HOME HEADQUARTERS, INC. AND AFFILIATES

Consolidated Financial Statements and
Supplementary Information
April 30, 2023 and 2022
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

HOME HEADQUARTERS, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

August 14, 2023

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

Report on the Audit of the Financial Statements

Opinion
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, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Home Headquarters, Inc. and Affiliates as of April 30, 2023 and 2022, 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.

Basis for Opinion
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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Home Headquarters, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle
As discussed in Note 2 to the consolidated financial statements, Home Headquarters, Inc. and Affiliates adopted Accounting Standards Codification 842, *Leases*, as of May 1, 2022. Our opinion is not modified with respect to this matter.

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

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Home Headquarters, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Home Headquarters, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2023 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, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,903,372	$ 10,685,811
Grants and contracts receivable, net	7,358,557	5,425,040
Loans receivable, net of allowance for loan losses of $3,000,271 and $2,635,312 in 2023 and 2022, respectively	1,874,442	1,352,841
Assets limited to use - current portion	2,820,173	1,230,266
Properties held for resale	476,894	2,344,371
Properties held for redevelopment - current portion	2,686,927	1,402,755
Deposits held in trust	87,547	84,257
Prepaid expense and other assets	202,407	274,144
Total current assets	23,410,319	22,799,485
NON-CURRENT ASSETS:		
Assets limited to use - long-term portion	228,332	1,728,548
Loans receivable, net - long-term portion	52,641,678	43,346,364
Notes receivable	100,000	100,000
Properties held for redevelopment - long-term portion	631,343	1,056,124
Operating lease right-of-use assets	561,255	-
Property and equipment, net	5,157,922	4,662,138
Total non-current assets	59,320,530	50,893,174
Total assets	$ 82,730,849	$ 73,692,659
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 2,385,585	$ 1,612,862
Refundable advances - current portion	4,185,135	4,813,080
Escrow payable	3,295,406	2,372,451
Tenant security deposits	87,547	84,257
Current portion of operating lease liabilities	125,422	-
Notes and mortgages payable - current portion	1,610,012	1,461,750
Total current liabilities	11,689,107	10,344,400
NON-CURRENT LIABILITIES:		
Refundable advances - long-term portion	8,428,166	5,388,786
Liability for home value protection program	700,000	700,000
Other liability	3,500,000	2,500,000
Operating lease liabilities - long-term portion	440,061	-
Notes and mortgages payable - long-term portion	7,441,756	8,261,073
Total non-current liabilities	20,509,983	16,849,859
Total liabilities	32,199,090	27,194,259
NET ASSETS:		
Without donor restrictions	40,153,323	36,119,964
With donor restrictions	10,378,436	10,378,436
Total net assets	50,531,759	46,498,400
Total liabilities and net assets	$ 82,730,849	$ 73,692,659

The accompanying notes are an integral part of these statements.

HOME HEADQUARTERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Program revenue:		
Lending and finance products	$ 11,494,720	$ 7,187,028
Real estate development, net	4,132,597	2,203,624
Grant revenue and contributions	1,117,286	837,568
Commission income	242,609	153,106
Contract service provided revenue	1,360,855	3,074,511
Rental revenue	1,880,126	1,683,235
Property management and maintenance fees	32,347	36,019
Servicing revenue	134,908	106,695
Other program revenue	15,815	11,989
Total program revenue	20,411,263	15,293,775
Operating revenue:		
Fee revenue	1,548,763	1,013,242
Grants and contributions	3,514,367	2,059,370
Shared service revenue	2,500	9,191
Loan interest income	2,474,857	2,049,753
Other income	412,251	77,850
Total operating revenue	7,952,738	5,209,406
Total revenues	28,364,001	20,503,181
Operating expenses:		
Program expenses	24,000,242	18,613,816
Operating and administrative expenses	467,355	495,647
Fundraising expenses	38,912	-
Total operating expenses	24,506,509	19,109,463
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	3,857,492	1,393,718
Unrealized loss on assets limited to use	(4,523)	(42,320)
Paycheck protection program forgiveness revenue	-	1,246,005
Debt forgiveness revenue	180,390	715,902
Loss on acquisition	-	(1,274,582)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	4,033,359	2,038,723
CHANGE IN NET ASSETS	4,033,359	2,038,723
NET ASSETS - beginning of year	46,498,400	44,459,677
NET ASSETS - end of year	$ 50,531,759	$ 46,498,400

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, 2023

	Program Expense	Operating and Administrative Expense	Fundraising Expense	Total
Grant expenses	$ 9,863,921	$ -	$ -	$ 9,863,921
Rehab and acquisition expense	4,319,484	-	-	4,319,484
Salaries, fringes and payroll taxes	4,710,739	277,795	-	4,988,534
Bad debt expense	501,012	-	-	501,012
Contract service provided expense	646,106	3,707	-	649,813
Depreciation	337,292	33,538	-	370,830
Insurance	1,061,050	27,028	-	1,088,078
Rent and utilities	508,642	16,801	-	525,443
Professional fees	120,939	71,406	-	192,345
Computer and equipment services	183,145	13,361	-	196,506
Property management and maintenance	1,152,964	164	-	1,153,128
Warrenty expense	20,920	-	-	20,920
Conferences, training and travel	66,886	-	-	66,886
Office equipment and supplies	43,245	3,578	-	46,823
Equipment rental and maintenance	15,614	3,361	-	18,975
Fundraising and events	-	-	38,912	38,912
Printing and postage	33,545	1,742	-	35,287
Bank charges and loan fees	22,989	925	-	23,914
Credit reports	45,246	-	-	45,246
Advertising and marketing	41,807	105	-	41,912
Dues and publications	32,726	9,903	-	42,629
Miscellaneous	91,580	3,742	-	95,322
Interest	180,390	199	-	180,589
Total expenses	$ 24,000,242	$ 467,355	$ 38,912	$ 24,506,509

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, 2022

	Program Expense	Operating and Administrative Expense	Fundraising Expense	Total
Grant expenses	$ 6,264,840	$ -	$ -	$ 6,264,840
Rehab and acquisition expense	2,395,767	-	-	2,395,767
Salaries, fringes and payroll taxes	4,171,451	232,826	-	4,404,277
Bad debt expense	596,559	-	-	596,559
Contract service provided expense	1,843,213	-	-	1,843,213
Depreciation	313,812	35,544	-	349,356
Insurance	929,152	25,941	-	955,093
Rent and utilities	405,859	12,819	-	418,678
Professional fees	139,213	64,748	-	203,961
Computer and equipment services	210,353	14,918	-	225,271
Property management and maintenance	725,583	166	-	725,749
Conferences, training and travel	32,325	1,036	-	33,361
Office equipment and supplies	33,373	3,636	-	37,009
Equipment rental and maintenance	14,975	-	-	14,975
Printing and postage	22,857	956	-	23,813
Bank charges and loan fees	16,822	1,001	-	17,823
Credit reports	28,560	-	-	28,560
Advertising and marketing	58,177	-	-	58,177
Dues and publications	24,846	7,904	-	32,750
Miscellaneous	221,821	94,076	-	315,897
Interest	164,258	76	-	164,334
Total expenses	$ 18,613,816	$ 495,647	$ -	$ 19,109,463

