1,774	19,571	1,685,304	-	-	-	1,685,304
-	-	-	-	-	627,721	-	-	(627,721)	-
-	-	-	-	-	700,000	-	-	-	700,000
-	-	50,000	609,509	-	5,110,124	-	-	-	5,110,124
-	250	50,000	611,283	19,571	8,123,149	-	-	(627,721)	7,495,428
108,068	14,631	298,464	926,856	39,921	12,523,584	3,000	772,500	(1,237,132)	12,061,952
282,228	322,719	587,553	1,058,072	445,583	30,669,790	-	-	-	30,669,790
-	-	-	-	-	-	1,470,001	9,256,436	-	10,726,437
282,228	322,719	587,553	1,058,072	445,583	30,669,790	1,470,001	9,256,436	-	41,396,227
$ 390,296	$ 337,350	$ 886,017	$ 1,984,928	$ 485,504	$ 43,193,374	$ 1,473,001	$ 10,028,936	$ (1,237,132)	$ 53,458,179

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2020

	HHQ	HOC	OHQ	CNYAP	CNYAR	Advanced	EHQ
Program revenue:							
Lending and finance products	$ 6,434,062	$ -	$ -	$ -	$ -	$ -	$ -
Real estate development, net	3,100,750	-	-	-	-	-	-
Grant revenue and contributions	-	-	-	-	-	-	-
Commission income	-	-	-	-	152,950	-	-
Contract service provided revenue	-	-	2,604,823	-	-	-	-
Rental revenue	401,660	-	5,940	-	-	-	-
Property management and maintenance fees	-	-	-	-	64,619	-	-
Servicing Revenue	-	-	-	-	-	-	-
Other program revenue	-	-	-	-	1,791	-	-
Net assets released from donor restrictions	441,000	-	-	-	-	-	-
Total program revenue	10,377,472	-	2,610,763	-	219,360	-	-
Operating revenue:							
Fee revenue	1,326,220	-	-	-	-	-	-
Grants and contributions	1,463,311	-	10,250	-	-	-	-
Shared service revenue	442,388	-	-	-	-	-	-
Loan interest income	1,779,048	-	-	-	9,936	-	-
Other income	237,093	-	10,029	513	-	-	10,790
Total operating revenue	5,248,060	-	20,279	513	9,936	-	10,790
Total revenues	15,625,532	-	2,631,042	513	229,296	-	10,790
Operating expenses:							
Program expense	12,784,388	-	2,465,823	9	186,501	-	60,000
Operating and administrative expenses	355,595	32	87,853	-	2,226	110	2,864
Fundraising expenses	40,438	-	-	-	-	-	-
Total operating expenses	13,180,421	32	2,553,676	9	188,727	110	62,864
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN AND EQUITY TRANSFER	2,445,111	(32)	77,366	504	40,569	(110)	(52,074)
Unrealized gain on investment	181,454	-	-	-	-	-	-
Equity transfer to (from) affiliate	184,767	(84,767)	-	-	-	-	(100,000)
CHANGE IN NET ASSETS	2,811,332	(84,799)	77,366	504	40,569	(110)	(152,074)
NET ASSETS - beginning of year, as previously stated	26,875,383	84,799	458,283	(70,577)	443,415	315	182,017
Prior period adjustment	-	-	-	-	-	-	-
NET ASSETS - beginning of year, restated	26,875,383	84,799	458,283	(70,577)	443,415	315	182,017
NET ASSETS - end of year	$ 29,686,715	$ -	$ 535,649	$ (70,073)	$ 483,984	$ 205	$ 29,943

