HOME HEADQUARTERS, INC. AND AFFILIATES

Consolidated Financial Statements and
Supplementary Information
April 30, 2021 and 2020
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

HOME HEADQUARTERS, INC. AND AFFILIATES

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 25, 2021

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, 2021 and 2020, 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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(Continued)

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, 2021 and 2020, 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.

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 2021 supplementary information included on pages 26 and 28 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 2021 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 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 2020 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 2020 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 August 25, 2021 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 solely 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 the effectiveness Home Headquarters, Inc. and Affiliates' 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, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,392,047	$ 5,384,290
Grants and contracts receivable	4,699,117	3,506,465
Loans receivable, net of allowance for loan losses of $2,102,710 and $1,887,661 in 2021 and 2020, respectively	1,759,855	2,227,493
Assets limited to use - current portion	938,050	847,693
Properties held for resale	1,252,612	782,578
Properties held for redevelopment - current portion	2,354,149	2,353,481
Deposits held in trust	22,308	21,811
Prepaid expense and other assets	137,451	150,499
Total current assets	19,555,589	15,274,310
NON-CURRENT ASSETS:		
Certificates of deposit	-	436,661
Assets limited to use - long-term portion	1,770,868	1,970,408
Investment in other entities	500	500
Loans receivable, net - long-term portion	38,792,657	36,825,275
Notes receivable	100,000	100,000
Properties held for redevelopment - long-term portion	843,426	584,494
Property and equipment, net	4,186,909	3,434,148
Total non-current assets	45,694,360	43,351,486
Total assets	$ 65,249,949	$ 58,625,796
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,063,740	$ 1,058,398
Refundable advances - current portion	2,279,578	675,131
Escrow payable	2,214,564	2,997,070
Tenant security deposits	22,308	21,809
Paycheck protection program loan payable - current portion	702,120	-
Notes and mortgages payable - current portion	2,524,502	999,275
Total current liabilities	8,806,812	5,751,683
NON-CURRENT LIABILITIES:		
Refundable advances - long-term portion	3,277,953	208,233
Liability for home value protection program	700,000	700,000
Other liability	2,500,000	1,500,000
Paycheck protection program loan payable - long-term portion	543,885	702,120
Notes and mortgages payable - long-term portion	4,961,622	5,594,294
Total non-current liabilities	11,983,460	8,704,647
Total liabilities	20,790,272	14,456,330
NET ASSETS:		
Without donor restrictions	34,081,241	33,319,029
With donor restrictions	10,378,436	10,850,437
Total net assets	44,459,677	44,169,466
Total liabilities and net assets	$ 65,249,949	$ 58,625,796

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, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Program revenue:		
Lending and finance products	$ 6,180,310	$ 6,510,114
Real estate development, net	(69,173)	3,100,750
Grant revenue and contributions	897,498	1,783,653
Commission income	158,394	153,893
Contract service provided revenue	3,440,119	2,603,833
Rental revenue	865,719	744,862
Property management and maintenance fees	20,115	26,769
Servicing revenue	80,654	52,208
Other program revenue	14,450	11,597
Net assets released from donor restrictions	1,029,001	441,000
Total program revenue	12,617,087	15,428,679
Operating revenue:		
Fee revenue	793,943	1,326,220
Grants and contributions	1,238,959	1,473,561
Shared service revenue	64,276	127,138
Loan interest income	1,991,793	1,775,053
Other income	187,595	272,092
Total operating revenue	4,276,566	4,974,064
Total revenues	16,893,653	20,402,743
Operating expenses:		
Program expenses	13,540,949	17,417,042
Operating and administrative expenses	429,327	413,982
Fundraising expenses	-	40,438
Total operating expenses	13,970,276	17,871,462
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE UNREALIZED GAIN AND IMPAIRMENT LOSS	2,923,377	2,531,281
Unrealized gain on investment	45,635	181,454
Impairment loss	(2,206,800)	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	762,212	2,712,735
NET ASSETS WITH DONOR RESTRICTIONS:		
Lending and finance products	557,000	565,000
Net assets released from donor restrictions	(1,029,001)	(441,000)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(472,001)	124,000
CHANGE IN NET ASSETS	290,211	2,836,735
NET ASSETS - beginning of year	44,169,466	41,332,731
NET ASSETS - end of year	$ 44,459,677	$ 44,169,466