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, 2023 AND 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 4,033,359	$ 2,038,723
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Loss on acquisition	-	1,274,582
Paycheck protection program forgiveness	-	(1,246,005)
Debt forgiveness	(180,390)	(715,902)
Depreciation expense	370,830	349,356
Unrealized loss on assets limited to use	4,523	42,320
Provision for loan losses	501,012	596,559
Bad debt write-offs	(136,053)	(63,957)
Gain on sale of loans receivable	(568,483)	(427,013)
(Gain) loss on sale of property and equipment	(74,752)	115,171
(Gain) loss on sale of properties held for resale	(44,790)	5,153
Gain on sale of properties held for redevelopment	(6,864)	(106,359)
Write down of properties held for redevelopment	374,966	309,400
Changes in:		
Grants and contracts receivable	(1,933,517)	(589,458)
Prepaid expense and other assets	71,737	(62,969)
Accounts payable and accrued expenses	772,723	10,746
Escrow payable	922,955	157,887
Tenant security deposits	3,290	61,949
Operating lease liability	4,228	-
Refundable advances	2,411,435	4,492,632
Net cash flow from operating activities	6,526,209	6,242,815
CASH FLOW FROM INVESTING ACTIVITIES:		
Cash acquired in acquisition	-	176,723
Changes in assets limited to use	(94,214)	(176,408)
Proceeds from sales of loans receivable	8,689,668	6,527,195
Issuance of loans	(24,653,536)	(16,823,747)
Repayment of loans	6,350,477	6,044,270
Purchase of property and equipment	-	(60,231)
Proceeds from sale of property and equipment	100,772	49,067
Sales of properties held for resale	3,213,551	1,681,136
Additions to properties held for resale	(207,714)	(234,653)
Additions of properties held for redevelopment	(4,325,389)	(3,830,000)
Sales of properties held for redevelopment	1,111,692	1,558,999
Net cash flow from investing activities	(9,814,693)	(5,087,649)
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(30,255)
Proceeds from other liability	1,000,000	-
Proceeds from notes and mortgages payable	1,000,000	2,795,000
Payments on notes and mortgages payable	(1,490,665)	(1,564,198)
Net cash flow from financing activities	509,335	1,200,547
CHANGE IN CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST	(2,779,149)	2,355,713
CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST - beginning of year	10,770,068	8,414,355
CASH AND CASH EQUIVALENTS AND DEPOSITS HELD IN TRUST - end of year	$ 7,990,919	$ 10,770,068
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 180,589	$ 164,334
Transfer from property held for redevelopment to property and equipment	$ 892,634	$ 263,261
Transfer from property held for redevelopment to property held for resale	$ 1,093,570	$ 2,543,395

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.

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

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.

Syracuse Model Neighborhood Corporation and Subsidiary (SMNC) is a not-for-profit corporation organized in 1972 in accordance with laws of the State of New York and created through the City of Syracuse Model Cities Program to provide standard housing for low and moderate-income families in the Syracuse Model Cities area. The mission of SMNC is to enhance and build resilient, diverse communities, by supporting economic growth, creative community-based initiatives, and quality housing services in the neighborhoods it serves.

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

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.

1. **ORGANIZATIONS (Continued)**

Superior Servicing Headquarters, LLC (Superior) is a New York limited liability company formed to service first mortgages originated by HHQ 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.

Brighton Homes Corporation (BHC) is a for-profit subsidiary of HHQ whose primary purpose is to rehabilitate real estate within Syracuse, New York.

Community Café, LLC (Café) was formed for the purpose of operating a community café in Syracuse, New York.

CNYAP, Superior, SNDP, BHC and the Café 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, CNYAR, CDI, CCHDC, HFI, HHC, SMNC, CNYAP, Superior, SNDP, BHC, Café, and Advanced (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 on the accrual basis of accounting 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 believe 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:

	2023	2022
Cash and cash equivalents	$ 7,903,372	$ 10,685,811
Deposits held in trust	87,547	84,257
Cash and cash equivalents and deposits held in trust - end of year	$ 7,990,919	$ 10,770,068

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, 2023 and 2022, 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, 2023:

Performance based	$ 2,436,911
Hybrid	20,881,124
	$ 23,318,035

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 $2,791,711 and $2,314,327 as of April 30, 2023 and 2022, respectively.

Revenue Recognition

Lending and Finance Products

Lending and finance products consists of grants used to provide affordable loans for homeowners, 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 lending activities of approximating 90% and 10%, respectively as of April 30, 2023 and 87% and 13%, respectively as of April 30, 2022.

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, 2023 and 2022 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 45% and 50%, respectively as of April 30, 2023 and 31% and 61%, respectively as of April 30, 2022.

Debt Forgiveness Revenue

The Organizations have notes payable for properties purchased that are subject to monitoring for a set period lapsed. During the years ended April 30, 2023 and 2022 it was determined that the additional monitoring or repayment requirements were no longer applicable as the period of time had lapsed and the Organizations recognized debt forgiveness revenue upon relief of those related liabilities in the amount of $180,390 and $715,902, respectively.

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 0% to 8.5% and 0% to 8.0% for the years ended April 30, 2023 and 2022, respectively.

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, community impact loans and 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 community impact and other 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 $116,512 and $325,231 as of April 30, 2023 and 2022, 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, 2023 and 2022 was $501,012 and $596,559, 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 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 believe 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties Held for Redevelopment

Properties held for redevelopment consists of properties purchased by the Organizations. Such properties include bare lots or lots with existing structures. These structures will either be rehabilitated or demolished, in the latter case the property 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 of April 30, 2023 and 2022, as a result of recent changes in the Organizations' market for specific properties, carrying amounts for these properties have been reduced by $379,833 and $338,305, respectively. 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. 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. Those expenses include salaries, fringes and payroll taxes, professional fees, insurance, rent and utilities, computer and equipment services, office equipment and supplies, and printing and postage.

Income Tax Status

HHQ, OHQ, CNYAR, CCHDC, HFI and SMNC 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)
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, BHC and Advanced are for-profit “C” corporations.

Superior, SNDP and the Café 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, and such differences may be significant.

Reclassifications
Certain reclassifications have been made to the 2022 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.

Recently Adopted Accounting Guidance
Lessee
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organizations adopted the standard effective May 1, 2022, using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended April 30, 2022, are made under prior lease guidance in FASB ASC 840.