Superior	HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2020
$ -	$ -	$ 76,052	$ -	$ -	$ 6,510,114	$ -	$ 565,000	$ -	$ 7,075,114
-	-	-	-	-	3,100,750	-	-	-	3,100,750
-	-	897,480	-	886,173	1,783,653	-	-	-	1,783,653
-	-	-	-	943	153,893	-	-	-	153,893
-	-	-	-	-	2,604,823	-	-	(990)	2,603,833
-	59,753	61,933	256,916	-	786,202	-	-	(41,340)	744,862
-	-	-	-	31,405	96,024	-	-	(69,255)	26,769
52,208	-	-	-	-	52,208	-	-	-	52,208
-	-	-	-	9,806	11,597	-	-	-	11,597
-	-	-	-	-	441,000	(441,000)	-	-	-
52,208	59,753	1,035,465	256,916	928,327	15,540,264	(441,000)	565,000	(111,585)	15,552,679
-	-	-	-	-	1,326,220	-	-	-	1,326,220
-	-	-	-	-	1,473,561	-	-	-	1,473,561
-	-	-	-	240,000	682,388	-	-	(555,250)	127,138
-	-	-	-	-	1,788,984	-	-	(13,931)	1,775,053
-	1,043	3,604	9,020	-	272,092	-	-	-	272,092
-	1,043	3,604	9,020	240,000	5,543,245	-	-	(569,181)	4,974,064
52,208	60,796	1,039,069	265,936	1,168,327	21,083,509	(441,000)	565,000	(680,766)	20,526,743
-	53,144	858,790	282,764	1,024,095	17,715,514	-	-	(298,472)	17,417,042
37,596	15,000	205,000	20,000	70,000	796,276	-	-	(382,294)	413,982
-	-	-	-	-	40,438	-	-	-	40,438
37,596	68,144	1,063,790	302,764	1,094,095	18,552,228	-	-	(680,766)	17,871,462
14,612	(7,348)	(24,721)	(36,828)	74,232	2,531,281	(441,000)	565,000	-	2,655,281
-	-	-	-	-	181,454	-	-	-	181,454
-	-	-	-	-	-	-	-	-	-
14,612	(7,348)	(24,721)	(36,828)	74,232	2,712,735	(441,000)	565,000	-	2,836,735
282,228	322,719	587,553	1,058,072	445,583	30,669,790	1,470,001	9,256,436	-	41,396,227
-	-	-	(63,496)	-	(63,496)	-	-	-	(63,496)
282,228	322,719	587,553	994,576	445,583	30,606,294	1,470,001	9,256,436	-	41,332,731
$ 296,840	$ 315,371	$ 562,832	$ 957,748	$ 519,815	$ 33,319,029	$ 1,029,001	$ 9,821,436	$ -	$ 44,169,466

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2019

	HHQ	HOC	OHQ	CNYAP	CNYAR	Advanced	EHQ
Program revenue:							
Lending and finance products	$ 5,351,763	$ -	$ -	$ -	$ -	$ -	$ -
Real estate development	2,991,464	-	-	-	-	-	-
Grant revenue and contributions	-	-	-	-	-	-	-
Commission income	-	-	-	-	201,352	-	-
Contract service provided revenue	-	190,901	2,717,744	-	-	-	-
Counseling fees	-	125,575	-	-	-	-	-
Homebuyer education	-	40,625	-	-	-	-	-
Rental revenue	275,544	-	-	-	-	-	-
Property management and maintenance fees	-	-	-	-	49,130	-	-
Servicing revenue	-	-	-	-	-	-	-
Other program revenue	-	-	-	-	802	742	-
Net assets released from donor restrictions	630,000	-	-	-	-	-	-
Total program revenue	9,248,771	357,101	2,717,744	-	251,284	742	-
Operating revenue:							
Fee revenue	773,438	-	-	-	-	-	-
Grants and contributions	1,286,016	-	10,000	-	-	-	-
Shared service revenue	350,586	-	-	-	-	-	-
Loan interest income	1,387,085	-	-	-	-	-	-
Other income	162,569	10	11,042	2,960	-	-	11,191
Total operating revenue	3,959,694	10	21,042	2,960	-	-	11,191
Total revenues	13,208,465	357,111	2,738,786	2,960	251,284	742	11,191
Operating expenses:							
Program expense	10,863,026	231,146	2,593,049	148	142,246	-	40,000
Operating and administrative expenses	496,884	75,000	66,134	-	2,028	107	2,559
Fundraising expenses	19,191	-	-	-	-	-	-
Total operating expenses	11,379,101	306,146	2,659,183	148	144,274	107	42,559
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN AND EQUITY TRANSFER	1,829,364	50,965	79,603	2,812	107,010	635	(31,368)
Unrealized gain on investment	74,939	-	-	-	-	-	-
Equity transfer (from) to affiliate	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	1,904,303	50,965	79,603	2,812	107,010	635	(31,368)
NET ASSETS - beginning of year	24,971,080	33,834	378,680	(73,389)	336,405	(320)	213,385
NET ASSETS - end of year	$ 26,875,383	$ 84,799	$ 458,283	$ (70,577)	$ 443,415	$ 315	$ 182,017