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, 2021

	Program Expense	Operating and Administrative Expense	Fundraising Expense	Total
Grant expenses	$ 4,228,204	$ -	$ -	$ 4,228,204
Rehab and acquisition expense	858,199	-	-	858,199
Salaries, fringes and payroll taxes	3,739,511	198,701	-	3,938,212
Bad debt expense	400,000	-	-	400,000
Contract service provided expense	2,161,105	-	-	2,161,105
Depreciation	248,733	96,853	-	345,586
Insurance	662,998	23,228	-	686,226
Rent and utilities	267,327	9,650	-	276,977
Professional fees	92,095	68,689	-	160,784
Computer and equipment services	136,701	9,423	-	146,124
Property management and maintenance	325,228	148	-	325,376
Warranty expense	128	-	-	128
Conferences, training and travel	39,680	1,585	-	41,265
Office equipment and supplies	29,172	2,004	-	31,176
Equipment rental and maintenance	25,312	-	-	25,312
Printing and postage	14,482	550	-	15,032
Bank charges and loan fees	17,757	509	-	18,266
Credit reports	43,398	-	-	43,398
Advertising and marketing	9,924	-	-	9,924
Dues and publications	21,665	7,188	-	28,853
Miscellaneous	92,790	10,799	-	103,589
Interest	126,540	-	-	126,540
Total expenses	$ 13,540,949	$ 429,327	$ -	$ 13,970,276

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 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 290,211	$ 2,773,239
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation expense	345,586	356,525
Unrealized gain on investment	(45,635)	(181,454)
Provision for loan losses	400,000	927,053
Bad debt write offs	(184,950)	-
Net grants with donor restrictions	1,029,001	441,000
Gain on sale of loans receivable	(441,831)	(309,697)
Gain on sale of property and equipment	-	(9,480)
Gain on sale of properties held for resale	(12,626)	(20,401)
Gain on sale of properties held for redevelopment	(9,075)	(140,223)
Impairment of property and equipment	2,206,800	-
Write down of properties held for redevelopment	768,467	-
Changes in:		
Grants and contracts receivable	(1,192,652)	(583,363)
Prepaid expenses and other assets	13,048	13,785
Accounts payable and accrued expenses	5,342	490,624
Escrow payable	(782,506)	670,906
Tenant security deposits	499	(22,853)
Refundable advances	4,674,167	(1,671,292)
Net cash flow from operating activities	7,063,846	2,734,369
CASH FLOW FROM INVESTING ACTIVITIES:		
Changes in assets limited to use	154,818	186,606
Proceeds from sales of loans receivable	7,009,748	4,562,212
Issuance of loans	(13,197,578)	(17,364,328)
Repayment of loans	4,914,867	4,720,958
Change in certificates of deposit	436,661	248,351
Purchase of property and equipment	(2,079,531)	(59,534)
Proceeds from sale of property and equipment	-	73,989
Sales of properties held for resale	1,011,025	886,602
Additions to properties held for resale	(40,009)	(209,104)
Additions of properties held for redevelopment	(4,512,934)	(3,206,543)
Sales of properties held for redevelopment	839,902	3,391,333
Net cash flow from investing activities	(5,463,031)	(6,769,458)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from grants with donor restrictions	(1,029,001)	(441,000)
Proceeds from line of credit	-	4,350,000
Payments on line of credit	-	(4,350,000)
Proceeds from other liability	1,000,000	1,500,000
Proceeds from paycheck protection program loan payable	543,885	702,120
Proceeds from notes and mortgages payable	1,940,000	1,500,000
Payments on notes and mortgages payable	(1,047,445)	(775,127)
Net cash flow from financing activities	1,407,439	2,485,993
CHANGE IN CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST	3,008,254	(1,549,096)
CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST - beginning of year	5,406,101	6,955,197
CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST - end of year	$ 8,414,355	$ 5,406,101
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 126,540	$ 146,773
Transfer from property held for redevelopment to property and equipment	$ 1,225,616	$ 196,175
Transfer from property held for redevelopment to property held for resale	$ 1,428,424	$ 751,985

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 homeowners, 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) was 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. 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) was 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 borrowers 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)

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.

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:

	2021	2020
Cash and cash equivalents	$ 8,392,047	$ 5,384,290
Deposits held in trust	22,308	21,811
Cash and cash equivalents and deposits held in trust - end of year	$ 8,414,355	$ 5,406,101

Grants and Contracts Receivable

The Organizations receive grants and contracts to assist carrying out its programs from federal, state, and local government agencies and other organizations. Unconditional 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, 2021 and 2020, 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, 2021:

Performance based	$ 1,145,439
Hybrid	6,477,670
	$ 7,623,109

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable Advances

Refundable advances represent conditional grants not recognized as revenues as conditions on which they depend were not met as of year-end. Refundable advances include funds received for the renovation of existing properties or new construction of specified properties. These funds have stipulations that subject the specified properties to a lien for a period of 15 years for renovations and 20 years for new construction, during which time the Organizations are required to operate the properties to serve the needs of low-income individuals. If the Organizations meet this requirement, no repayment is required, and the refundable advance will be deemed paid in full at the end of the specified period. In the event of default, the entire balance is required to be repaid in full. Amounts included in refundable advances under these arrangements were $1,678,001 as of April 30, 2021. There were no such amounts as of April 30, 2020.

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 consist of grants and lending activities of approximating 76% and 24%, respectively as of April 30, 2021.

Real Estate Development

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

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, 2021 and 2020 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, 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 Organizations' 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 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 37% and 49%, respectively as of April 30, 2021.

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, 2021 and 2020.

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 $28,369 and $604,842 as of April 30, 2021 and 2020, 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, 2021 and 2020 was $400,000 and $927,053, 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. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (Continued)
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 to Use
Assets limited 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 they are not exposed to any significant credit risk with respect to assets limited to use.

Properties Held for Resale
HHQ has properties held for resale which have been rehabilitated or constructed 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 received 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Costs that clearly relate to redevelopment are capitalized. Costs are allocated to projects by specific identification wherever possible. Otherwise, such costs are allocated based on their relative value. No depreciation is recorded on properties held for development and resale.

Gains or losses on sales of these properties are recognized as a charge to real estate development program revenue. As a result of recent changes in the Organizations' market for specific properties, carrying amounts for these properties have been reduced by $768,467. Management believes that this reduces the properties to its lower of cost or market, and no additional loss will be incurred. While it is at least reasonably possible that the estimate will change materially in the near term, no estimate can be made of the range of additional loss that is at least reasonably possible.

Property and Equipment

Property and equipment are carried at cost if purchased or at fair value at the date of the donation. All the Organizations capitalize 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 are direct charged as possible. When direct charge is not possible, costs are allocated based on full-time equivalents (FTE's) and time spent in the various programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment Loss

The Organizations review their property and equipment regularly for impairment. During the year ended April 30, 2021, the Organizations recognized an impairment loss on the Salato Gardens apartment building based upon an analysis of undiscounted cash flow. The impairment loss is recognized for the amount by which the carrying amount exceeds the fair value. An independent real estate appraisal was used to determine the fair value. As a result, the building value was reduced and an impairment loss of $2,206,800 was recognized for the year ended April 30, 2021. The adjusted carrying basis of $230,000 is the new cost basis and will be depreciated over the building's remaining estimated life.

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. Accordingly, actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Reclassifications

Certain reclassifications have been made to the 2020 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 available lines of credits up to a total of $3,000,000 (as further described in Note 8).

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

	2021	2020
Cash and cash equivalents	$ 8,392,047	$ 5,384,290
Grants and contracts receivable	4,699,117	3,506,465
Loans receivable, net	40,552,512	39,052,768
Assets limited to use	2,708,918	2,818,101
Certificates of deposit	-	436,661
Deposits held in trust	22,308	21,811
Notes receivable	100,000	100,000
Total financial assets	56,474,902	51,320,096
Less those unavailable for general expenditures within one year due to:		
Assets limited to use – long term portion	(1,770,868)	(1,970,408)
Certificates of deposit	-	(436,661)
Deposits held in trust	(22,308)	(21,811)
Notes receivable	(100,000)	(100,000)
Board designated loan programs	(14,679,499)	(14,113,216)
Restricted by donor for time or purpose or in perpetuity	(10,378,436)	(10,850,437)
Financial assets available for general expenditures within one year	$ 29,523,791	$ 23,827,563

4. CONCENTRATIONS

As of April 30, 2021 and 2020 the Organizations had approximately 35% and 22% of its receivable balance due from Community Development Block (CDBG) grants, and 44% and 51% from New York State, respectively.

During the years ended April 30, 2021 and 2020, the Organizations derived 15% and 18% of its revenues from CDBG grants, respectively.

5. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans receivable consist of the following at April 30:

	2021	2020
Residential home improvement loans	$ 8,804,174	$ 8,529,980
Down payment & closing cost loans	596,519	489,581
Residential first mortgages	24,586,924	23,309,169
Investor loans	4,911,417	4,405,734
Commercial loans	3,704,652	3,710,179
Community impact loans	48,422	50,536
Other loans	3,114	105,374
Interim financing to other not-for-profit housing organizations	-	339,876
Total loans receivable	42,655,222	40,940,429
Allowance for loan losses	(2,102,710)	(1,887,661)
	$ 40,552,512	$ 39,052,768
Current, net of allowance	$ 1,759,855	$ 2,227,493
Long-term	$ 38,792,657	$ 36,825,275

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

	2021					
	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 loans	$ 8,490,069	$ 157,038	$ 34,017	$ 92,276	$ 30,774	$ 8,804,174
Down payment & closing cost loans	567,044	15,205	897	4,985	8,388	596,519
Residential first mortgages	23,060,921	996,599	102,706	185,738	240,960	24,586,924
Investor loans	4,861,218	29,454	-	-	20,745	4,911,417
Commercial loans	3,429,022	-	-	-	275,630	3,704,652
Community impact loans	48,422	-	-	-	-	48,422
Other loans	3,114	-	-	-	-	3,114
	$ 40,459,810	$ 1,198,296	$ 137,620	$ 282,999	$ 576,497	$ 42,655,222

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

	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 loans	$ 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

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

	2021	2020
Amount of allowance for loan losses on loans collectively evaluated for impairment	$ 2,102,710	$ 1,887,661
Total allowance for loan losses	$ 2,102,710	$ 1,887,661
Loans individually evaluated for impairment	$ -	$ -
Loans collectively evaluated for impairment	42,655,222	40,940,429
Total loans	$ 42,655,222	$ 40,940,429

There are no loans on nonaccrual status as of April 30, 2021 and 2020.

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

	2021	2020
Balance at beginning of year	$ 1,887,661	$ 1,366,041
Additions to provisions for loan loss reserve	400,000	921,442
Write-offs of loans deemed impaired or uncollectible	(184,951)	(399,822)
Balance at end of year	$ 2,102,710	$ 1,887,661

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

Sales of Loans Receivable
During the years ended April 30, 2021 and 2020, HHQ sold loans with recourse totaling $6,567,917 and $4,562,210, respectively. Proceeds received from sales of such loans during the year totaled $7,009,748 and $4,960,419, 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 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 to use consisted of the following at April 30:

	2021	2020
Lending reserves	$ 2,339,191	$ 2,247,757
Replacement reserves	369,727	570,344
	$ 2,708,918	$ 2,818,101

7. PROPERTY AND EQUIPMENT

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

	2021	2020
Land	$ 290,732	$ 280,732
Automobiles	161,595	161,595
Buildings and capital improvements	5,663,297	4,789,976
Office furniture and equipment	591,437	456,031
	6,707,061	5,688,334
Accumulated depreciation	(2,520,152)	(2,254,186)
Total	$ 4,186,909	$ 3,434,148

8. LINE OF CREDIT

On November 27, 2019, HHQ obtained a $3,000,000 unsecured revolving line of credit. This line matures and all outstanding principal and accrued unpaid interest is due January 27, 2022 with a variable interest rate. As of April 30, 2021 and 2020, there were no outstanding balances on the line of credit.

9. NOTES AND MORTGAGES PAYABLE

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

	2021	2020
Note payable, due in quarterly installments of $8,929 through October 2024, non-interest bearing, unsecured	$ 125,000	$ 160,714
Note payable, due in quarterly installments of $28,016 through January 2025, interest at 1.25%, unsecured	409,925	516,037
Note payable, due in quarterly installments of $8,929 through March 2025, non-interest bearing, unsecured	142,857	178,571
Note payable, due in quarterly installments of $28,036 through March 2025, interest at 1.25%, unsecured	436,619	542,407
Note payable, due in quarterly installments of $8,929 through April 2025, non-interest bearing, unsecured	142,857	178,571
* Note payable, due in quarterly installments of $28,051 through April 2025, interest at 1.25%, unsecured	436,868	542,715
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	489,768	594,836
* Note payable, due in quarterly installments of $8,929 through August 2025, non-interest bearing, unsecured	160,714	196,429
Note payable, due in quarterly installments of $18,355 through December 2025, interest at 0.75%, unsecured	342,186	412,669
Note payable, due in quarterly installments of $18,340 through December 2025, interest at 0.75%, unsecured	341,902	412,326
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	778,250	912,484
Note payable, due in monthly installments of $6,384 through March 2027, interest at 2.00%, unsecured	432,464	493,616
Note payable, due in quarterly installments of $19,201 through November 2026, interest at 2.00%, unsecured	415,866	483,355

9. NOTES AND MORTGAGES PAYABLE (Continued)

	2021	2020
Note payable, due in quarterly installments of $18,000 through July 2027, interest at 1.25%, unsecured	446,000	-
Mortgage payable, payments due when the property is sold, interest at 0%, collateralized by property and equipment	50,000	50,000
Multiple disbursement construction loan at 0% interest. Upon final disbursement, construction loan will convert to a mortgage payable at 0% interest with payments due when sufficient income is generated by the property. Management does not believe sufficient income will be generated. The arrangement is collateralized by property and equipment	1,440,000	-
Mortgage payable, due in monthly installments of $2,551 through March 2045, interest at 8.00% with 7.00% interest subsidy, collateralized by property and equipment	648,848	672,839
	7,486,124	6,593,569
Less: Current portion	(2,524,502)	(999,275)
	$ 4,961,622	$ 5,594,294

* The agreement with the lender contains covenants with which the Organizations have agreed to comply. As of April 30, 2021 and 2020, the Organizations were in compliance with the covenants.

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

	2021	2020
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. On July 29, 2021, HHQ received forgiveness of the loan by the Small Business Administration (SBA).	$ 543,885	$ 543,885
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	-

9. NOTES AND MORTGAGES PAYABLE (Continued)

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. On July 29, 2021, OHQ received forgiveness of the loan by the SBA.	79,335	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. On July 29, 2021, CCHDC received forgiveness of the loan by the SBA.	78,900	78,900
	1,246,005	702,120
Less: Current portion	(702,120)	-
	$ 543,885	$ 702,120

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

2022	$ 3,226,622
2023	1,096,050
2024	1,109,671
2025	1,076,336
2026	1,177,096
Thereafter	996,354
Mortgage not due unless property is sold	50,000
	$ 8,732,129

On March 11, 2021, HHQ entered into a nonrevolving multiple disbursement term note. Under the terms of this agreement, HHQ can draw up to $1,000,000 within twelve months of entering into the agreement. During this period the note carries interest at the financial institution's prime rate of lending less 0.50%. After twelve months, HHQ will begin quarterly repayment for a six-year term, at which the note carries a fixed rate of LIBOR plus 2.50% as of the conversion date. There was no amount drawn on this loan as of 4/30/21.

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.

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, 2021 and 2020 was $110,774 and $115,480, respectively.

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

2022	$ 113,500
2023	113,500
2024	113,500
2025	113,500
2026	113,500
Thereafter	18,917
	$ 586,417

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 part of the dissolution of EHQ, the Home Value Protection Program was transferred to HHQ. As of April 30, 2021, HHQ had recorded a $700,000 liability for the Home Value Protection Program. As of April 30, 2020, 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, HHQ has an actuarial analysis performed to determine if there are adequate reserves to cover the HVP program. Based on the latest analysis performed in October 2016, at least $700,000 in reserves are needed to cover future claims. As of April 30, 2021, HHQ had $50,652,156 in total assets to cover future claims. As of April 30, 2020 EHQ had $729,943 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, 2021 and 2020 is as follows:

	2021	2020
Total NWA net assets beginning of year	$ 1,029,001	$ 1,470,001
Conversion approved/Net assets released from restrictions	(1,029,001)	(441,000)
Total NWA net assets with donor restrictions	$ -	$ 1,029,001

During the fiscal years ended April 30, 2021 and 2020, HHQ was offered conversion opportunities from NeighborWorks America, to convert restricted capital received in prior years to unrestricted uses that support HHQ's strategic plan and mission. HHQ applied for and was approved for conversions of $1,029,001 and $441,000 during the years ended April 30, 2021 and 2020, respectively.

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 guarantee 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, 2021 and 2020, retirement plan expense was $94,981 and $98,151, 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 $1,067,619 and $831,043 as of April 30, 2021 and 2020. 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 such outstanding the board designated loans were $4,857,234 and $7,006,344 at April 30, 2021 and 2020, respectively. Board designated net assets were $14,679,499 and $14,113,216 as of April 30, 2021 and 2020, respectively.

18. SUBSEQUENT EVENTS

On May 5, 2021, the HHQ entered into a $500,000 note agreement with a bank, due March 5, 2028, with monthly payments of $18,812 at an interest rate of 1.5% per annum.

The Organizations have evaluated subsequent events through August 25, 2021, 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, 2021

	HHQ	OHQ	CNYAP	CNYAR	Advanced	EHQ
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	$ 6,418,644	$ 225,312	$ 18,903	$ 141,108	$ -	$ -
Grants and contracts receivable	4,319,936	-	-	2,894	-	-
Accounts receivable - intercompany	-	625,250	-	-	-	-
Loans receivable, net of allowance for loan losses of $2,102,710 in 2021	384,713	-	-	-	-	-
Intercompany notes receivable - current	6,191	-	-	9,777	-	-
Interfund transfers	(4,446,279)	-	-	-	-	-
Assets limited to use - current	568,323	-	-	-	-	-
Properties held for resale	1,252,612	-	-	-	-	-
Properties held for redevelopment - current portion	2,354,149	-	-	-	-	-
Deposits held in trust	-	-	-	-	-	-
Prepaid expense and other assets	103,559	20,058	-	-	-	-
Total current assets	10,961,848	870,620	18,903	153,779	-	-
NON-CURRENT ASSETS:						
Certificates of deposit	-	-	-	-	-	-
Assets limited to use - long term portion	1,770,868	-	-	-	-	-
Investment in other entities	-	-	-	500	-	-
Loans receivable, net - long-term portion	34,145,820	-	-	-	-	-
Intercompany notes receivable - long-term portion	84,462	-	-	441,816	-	-
Notes receivable	100,000	-	-	-	-	-
Properties held for redevelopment - long-term portion	843,426	-	-	-	-	-
Property and equipment, net	2,745,732	107,798	-	3,500	-	-
Total non-current assets	39,690,308	107,798	-	445,816	-	-
Total assets	$ 50,652,156	$ 978,418	$ 18,903	$ 599,595	$ -	$ -
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	$ 636,032	$ 171,850	$ -	$ 466	$ -	$ -
Accounts payable - intercompany	513,628	-	85,110	-	-	-
Intercompany notes payable - current portion	9,777	6,191	-	-	-	-
Refundable advances - current portion	2,159,897	-	-	6,500	-	-
Escrow payable	2,086,988	-	-	-	-	-
Tenant security deposits	-	-	-	-	-	-
Paycheck protection program loan payable - current portion	543,885	79,335	-	-	-	-
Notes and mortgages payable - current portion	1,060,271	-	-	-	-	-
Total current liabilities	7,010,478	257,376	85,110	6,966	-	-
NON-CURRENT LIABILITIES:						
Refundable advances - long-term portion	2,774,493	-	-	-	-	-
Intercompany note payable - long-term portion	441,816	84,462	-	-	-	-
Liability for home value protection program	700,000	-	-	-	-	-
Other liability	2,500,000	-	-	-	-	-
Paycheck protection program loan payable - long-term portion	543,885	-	-	-	-	-
Notes and mortgages payable - long-term portion	4,287,005	-	-	-	-	-
Total non-current liabilities	11,247,199	84,462	-	-	-	-
Total liabilities	18,257,677	341,838	85,110	6,966	-	-
NET ASSETS:						
Without donor restrictions	32,394,479	636,580	(66,207)	592,629	-	-
With donor restrictions	-	-	-	-	-	-
Total net assets	32,394,479	636,580	(66,207)	592,629	-	-
Total liabilities and net assets	$ 50,652,156	$ 978,418	$ 18,903	$ 599,595	$ -	$ -

Superior	HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2021
$ 665,742	$ 56,466	$ 349,456	$ 231,253	$ 285,163	$ 8,392,047	$ -	$ -	$ -	$ 8,392,047
7,805	88	116,943	70,342	181,109	4,699,117	-	-	-	4,699,117
-	-	3,877	-	266,078	895,205	-	-	(895,205)	-
-	-	18,591	-	-	403,304	-	1,356,551	-	1,759,855
-	-	-	-	-	15,968	-	-	(15,968)	-
-	-	-	-	-	(4,446,279)	-	4,446,279	-	-
-	38,896	96,736	234,095	-	938,050	-	-	-	938,050
-	-	-	-	-	1,252,612	-	-	-	1,252,612
-	-	-	-	-	2,354,149	-	-	-	2,354,149
-	1,172	5,016	13,354	2,766	22,308	-	-	-	22,308
2,323	-	-	-	11,511	137,451	-	-	-	137,451
675,870	96,622	590,619	549,044	746,627	14,663,932	-	5,802,830	(911,173)	19,555,589
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,770,868	-	-	-	1,770,868
-	-	-	-	-	500	-	-	-	500
-	-	71,231	-	-	34,217,051	-	4,575,606	-	38,792,657
-	-	-	-	-	526,278	-	-	(526,278)	-
-	-	-	-	-	100,000	-	-	-	100,000
-	-	-	-	-	843,426	-	-	-	843,426
-	221,525	116,021	992,333	-	4,186,909	-	-	-	4,186,909
-	221,525	187,252	992,333	-	41,645,032	-	4,575,606	(526,278)	45,694,360
$ 675,870	$ 318,147	$ 777,871	$ 1,541,377	$ 746,627	$ 56,308,964	$ -	$ 10,378,436	$ (1,437,451)	$ 65,249,949
$ 206,472	$ 1,089	$ 1,908	$ 18,595	$ 27,328	$ 1,063,740	$ -	$ -	$ -	$ 1,063,740
30,389	-	-	266,078	-	895,205	-	-	(895,205)	-
-	-	-	-	-	15,968	-	-	(15,968)	-
-	450	108,280	1,412	3,039	2,279,578	-	-	-	2,279,578
114,726	-	12,850	-	-	2,214,564	-	-	-	2,214,564
-	1,172	5,016	13,354	2,766	22,308	-	-	-	22,308
-	-	-	-	78,900	702,120	-	-	-	702,120
-	-	-	1,464,231	-	2,524,502	-	-	-	2,524,502
351,587	2,711	128,054	1,763,670	112,033	9,717,985	-	-	(911,173)	8,806,812
-	-	71,230	432,230	-	3,277,953	-	-	-	3,277,953
-	-	-	-	-	526,278	-	-	(526,278)	-
-	-	-	-	-	700,000	-	-	-	700,000
-	-	-	-	-	2,500,000	-	-	-	2,500,000
-	-	-	-	-	543,885	-	-	-	543,885
-	-	50,000	624,617	-	4,961,622	-	-	-	4,961,622
-	-	121,230	1,056,847	-	12,509,738	-	-	(526,278)	11,983,460
351,587	2,711	249,284	2,820,517	112,033	22,227,723	-	-	(1,437,451)	20,790,272
324,283	315,436	528,587	(1,279,140)	634,594	34,081,241	-	-	-	34,081,241
-	-	-	-	-	-	-	10,378,436	-	10,378,436
324,283	315,436	528,587	(1,279,140)	634,594	34,081,241	-	10,378,436	-	44,459,677
$ 675,870	$ 318,147	$ 777,871	$ 1,541,377	$ 746,627	$ 56,308,964	$ -	$ 10,378,436	$ (1,437,451)	$ 65,249,949

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
APRIL 30, 2020

	HHQ	OHQ	CNYAP	CNYAR	Advanced	EHQ	Superior
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 3,443,420	$ 278,927	$ 112,007	$ 158,914	$ 205	$ 293,282	$ 416,314
Grants and contracts receivable	3,200,747	2,200	-	-	-	-	5,023
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 - current portion	277,349	-	-	-	-	-	-
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	-	-	2,073
Total current assets	9,905,663	711,680	317,219	167,159	205	293,282	423,410
NON-CURRENT ASSETS:							
Certificates of deposit	-	-	-	-	-	436,661	-
Assets limited to use - long-term portion	1,970,408	-	-	-	-	-	-
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	584,494	-	-	-	-	-	-
Property and equipment, net	1,515,753	123,918	-	9,500	-	-	-
Total non-current assets	32,829,196	123,918	-	320,089	-	436,661	-
Total assets	$ 42,734,859	$ 835,598	$ 317,219	$ 487,248	$ 205	$ 729,943	$ 423,410
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	$ 692,445	$ 121,403	$ 500	$ 264	$ -	$ -	$ 61,256
Accounts payable - intercompany	460,831	-	185,110	-	-	-	15,000
Intercompany notes payable - current portion	6,828	5,948	201,682	-	-	-	-
Refundable advances - current portion	636,319	-	-	-	-	-	-
Escrow payable	2,835,723	-	-	3,000	-	-	50,314
Tenant security deposits	-	-	-	-	-	-	-
Notes and mortgages payable - current portion	975,690	-	-	-	-	-	-
Total current liabilities	5,607,836	127,351	387,292	3,264	-	-	126,570
NON-CURRENT LIABILITIES:							
Refundable advances - long-term portion	191,294	2,500	-	-	-	-	-
Intercompany notes 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	126,570
NET ASSETS:							
Without donor restrictions	29,686,715	535,649	(70,073)	483,984	205	29,943	296,840
With donor restrictions	-	-	-	-	-	-	-
Total net assets	29,686,715	535,649	(70,073)	483,984	205	29,943	296,840
Total liabilities and net assets	$ 42,734,859	$ 835,598	$ 317,219	$ 487,248	$ 205	$ 729,943	$ 423,410

HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2020
$ 42,957	$ 212,288	$ 118,561	$ 307,415	$ 5,384,290	$ -	$ -	$ -	$ 5,384,290
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	-	-
38,853	174,637	356,854	-	847,693	-	-	-	847,693
-	-	-	-	782,578	-	-	-	782,578
-	-	-	-	2,353,481	-	-	-	2,353,481
1,449	4,937	15,425	-	21,811	-	-	-	21,811
-	-	-	16,085	150,499	-	-	-	150,499
83,353	648,607	532,244	669,615	13,752,437	(274,501)	2,955,845	(1,159,471)	$15,274,310
-	-	-	-	436,661	-	-	-	436,661
-	-	-	-	1,970,408	-	-	-	1,970,408
-	-	-	-	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
236,655	246,716	1,390,010	-	35,583,245	1,303,502	6,865,591	(400,852)	43,351,486
$ 320,008	$ 895,323	$ 1,922,254	$ 669,615	$ 49,335,682	$ 1,029,001	$ 9,821,436	$ (1,560,323)	$ 58,625,796
$ 1,788	$ 130,709	$ 9,325	$ 40,708	$ 1,058,398	$ -	$ -	$ -	$ 1,058,398
-	-	266,078	17,994	945,013	-	-	(945,013)	-
-	-	-	-	214,458	-	-	(214,458)	-
-	38,812	-	-	675,131	-	-	-	675,131
-	108,033	-	-	2,997,070	-	-	-	2,997,070
1,449	4,937	15,423	-	21,809	-	-	-	21,809
-	-	23,585	-	999,275	-	-	-	999,275
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
4,637	332,491	964,506	149,800	16,016,653	-	-	(1,560,323)	14,456,330
315,371	562,832	957,748	519,815	33,319,029	-	-	-	33,319,029
-	-	-	-	-	1,029,001	9,821,436	-	10,850,437
315,371	562,832	957,748	519,815	33,319,029	1,029,001	9,821,436	-	44,169,466
$ 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 schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2021

	HHQ	HOC	OHQ	CNYAP	CNYAR	Advanced	EHQ
Program revenue:							
Lending and finance products	$ 6,138,029	$ -	$ -	$ -	$ 180	$ -	$ -
Real estate development, net	(69,173)	-	-	-	-	-	-
Grant revenue and contributions	-	-	-	-	-	-	-
Commission income	-	-	-	-	158,394	-	-
Contract service provided revenue	-	-	3,445,124	-	-	-	-
Rental revenue	526,714	-	-	-	-	-	-
Property management and maintenance fees	-	-	-	-	84,198	-	-
Servicing revenue	-	-	-	-	-	-	-
Other program revenue	-	-	-	-	-	-	-
Net assets released from donor restrictions	1,029,001	-	-	-	-	-	-
Total program revenue	7,624,571	-	3,445,124	-	242,772	-	-
Operating revenue:							
Fee revenue	899,821	-	-	-	-	-	-
Grants and contributions	1,238,959	-	-	-	-	-	-
Shared service revenue	392,926	-	-	-	-	-	-
Loan interest income	1,994,612	-	-	-	17,439	-	-
Other income	173,842	-	200	3,875	-	-	996
Total operating revenue	4,700,160	-	200	3,875	17,439	-	996
Total revenues	12,324,731	-	3,445,324	3,875	260,211	-	996
Operating expenses:							
Program expense	9,303,285	-	3,251,130	9	149,924	-	-
Operating and administrative expenses	390,207	-	93,263	-	1,642	205	49
Fundraising expenses	-	-	-	-	-	-	-
Total operating expenses	9,693,492	-	3,344,393	9	151,566	205	49
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN, IMPAIRMENT LOSS AND EQUITY TRANSFER	2,631,239	-	100,931	3,866	108,645	(205)	947
Unrealized gain on investment	45,635	-	-	-	-	-	-
Impairment loss on property and equipment	-	-	-	-	-	-	-
Equity transfer to (from) affiliate	30,890	-	-	-	-	-	(30,890)
CHANGE IN NET ASSETS	2,707,764	-	100,931	3,866	108,645	(205)	(29,943)
NET ASSETS - beginning of year	29,686,715	-	535,649	(70,073)	483,984	205	29,943
NET ASSETS - end of year	$ 32,394,479	$ -	$ 636,580	$ (66,207)	$ 592,629	$ -	$ -

Superior	HHC	HFI	CDI	CCHDC	Total Without Donor Restrictions	With Donor Restrictions - NWA	With Donor Restrictions - CDFI	Eliminations	Total 2021
$ -	$ -	$ 43,041	$ -	$ -	$ 6,181,250	$ -	$ 557,000	$ (940)	$ 6,737,310
-	-	-	-	-	(69,173)	-	-	-	(69,173)
-	-	208,403	4,800	684,295	897,498	-	-	-	897,498
-	-	-	-	-	158,394	-	-	-	158,394
-	-	-	-	-	3,445,124	-	-	(5,005)	3,440,119
-	54,900	69,496	251,609	-	902,719	-	-	(37,000)	865,719
-	-	-	-	31,075	115,273	-	-	(95,158)	20,115
80,654	-	-	-	-	80,654	-	-	-	80,654
-	-	-	-	14,450	14,450	-	-	-	14,450
-	-	-	-	-	1,029,001	(1,029,001)	-	-	-
80,654	54,900	320,940	256,409	729,820	12,755,190	(1,029,001)	557,000	(138,103)	12,145,086
-	-	-	-	-	899,821	-	-	(105,878)	793,943
-	-	-	-	-	1,238,959	-	-	-	1,238,959
-	-	-	-	245,000	637,926	-	-	(573,650)	64,276
-	-	-	-	-	2,012,051	-	-	(20,258)	1,991,793
-	710	2,164	5,808	-	187,595	-	-	-	187,595
-	710	2,164	5,808	245,000	4,976,352	-	-	(699,786)	4,276,566
80,654	55,610	323,104	262,217	974,820	17,731,542	(1,029,001)	557,000	(837,889)	16,421,652
-	35,545	157,349	267,305	770,041	13,934,588	-	-	(393,639)	13,540,949
53,211	20,000	200,000	25,000	90,000	873,577	-	-	(444,250)	429,327
-	-	-	-	-	-	-	-	-	-
53,211	55,545	357,349	292,305	860,041	14,808,165	-	-	(837,889)	13,970,276
27,443	65	(34,245)	(30,088)	114,779	2,923,377	(1,029,001)	557,000	-	2,451,376
-	-	-	-	-	45,635	-	-	-	45,635
-	-	-	(2,206,800)	-	(2,206,800)	-	-	-	(2,206,800)
-	-	-	-	-	-	-	-	-	-
27,443	65	(34,245)	(2,236,888)	114,779	762,212	(1,029,001)	557,000	-	290,211
296,840	315,371	562,832	957,748	519,815	33,319,029	1,029,001	9,821,436	-	44,169,466
$ 324,283	$ 315,436	$ 528,587	$ (1,279,140)	$ 634,594	$ 34,081,241	$ -	$ 10,378,436	$ -	$ 44,459,677

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	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 (from) to 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	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	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

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*

August 25, 2021

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, 2021, 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 August 25, 2021.

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) as a basis for designing 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 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