The Organizations elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organizations recognized on May 1, 2022 an operating lease liability and an operating right-of-use asset of $561,255. The standard did not have an impact on the consolidated statements of activities and changes in net assets or cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance (Continued)

Lessor

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*, which requires lessors to classify leases as a sales-type, direct financing, or operating lease. Under the standard, additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organizations adopted the standards effective May 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended April 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organizations elected the available practical expedients to not reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs. Adoption of the standard did not have a significant impact on the Organizations financial statements.

Leases Policy - Lessee

The Organizations determine if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Organizations' right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Organizations are reasonably certain to exercise these options.

For all underlying classes of assets, the Organizations have elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. The Organizations recognize fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Organizations elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable. The Organizations elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Leases Policy - Lessor

The Organizations determine if an arrangement is a lease at inception. The Organizations' reassess the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed.

Rentals are governed by standard rental contracts and are accounted for as operating leases. The lease terms are included in lease contracts. The Organizations recognize operating lease rental revenue in the amount that the Organizations expect to be entitled based on the price (monthly rents) allocated to the distinct tenant space. Each tenant is charged a monthly fee based on their proportional square footage of the Organizations' facilities and negotiated rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases Policy – Lessor (Continued)

The Organizations elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component. Non-lease components consist of taxes and utilities. Reimbursement by the lessee of these non-lease components are required to be recorded on a gross basis.

Lessees do not provide residual value guarantees on rented property. The Organizations expect to derive significant future benefits from property and equipment following the end of the rental term. The risk is managed through periodic inspection and insurance coverage. Rental contracts are generally short-term in nature.

Rental contracts do not contain options to purchase the underlying assets.

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.

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

	2023	2022
Cash and cash equivalents	$ 7,903,372	$ 10,685,811
Grants and contracts receivable, net	7,358,557	5,425,040
Loans receivable, net	54,516,120	44,699,205
Assets limited to use	3,048,505	2,958,814
Deposits held in trust	87,547	84,257
Notes receivable	100,000	100,000
Total financial assets	73,014,101	63,953,127
Less those unavailable for general expenditures within one year due to:		
Assets limited to use – long-term portion	(228,332)	(1,728,548)
Deposits held in trust	(87,547)	(84,257)
Notes receivable	(100,000)	(100,000)
Board designated loan programs	(15,913,802)	(15,370,684)
Restricted by donor for time or purpose or in perpetuity	(10,378,436)	(10,378,436)
Financial assets available for general expenditures within one year	$ 46,305,984	$ 36,291,202

4. CONCENTRATIONS

As of April 30, 2023 and 2022, the Organizations had approximately 68% and 40% of its receivable balance due from City of Syracuse, and 18% and 32% from New York State, respectively.

During the years ended April 30, 2023 and 2022, the Organizations derived 31% and 18% of its revenues from City of Syracuse, respectively.

5. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans receivable consist of the following at April 30:

	2023	2022
Residential home improvement loans	$ 14,308,983	$ 10,796,562
Down payment & closing cost loans	574,929	581,730
Residential first mortgages	31,162,081	26,879,672
Investor loans	6,446,025	4,426,136
Commercial loans	4,259,050	4,270,101
Community impact loans	43,863	46,199
Other loans	721,460	334,117
Total loans receivable	57,516,391	47,334,517
Allowance for loan losses	(3,000,271)	(2,635,312)
	$ 54,516,120	$ 44,699,205
Current, net of allowance	$ 1,874,442	$ 1,352,841
Long-term	$ 52,641,678	$ 43,346,364

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

	2023					
	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	$13,536,671	$ 494,506	$ 135,205	$ 90,681	$ 51,920	$14,308,983
Down payment & closing cost loans	505,693	49,360	13,818	2,942	3,116	574,929
Residential first mortgages	28,542,569	1,536,131	395,497	271,144	416,740	31,162,081
Investor loans	6,163,850	91,438	-	-	190,737	6,446,025
Commercial loans	3,865,535	383,622	-	-	9,893	4,259,050
Community impact loans	43,863	-	-	-	-	43,863
Other loans	697,314	23,108	-	-	1,038	721,460
	$ 53,355,495	$ 2,578,165	$ 544,520	$ 364,767	$ 673,444	$ 57,516,391

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

	2022					
	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	$10,499,854	$ 163,962	$ 48,123	$ 19,614	$ 65,009	$10,796,562
Down payment & closing cost loans	563,549	14,787	-	-	3,394	581,730
Residential first mortgages	24,313,077	1,253,110	435,840	368,800	508,845	26,879,672
Investor loans	4,398,216	-	8,957	-	18,963	4,426,136
Commercial loans	4,270,101	-	-	-	-	4,270,101
Community impact loans	46,199	-	-	-	-	46,199
Other loans	323,980	2,606	7,531	-	-	334,117
	$ 44,414,976	$ 1,434,465	$ 500,451	$ 388,414	$ 596,211	$ 47,334,517

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

	2023	2022
Amount of allowance for loan losses on loans collectively evaluated for impairment	$ 3,000,271	$ 2,635,312
Total allowance for loan losses	$ 3,000,271	$ 2,635,312
Loans collectively evaluated for impairment	$ 57,516,391	$ 47,334,517
Total loans	$ 57,516,391	$ 47,334,517

There are no loans on nonaccrual status as of April 30, 2023 and 2022.

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

	2023	2022
Balance at beginning of year	$ 2,635,312	$ 2,102,710
Additions to provisions for loan loss reserve	501,012	596,559
Write-offs of loans deemed impaired or uncollectible	(136,053)	(63,957)
Balance at end of year	$ 3,000,271	$ 2,635,312

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

Sales of Loans Receivable

During the years ended April 30, 2023 and 2022, HHQ sold loans with recourse totaling $8,121,185 and $6,100,182, respectively. Proceeds received from sales of such loans during the years ended April 30, 2023 and 2022 totaled $8,689,668 and $6,527,195, 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:

	2023	2022
Lending reserves	$ 2,350,185	$ 2,315,971
Replacement reserves	698,320	642,843
	$ 3,048,505	$ 2,958,814

7. PROPERTY AND EQUIPMENT

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

	2023	2022
Land	$ 504,733	$ 506,733
Automobiles	161,595	161,595
Buildings and capital improvements	14,601,652	13,996,422
Office furniture and equipment	431,437	431,437
	15,699,417	15,096,187
Accumulated depreciation	(10,541,495)	(10,434,049)
Total	$ 5,157,922	$ 4,662,138

8. NOTES AND MORTGAGES PAYABLE

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

	2023	2022
Note payable, due in quarterly installments of $8,929 through October 2024, non-interest bearing, unsecured.	$ 53,571	$ 89,286
Note payable, due in quarterly installments of $28,016 through January 2025, interest at 1.25%, unsecured.	193,687	302,480
Note payable, due in quarterly installments of $37,023 through May 2028, non-interest bearing, unsecured.	721,383	861,387
Note payable, due in quarterly installments of $8,929 through March 2025, interest at 1.00%, unsecured.	71,429	107,143
Note payable, due in quarterly installments of $28,036 through March 2025, interest at 1.25%, unsecured.	221,000	329,489
Note payable, due in quarterly installments of $8,929 through April 2025, non-interest bearing, unsecured.	71,429	107,143
* Note payable, due in quarterly installments of $28,051 through April 2025, interest at 1.25%, unsecured.	221,107	329,668
Note payable, due in one payment of $246,000 due April 2034, interest at 1.00%, secured by 1022-32 West Fayette Street property.	246,000	246,000
* Note payable, due in quarterly installments of $28,035 through August 2025, interest at 1.25%, unsecured.	275,536	383,341
* Note payable, due in quarterly installments of $8,929 through August 2025, non-interest bearing, unsecured.	89,286	125,000
Note payable, due in quarterly installments of $18,355 through December 2025, interest at 0.75%, unsecured.	199,591	271,159
Note payable, due in quarterly installments of $18,340 through December 2025, interest at 0.75%, unsecured.	199,425	270,934
Note payable, due in quarterly installments of $18,812 through March 2028, interest at 1.50%, unsecured.	361,568	430,643
Note payable, due in quarterly installments of $39,151 through August 2026, interest at 2.58%, unsecured.	499,028	640,463

8. NOTES AND MORTGAGES PAYABLE (Continued)

	2023	2022
Note payable, due in monthly installments of $6,384 through March 2027, interest at 2.00%, unsecured.	294,097	363,976
Note payable, due in quarterly installments of $42,240 through December 2028, interest at 2.00%, unsecured.	914,743	1,063,260
Note payable, due in quarterly installments of $19,201 through November 2026, interest at 2.00%, unsecured.	276,645	346,961
Note payable, due in quarterly installments of $38,399 through November 2029, interest at 2.00%, unsecured.	966,657	-
Note payable, due in quarterly installments of $18,000 through July 2027, interest at 1.25%, unsecured.	302,000	374,000
Mortgage payable, payments due when the property is sold, interest at 0%, collateralized by property and equipment.	50,000	50,000
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	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.	598,103	624,617
City of Syracuse, Department of Neighborhood and Business Development (DNBD) collateralized loan including interest at 0%, payable when collateral is sold. If the collateral is not sold by October 2024, the outstanding principal is forgiven. The 2023 balance was secured by 1700 State Street. The 2022 balance was secured by 709 Ash Street, 1700 State Street, and 3518 South Salina Street.	90,195	270,585
DNBD collateralized loan including interest at 0%, payable when collateral is sold. The loan is secured by property at 118-124 Martin Luther King.	327,710	327,710
DNBD collateralized loan including interest at 0%, payable when collateral is sold. The loan is secured by property at 1555 South Salina Street.	62,283	62,283
DNBD working capital loan including interest at 0%, payable when collateral is sold. The loan is secured by property at 107 East Kennedy Street.	112,955	112,955

8. NOTES AND MORTGAGES PAYABLE (Continued)

	2023	2022
DNBD collateralized loan including interest at 0%, payable when collateral is sold. The loan is secured by property at 187-189 Lincoln.	9,630	9,630
DNBD loan with annual interest payments at 1.00%. The loan principal is payable March 2031. The loan is secured by property at 414 Cortland Avenue.	150,000	150,000
Project Assist HUD Loan including interest at 0%, payable when collateral is sold. The loan is secured by property at 451 Midland Avenue.	32,710	32,710
	9,051,768	9,722,823
Less: Current portion	(1,610,012)	(1,461,750)
	$ 7,441,756	$ 8,261,073

* The agreement with the lender contains covenants with which the Organizations have agreed to comply. As of April 30, 2023 and 2022, management determined that the Organizations were in compliance with the covenants.

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

2024	$ 1,610,012
2025	1,582,284
2026	1,143,436
2027	741,577
2028	536,366
Thereafter	3,388,093
Mortgage not due unless property is sold	50,000
	$ 9,051,768

On June 7, 2023, HHQ entered into a $1,000,000 note agreement with the bank, due June 1, 2030, with quarterly payments of $39,073 at an interest rate of 2.5% per annum.

9. 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 $1,440,000 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.

9. COMMITMENTS AND CONTINGENCIES (Continued)

In response to COVID-19, the Organizations entered into loan arrangements with a bank as part of the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) under the CARES Act. During the year ended April 30, 2020, the Organizations' entered into three PPP loan arrangements and received $702,120. During the year ended April 30, 2021, the Organizations' entered into an additional PPP loan arrangements and received $543,885. The Organizations' have applied for and received full forgiveness from the SBA for all four PPP loan arrangements. These amounts are recorded as Paycheck Protection Program forgiveness revenue of $1,246,005 in the consolidated statements of activities and changes in net assets for the year ended April 30, 2022.

10. LEASES

Lessee

The Organizations lease office space. The leases are operating leases and expire between June 2026 and February 2028; however, there are various extensions of the terms. None of the options are considered reasonably certain of exercise and are therefore, not recognized as part of the right-of-use asset and lease liability.

The components of total lease cost for the year ended April 30, 2023 are as follows:

Operating lease cost	$ 124,624
Total lease cost	$ 124,624

Supplemental cash flow information related to leases for the year ended April 30, 2023 are as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 120,397
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$ 669,258

Other information related to leases as of April 30 is as follows:

	2023
Weighted-average remaining lease term:	
Operating leases	4.29 years
Weighted-average discount rate:	
Operating leases	3.16%

10. LEASES (Continued)

Lessee (Continued)

Maturities of operating lease liabilities as of April 30, 2023 were as follows:

2024	$ 141,088
2025	141,088
2026	141,088
2027	141,088
2028	39,608
Total lease payments	603,960
Less: interest	(38,477)
Total present value of lease liabilities	565,483
Less: Current portion	(125,422)
Long-term portion of lease liabilities	$ 440,061

Future minimum lease payments required under the terms of these leases for the year ended April 30, 2022, were as follows:

2023	$ 113,500
2024	113,500
2025	113,500
2026	113,500
2027	18,917
	$ 472,917

Rent expense for the year ended April 30, 2022 was $113,500.

Lessor

The Organizations' lease apartments and commercial space to tenants. Apartments leased to tenants are twelve month leases and expire at various times. There are no renewal options. Commercial space leased expire at various times through March 2029. Three lease contracts for commercial space automatically renew for an additional five years if not terminated by either party. Three other lease contracts for commercial space automatically renew for an additional one month if not terminated by either party. If these renewal options are exercised, the expiration dates would be through March 2034. These renewal options have not been included in the expected rental revenue below. The Organizations recognize rental revenue using the straight-line method over the life of the lease.

The components of rental income for the years ended April 30 are as follows:

	2023	2022
Operating lease revenue	$ 1,880,126	$ 1,683,235

10. LEASES (Continued)

Lessor (Continued)

The following are the carrying amounts of the underlying assets related to operating leases as of April 30:

	2023	2022
Land	$ 441,405	$ 447,405
Buildings and capital improvements	13,850,354	13,429,495
	14,291,759	13,876,900
Less: Accumulated depreciation	(9,802,652)	(9.936.079)
	$ 4,489,107	$ 3,940,821

The following are the undiscounted rental income for leases with remaining lease terms of more than twelve months for the year ended April 30, 2023:

2024	$ 137,255
2025	126,192
2026	83,005
2027	77,002
2028	79,112
Thereafter	74,111
	$ 576,677

The following are the undiscounted rental income for leases with remaining lease terms of more than twelve months for the year ended April 30, 2022:

2023	$ 139,810
2024	137,255
2025	126,192
2026	83,005
2027	77,002
Thereafter	153,223
	$ 716,487

11. LIABILITY FOR HOME VALUE PROTECTION PROGRAM

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

As of April 30, 2023 and 2022, HHQ had $700,000 recorded as a liability for the Home Value Protection Program on the consolidated statements of financial position.

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, 2023, HHQ has $66,991,473 of total assets available to cover future claims.

12. 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.

13. RETIREMENT PLAN

The Organizations provide a retirement plan to all full-time employees. Employees are eligible for participation after working for the Organizations 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, 2023 and 2022, retirement plan expense was $111,112 and $120,377, respectively which is included in salaries, fringes and payroll taxes in the consolidated statements of functional expenses.

14. RELATED PARTY TRANSACTIONS

HHQ has outstanding loans receivable for residential home improvements and residential first mortgages from employees totaling $1,038,629 and $880,139 as of April 30, 2023 and 2022. The related party loans are subject to terms and interest rates that are consistent with HHQ's policies.

15. BOARD DESIGNATED NET ASSETS

The Board has directed that certain loan programs be funded by HHQ. These loan programs include home improvement loans, interim financing loans and first mortgages. The amount of such outstanding board designated loans were $3,736,029 and $3,736,029 at April 30, 2023 and 2022, respectively. Board designated net assets were $15,913,802 and $15,370,684 as of April 30, 2023 and 2022, respectively.

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at April 30 are summarized as follows:

	2023	2022
Donor restricted in perpetuity:		
For Community Development Financial Institutions Revolving Loan Fund	$ 10,378,436	$ 10,378,436

There were no net assets released from donor restrictions during the years end April 30, 2023 and 2022.

17. SUBSEQUENT EVENTS

The Organizations have evaluated subsequent events through August 14, 2023, 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, 2023

	HHQ	OHQ	CNYAP	CNYAR	Superior	HHC	HFI	CDI	CCHDC	SMNC	BHC	Café	Total Without Donor Restrictions	With Donor Restrictions - CDFI	Eliminations	Total 2023
ASSETS																
CURRENT ASSETS:																
Cash and cash equivalents	$ 4,467,814	$ 212,281	$ 18,528	$ 980,167	$ 972,583	$ 92,936	$ 209,254	$ 107,737	$ 487,208	$ 354,864	$ -	$ -	$ 7,903,372	$ -	$ -	$ 7,903,372
Grants and contracts receivable, net	7,106,550	-	-	20,494	15,807	400	96,631	1,423	109,641	7,351	260	-	7,358,557	-	-	7,358,557
Accounts receivable - intercompany	681,975	180,085	-	-	-	41	774	-	264,290	-	-	-	1,127,165	-	(1,127,165)	-
Loans receivable, net of allowance for loan losses of $3,000,271 in 2023	425,070	-	-	-	-	-	25,975	-	-	-	-	-	451,045	1,423,397	-	1,874,442
Intercompany notes receivable - current portion	-	-	-	4,707	-	-	-	-	-	-	-	-	4,707	-	(4,707)	-
Interfund transfers	(233,034)	-	-	-	-	-	-	-	-	-	-	-	(233,034)	233,034	-	-
Assets limited to use - current portion	2,121,853	-	-	-	-	38,739	72,277	458,249	-	129,055	-	-	2,820,173	-	-	2,820,173
Properties held for resale	476,894	-	-	-	-	-	-	-	-	-	-	-	476,894	-	-	476,894
Properties held for redevelopment - current portion	2,686,927	-	-	-	-	-	-	-	-	-	-	-	2,686,927	-	-	2,686,927
Deposits held in trust	-	-	-	-	-	1,722	5,831	17,549	21,556	40,889	-	-	87,547	-	-	87,547
Prepaid expense and other assets	124,185	46,826	-	500	2,207	-	-	-	8,475	20,214	-	-	202,407	-	-	202,407
Total current assets	17,858,234	439,192	18,528	1,005,868	990,597	133,838	410,742	584,958	891,170	552,373	260	-	22,885,760	1,656,431	(1,131,872)	23,410,319
NON-CURRENT ASSETS:																
Assets limited to use - long term portion	228,332	-	-	-	-	-	-	-	-	-	-	-	228,332	-	-	228,332
Loans receivable, net - long-term portion	43,848,235	-	-	-	-	-	71,438	-	-	-	-	-	43,919,673	8,722,005	-	52,641,678
Intercompany notes receivable - long-term portion	377,785	-	-	143,006	-	-	-	-	-	-	-	-	520,791	-	(520,791)	-
Notes receivable	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000	-	-	100,000
Properties held for redevelopment - long-term portion	631,343	-	-	-	-	-	-	-	-	-	-	-	631,343	-	-	631,343
Operating lease right-of-use assets	561,255	-	-	-	-	-	-	-	-	-	-	-	561,255	-	-	561,255
Property and equipment, net	3,386,289	88,287	-	-	-	191,265	31,438	864,151	-	561,113	35,379	-	5,157,922	-	-	5,157,922
Total non-current assets	49,133,239	88,287	-	143,006	-	191,265	102,876	864,151	-	561,113	35,379	-	51,119,316	8,722,005	(520,791)	59,320,530
Total assets	$ 66,991,473	$ 527,479	$ 18,528	$ 1,148,874	$ 990,597	$ 325,103	$ 513,618	$ 1,449,109	$ 891,170	$ 1,113,486	$ 35,639	$ -	$ 74,005,076	$ 10,378,436	$ (1,652,663)	$ 82,730,849
LIABILITIES AND NET ASSETS																
CURRENT LIABILITIES:																
Accounts payable and accrued expenses	$ 1,887,722	$ 105,556	$ -	$ 413	$ 234,606	$ 2,512	$ 12,670	$ 10,587	$ 37,777	$ 88,993	$ 4,749	$ -	$ 2,385,585	$ -	$ -	$ 2,385,585
Accounts payable - intercompany	-	-	85,169	96,165	71,672	-	-	265,130	-	588,199	20,830	-	1,127,165	-	(1,127,165)	-
Intercompany notes payable - current portion	4,707	-	-	-	-	-	-	-	-	-	-	-	4,707	-	(4,707)	-
Refundable advances - current portion	4,048,035	-	-	18,500	-	1,075	27,957	1,227	9,653	78,688	-	-	4,185,135	-	-	4,185,135
Escrow payable	2,984,600	-	-	-	267,376	-	43,430	-	-	-	-	-	3,295,406	-	-	3,295,406
Tenant security deposits	-	-	-	-	-	1,722	5,831	17,549	21,556	40,889	-	-	87,547	-	-	87,547
Current portion of operating lease liabilities	125,422	-	-	-	-	-	-	-	-	-	-	-	125,422	-	-	125,422
Notes and mortgages payable - current portion	1,585,292	-	-	-	-	-	-	24,720	-	-	-	-	1,610,012	-	-	1,610,012
Total current liabilities	10,635,778	105,556	85,169	115,078	573,654	5,309	89,888	319,213	68,986	796,769	25,579	-	12,820,979	-	(1,131,872)	11,689,107
NON-CURRENT LIABILITIES:																
Refundable advances - long-term portion	7,924,498	-	-	-	-	-	71,438	432,230	-	-	-	-	8,428,166	-	-	8,428,166
Intercompany note payable - long-term portion	143,006	77,785	-	-	-	-	-	-	-	300,000	-	-	520,791	-	(520,791)	-
Liability for home value protection program	700,000	-	-	-	-	-	-	-	-	-	-	-	700,000	-	-	700,000
Other liability	3,500,000	-	-	-	-	-	-	-	-	-	-	-	3,500,000	-	-	3,500,000
Operating lease liabilities - long-term portion	440,061	-	-	-	-	-	-	-	-	-	-	-	440,061	-	-	440,061
Notes and mortgages payable - long-term portion	4,592,890	-	-	-	-	-	50,000	2,013,383	-	785,483	-	-	7,441,756	-	-	7,441,756
Total non-current liabilities	17,300,455	77,785	-	-	-	-	121,438	2,445,613	-	1,085,483	-	-	21,030,774	-	(520,791)	20,509,983
Total liabilities	27,936,233	183,341	85,169	115,078	573,654	5,309	211,326	2,764,826	68,986	1,882,252	25,579	-	33,851,753	-	(1,652,663)	32,199,090
NET ASSETS:																
Without donor restrictions	39,055,240	344,138	(66,641)	1,033,796	416,943	319,794	302,292	(1,315,717)	822,184	(768,766)	10,060	-	40,153,323	-	-	40,153,323
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	10,378,436	-	10,378,436
Total net assets	39,055,240	344,138	(66,641)	1,033,796	416,943	319,794	302,292	(1,315,717)	822,184	(768,766)	10,060	-	40,153,323	10,378,436	-	50,531,759
Total liabilities and net assets	$ 66,991,473	$ 527,479	$ 18,528	$ 1,148,874	$ 990,597	$ 325,103	$ 513,618	$ 1,449,109	$ 891,170	$ 1,113,486	$ 35,639	$ -	$ 74,005,076	$ 10,378,436	$ (1,652,663)	$ 82,730,849

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
APRIL 30, 2022

	HHQ	OHQ	CNYAP	CNYAR	Superior	HHC	HFI	CDI	CCHDC	SMNC	BHC	Café	Total Without Donor Restrictions	With Donor Restrictions - CDFI	Eliminations	Total 2022
ASSETS																
CURRENT ASSETS:																
Cash and cash equivalents	$ 7,852,323	$ 364,495	$ 18,803	$ 499,269	$ 976,507	$ 74,044	$ 50,327	$ 86,688	$ 582,583	$ 155,362	$ 4,910	$ 20,500	$ 10,685,811	$ -	$ -	$ 10,685,811
Grants and contracts receivable, net	5,094,182	-	-	2,794	9,462	-	222,356	2,029	32,030	61,337	850	-	5,425,040	-	-	5,425,040
Accounts receivable - intercompany	-	377,918	-	99,852	-	-	119,132	-	148,609	-	-	-	745,511	-	(745,511)	-
Loans receivable, net of allowance for loan losses of $2,635,312 in 2022	110,129	-	-	-	-	-	21,486	-	-	-	-	-	131,615	1,221,226	-	1,352,841
Intercompany notes receivable - current portion	-	-	-	4,707	-	-	-	-	-	-	-	-	4,707	-	(4,707)	-
Interfund transfers	(2,997,828)	-	-	-	-	-	-	-	-	-	-	-	(2,997,828)	2,997,828	-	-
Assets limited to use - current portion	587,423	-	-	-	-	38,961	97,834	446,163	-	59,885	-	-	1,230,266	-	-	1,230,266
Properties held for resale	2,344,371	-	-	-	-	-	-	-	-	-	-	-	2,344,371	-	-	2,344,371
Properties held for redevelopment - current portion	1,402,755	-	-	-	-	-	-	-	-	-	-	-	1,402,755	-	-	1,402,755
Deposits held in trust	-	-	-	-	-	2,272	6,082	16,015	2,457	57,431	-	-	84,257	-	-	84,257
Prepaid expense and other assets	144,752	91,364	-	5,500	2,163	-	-	2,183	11,910	16,272	-	-	274,144	-	-	274,144
Total current assets	14,538,107	833,777	18,803	612,122	988,132	115,277	517,217	553,078	777,589	350,287	5,760	20,500	19,330,649	4,219,054	(750,218)	22,799,485
NON-CURRENT ASSETS:																
Assets limited to use - long-term portion	1,728,548	-	-	-	-	-	-	-	-	-	-	-	1,728,548	-	-	1,728,548
Loans receivable, net - long-term portion	37,116,743	-	-	-	-	-	70,239	-	-	-	-	-	37,186,982	6,159,382	-	43,346,364
Intercompany notes receivable - long-term portion	384,347	-	-	195,114	-	-	-	-	-	-	-	-	579,461	-	(579,461)	-
Notes receivable	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000	-	-	100,000
Properties held for redevelopment - long-term portion	1,056,124	-	-	-	-	-	-	-	-	-	-	-	1,056,124	-	-	1,056,124
Property and equipment, net	2,678,782	98,042	-	-	-	206,395	73,730	928,242	-	639,340	37,607	-	4,662,138	-	-	4,662,138
Total non-current assets	43,064,544	98,042	-	195,114	-	206,395	143,969	928,242	-	639,340	37,607	-	45,313,253	6,159,382	(579,461)	50,893,174
Total assets	$ 57,602,651	$ 931,819	$ 18,803	$ 807,236	$ 988,132	$ 321,672	$ 661,186	$ 1,481,320	$ 777,589	$ 989,627	$ 43,367	$ 20,500	$ 64,643,902	$ 10,378,436	$ (1,329,679)	$ 73,692,659
LIABILITIES AND NET ASSETS																
CURRENT LIABILITIES:																
Accounts payable and accrued expenses	$ 916,970	$ 106,495	$ -	$ 1,763	$ 408,098	$ 3,511	$ 7,853	$ 15,701	$ 40,859	$ 107,502	$ 4,110	$ -	$ 1,612,862	$ -	$ -	$ 1,612,862
Accounts payable - intercompany	46,801	-	85,110	-	47,690	-	-	266,335	-	262,883	36,692	-	745,511	-	(745,511)	-
Intercompany notes payable - current portion	4,707	-	-	-	-	-	-	-	-	-	-	-	4,707	-	(4,707)	-
Refundable advances - current portion	4,569,989	-	-	30,500	-	1,380	52,088	3,160	924	94,539	-	60,500	4,813,080	-	-	4,813,080
Escrow payable	2,148,079	-	-	-	165,297	-	59,075	-	-	-	-	-	2,372,451	-	-	2,372,451
Tenant security deposits	-	-	-	-	-	2,272	6,082	16,015	2,457	57,431	-	-	84,257	-	-	84,257
Notes and mortgages payable - current portion	1,437,275	-	-	-	-	-	-	24,475	-	-	-	-	1,461,750	-	-	1,461,750
Total current liabilities	9,123,821	106,495	85,110	32,263	621,085	7,163	125,098	325,686	44,240	522,355	40,802	60,500	11,094,618	-	(750,218)	10,344,400
NON-CURRENT LIABILITIES:																
Refundable advances - long-term portion	4,886,317	-	-	-	-	-	70,239	432,230	-	-	-	-	5,388,786	-	-	5,388,786
Intercompany notes payable - long-term portion	195,114	84,347	-	-	-	-	-	-	-	300,000	-	-	579,461	-	(579,461)	-
Liability for home value protection program	700,000	-	-	-	-	-	-	-	-	-	-	-	700,000	-	-	700,000
Other liability	2,500,000	-	-	-	-	-	-	-	-	-	-	-	2,500,000	-	-	2,500,000
Notes and mortgages payable - long-term portion	5,205,058	-	-	-	-	-	50,000	2,040,142	-	965,873	-	-	8,261,073	-	-	8,261,073
Total non-current liabilities	13,486,489	84,347	-	-	-	-	120,239	2,472,372	-	1,265,873	-	-	17,429,320	-	(579,461)	16,849,859
Total liabilities	22,610,310	190,842	85,110	32,263	621,085	7,163	245,337	2,798,058	44,240	1,788,228	40,802	60,500	28,523,938	-	(1,329,679)	27,194,259
NET ASSETS:																
Without donor restrictions	34,992,341	740,977	(66,307)	774,973	367,047	314,509	415,849	(1,316,738)	733,349	(798,601)	2,565	(40,000)	36,119,964	-	-	36,119,964
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	10,378,436	-	10,378,436
Total net assets	34,992,341	740,977	(66,307)	774,973	367,047	314,509	415,849	(1,316,738)	733,349	(798,601)	2,565	(40,000)	36,119,964	10,378,436	-	46,498,400
Total liabilities and net assets	$ 57,602,651	$ 931,819	$ 18,803	$ 807,236	$ 988,132	$ 321,672	$ 661,186	$ 1,481,320	$ 777,589	$ 989,627	$ 43,367	$ 20,500	$ 64,643,902	$ 10,378,436	$ (1,329,679)	$ 73,692,659

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2023

	HHQ	OHQ	CNYAP	CNYAR	Superior	HHC	HFI	CDI	CCHDC	SMNC	BHC	Café	Total Without Donor Restrictions	With Donor Restrictions - CDFI	Eliminations	Total 2023
Program revenue:																
Lending and finance products	$ 11,456,092	$ -	$ -	$ 3,050	$ -	$ -	$ 35,578	$ -	$ -	$ -	$ -	$ -	$ 11,494,720	$ -	$ -	$ 11,494,720
Real estate development, net	4,057,844	-	-	-	-	-	-	-	-	1,565,529	-	-	5,623,373	-	(1,490,776)	4,132,597
Grant revenue and contributions	-	-	-	-	-	-	203,564	1,200	723,851	188,671	-	-	1,117,286	-	-	1,117,286
Commission income	-	-	-	242,609	-	-	-	-	-	-	-	-	242,609	-	-	242,609
Contract service provided revenue	-	1,360,855	-	-	-	-	-	-	-	-	-	-	1,360,855	-	-	1,360,855
Rental revenue	569,692	-	-	-	-	62,450	77,636	275,671	-	911,277	20,400	-	1,917,126	-	(37,000)	1,880,126
Property management and maintenance fees	-	-	-	111,763	-	-	-	-	30,800	-	-	-	142,563	-	(110,216)	32,347
Servicing revenue	-	-	-	-	134,908	-	-	-	-	-	-	-	134,908	-	-	134,908
Other program revenue	-	-	-	-	-	-	-	-	15,815	-	-	-	15,815	-	-	15,815
Net assets released from donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total program revenue	16,083,628	1,360,855	-	357,422	134,908	62,450	316,778	276,871	770,466	2,665,477	20,400	-	22,049,255	-	(1,637,992)	20,411,263
Operating revenue:																
Fee revenue	1,548,763	-	-	-	-	-	-	-	-	-	-	-	1,548,763	-	-	1,548,763
Grants and contributions	3,474,367	40,000	-	-	-	-	-	-	-	-	-	-	3,514,367	-	-	3,514,367
Shared service revenue	477,500	-	-	-	-	-	-	-	245,000	-	-	-	722,500	-	(720,000)	2,500
Loan interest income	2,485,612	-	-	13,813	-	-	-	-	-	-	-	-	2,499,425	-	(24,568)	2,474,857
Other income	312,839	-	-	-	-	744	1,824	6,593	-	90,251	-	40,000	452,251	-	(40,000)	412,251
Total operating revenue	8,299,081	40,000	-	13,813	-	744	1,824	6,593	245,000	90,251	-	40,000	8,737,306	-	(784,568)	7,952,738
Total revenues	24,382,709	1,400,855	-	371,235	134,908	63,194	318,602	283,464	1,015,466	2,755,728	20,400	40,000	30,786,561	-	(2,422,560)	28,364,001
Operating expenses:																
Program expenses	19,858,964	1,797,491	-	112,087	225	37,909	231,907	257,067	836,631	2,866,866	12,905	-	26,012,052	-	(2,011,810)	24,000,242
Operating and administrative expenses	417,411	203	334	325	84,787	20,000	200,252	25,376	90,000	39,417	-	-	878,105	-	(410,750)	467,355
Fundraising expenses	38,912	-	-	-	-	-	-	-	-	-	-	-	38,912	-	-	38,912
Total operating expenses	20,315,287	1,797,694	334	112,412	85,012	57,909	432,159	282,443	926,631	2,906,283	12,905	-	26,929,069	-	(2,422,560)	24,506,509
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	4,067,422	(396,839)	(334)	258,823	49,896	5,285	(113,557)	1,021	88,835	(150,555)	7,495	40,000	3,857,492	-	-	3,857,492
Unrealized loss on assets limited to use	(4,523)	-	-	-	-	-	-	-	-	-	-	-	(4,523)	-	-	(4,523)
Debt forgiveness revenue	-	-	-	-	-	-	-	-	-	180,390	-	-	180,390	-	-	180,390
CHANGE IN NET ASSETS	4,062,899	(396,839)	(334)	258,823	49,896	5,285	(113,557)	1,021	88,835	29,835	7,495	40,000	4,033,359	-	-	4,033,359
NET ASSETS - beginning of year	34,992,341	740,977	(66,307)	774,973	367,047	314,509	415,849	(1,316,738)	733,349	(798,601)	2,565	(40,000)	36,119,964	10,378,436	-	46,498,400
NET ASSETS - end of year	$ 39,055,240	$ 344,138	$ (66,641)	$ 1,033,796	$ 416,943	$ 319,794	$ 302,292	$ (1,315,717)	$ 822,184	$ (768,766)	$ 10,060	$ -	$ 40,153,323	$ 10,378,436	$ -	$ 50,531,759

The accompanying notes are an integral part of these schedules.

HOME HEADQUARTERS, INC. AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2022

	HHQ	OHQ	CNYAP	CNYAR	Superior	HHC	HFI	CDI	CCHDC	SMNC	BHC	Café	Total Without Donor Restrictions	With Donor Restrictions - CDFI	Eliminations	Total 2022
Program revenue:																
Lending and finance products	$ 7,148,650	$ -	$ -	$ 4,300	$ -	$ -	$ 34,078	$ -	$ -	$ -	$ -	$ -	$ 7,187,028	$ -	$ -	$ 7,187,028
Real estate development, net	2,154,798	-	-	-	-	-	-	-	-	48,826	-	-	2,203,624	-	-	2,203,624
Grant revenue and contributions	-	-	-	-	-	-	283,295	18,000	536,273	-	-	-	837,568	-	-	837,568
Commission income	-	-	-	153,106	-	-	-	-	-	-	-	-	153,106	-	-	153,106
Contract service provided revenue	-	3,074,511	-	-	-	-	-	-	-	-	-	-	3,074,511	-	-	3,074,511
Rental revenue	598,902	-	-	-	-	59,730	78,941	256,340	-	714,422	11,900	-	1,720,235	-	(37,000)	1,683,235
Property management and maintenance fees	-	-	-	109,997	-	-	-	-	30,470	-	-	-	140,467	-	(104,448)	36,019
Servicing revenue	-	-	-	-	106,695	-	-	-	-	-	-	-	106,695	-	-	106,695
Other program revenue	-	-	-	-	-	-	-	-	11,989	-	-	-	11,989	-	-	11,989
Net assets released from donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total program revenue	9,902,350	3,074,511	-	267,403	106,695	59,730	396,314	274,340	578,732	763,248	11,900	-	15,435,223	-	(141,448)	15,293,775
Operating revenue:																
Fee revenue	1,013,242	-	-	-	-	-	-	-	-	-	-	-	1,013,242	-	-	1,013,242
Grants and contributions	1,969,370	90,000	-	-	-	-	-	-	-	-	-	-	2,059,370	-	-	2,059,370
Shared service revenue	510,385	-	-	-	-	-	-	-	245,000	-	-	-	755,385	-	(746,194)	9,191
Loan interest income	2,058,011	-	-	16,405	-	-	-	-	-	-	-	-	2,074,416	-	(24,663)	2,049,753
Other income	55,704	14,018	-	-	-	788	744	6,363	-	233	-	-	77,850	-	-	77,850
Total operating revenue	5,606,712	104,018	-	16,405	-	788	744	6,363	245,000	233	-	-	5,980,263	-	(770,857)	5,209,406
Total revenues	15,509,062	3,178,529	-	283,808	106,695	60,518	397,058	280,703	823,732	763,481	11,900	-	21,415,486	-	(912,305)	20,503,181
Operating expenses:																
Program expenses	13,582,831	3,062,910	-	100,519	-	41,445	309,796	293,248	713,877	932,729	9,997	-	19,047,352	-	(433,536)	18,613,816
Operating and administrative expenses	373,819	90,557	100	945	63,931	20,000	200,000	25,053	90,000	110,011	-	-	974,416	-	(478,769)	495,647
Total operating expenses	13,956,650	3,153,467	100	101,464	63,931	61,445	509,796	318,301	803,877	1,042,740	9,997	-	20,021,768	-	(912,305)	19,109,463
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	1,552,412	25,062	(100)	182,344	42,764	(927)	(112,738)	(37,598)	19,855	(279,259)	1,903	-	1,393,718	-	-	1,393,718
Unrealized loss on assets limited to use	(42,320)	-	-	-	-	-	-	-	-	-	-	-	(42,320)	-	-	(42,320)
Paycheck protection program forgiveness revenue	1,087,770	79,335	-	-	-	-	-	-	78,900	-	-	-	1,246,005	-	-	1,246,005
Debt forgiveness revenue	-	-	-	-	-	-	-	-	-	715,902	-	-	715,902	-	-	715,902
Contribution (loss) on acquisition	-	-	-	-	-	-	-	-	-	(1,235,244)	662	(40,000)	(1,274,582)	-	-	(1,274,582)
CHANGE IN NET ASSETS	2,597,862	104,397	(100)	182,344	42,764	(927)	(112,738)	(37,598)	98,755	(798,601)	2,565	(40,000)	2,038,723	-	-	2,038,723
NET ASSETS - beginning of year	32,394,479	636,580	(66,207)	592,629	324,283	315,436	528,587	(1,279,140)	634,594	-	-	-	34,081,241	10,378,436	-	44,459,677
NET ASSETS - end of year	$ 34,992,341	$ 740,977	$ (66,307)	$ 774,973	$ 367,047	$ 314,509	$ 415,849	$ (1,316,738)	$ 733,349	$ (798,601)	$ 2,565	$ (40,000)	$ 36,119,964	$ 10,378,436	$ -	$ 46,498,400

THE BONADIO GROUP
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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*

August 14, 2023

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, 2023, and the related consolidated statements of activities and changes 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 14, 2023.

Report on 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 Organizations' consolidated 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 or significant deficiencies may exist that were not identified.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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)

Report on 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 statements. 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 Organization'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