Superior	HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2019
$ -	$ -	$ 35,800	$ -	$ -	$ 5,387,563	$ -	$ 1,561,500	$ (40,000)	$ 6,909,063
-	-	-	-	-	2,991,464	-	-	-	2,991,464
-	-	438,071	-	488,372	926,443	-	-	-	926,443
-	-	-	-	1,222	202,574	-	-	(42,787)	159,787
-	-	-	-	-	2,908,645	-	-	(190,901)	2,717,744
-	-	-	-	-	125,575	-	-	-	125,575
-	-	-	-	-	40,625	-	-	-	40,625
-	55,963	68,048	273,242	-	672,797	-	-	(35,400)	637,397
-	-	-	-	28,745	77,875	-	-	(30,090)	47,785
32,217	-	-	-	-	32,217	-	-	-	32,217
	-	-	119	4,431	6,094	-	-	-	6,094
-	-	-	-	-	630,000	(630,000)	-	-	-
32,217	55,963	541,919	273,361	522,770	14,001,872	(630,000)	1,561,500	(339,178)	14,594,194
-	-	-	-	-	773,438	-	-	(47,034)	726,404
-	-	-	-	-	1,296,016	-	-	-	1,296,016
-	-	-	-	-	350,586	-	-	(304,790)	45,796
-	-	-	-	-	1,387,085	-	-	(4,223)	1,382,862
-	13,173	5,360	7,989	-	214,294	-	-	-	214,294
-	13,173	5,360	7,989	-	4,021,419	-	-	(356,047)	3,665,372
32,217	69,136	547,279	281,350	522,770	18,023,291	(630,000)	1,561,500	(695,225)	18,259,566
-	62,396	547,824	322,838	463,397	15,266,070	-	-	(469,965)	14,796,105
27,989	-	30,049	-	30,000	730,750	-	-	(225,260)	505,490
-	-	-	-	-	19,191	-	-	-	19,191
27,989	62,396	577,873	322,838	493,397	16,016,011	-	-	(695,225)	15,320,786
4,228	6,740	(30,594)	(41,488)	29,373	2,007,280	(630,000)	1,561,500	-	2,938,780
-	-	-	-	-	74,939	-	-	-	74,939
-	18,791	161,634	-	(180,425)	-	-	-	-	-
4,228	25,531	131,040	(41,488)	(151,052)	2,082,219	(630,000)	1,561,500	-	3,013,719
278,000	297,188	456,513	1,099,560	596,635	28,587,571	2,100,001	7,694,936	-	38,382,508
$ 282,228	$ 322,719	$ 587,553	$ 1,058,072	$ 445,583	$ 30,669,790	$ 1,470,001	$ 9,256,436	$ -	$ 41,396,227

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

September 25, 2020

To the Boards of Directors of
Home Headquarters, Inc. and Affiliates:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Home Headquarters, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of April 30, 2020, and the related consolidated statement of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 25, 2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP