



# HomeStart

HOMESTART, INC.

Financial Statements  
With Independent Auditors' Report

September 30, 2020 and 2019

# HOMESTART, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
HomeStart, Inc.  
Boston, Massachusetts

We have audited the accompanying financial statements of HomeStart, Inc., which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
HomeStart, Inc.  
Boston, Massachusetts

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeStart, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Middleton, Massachusetts  
March 22, 2021

# HOMESTART, INC.

## Statements of Financial Position

	September 30,	
	2020	2019
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,216,096	\$ 84,683
Accounts receivable, net	2,154,654	1,770,890
Prepaid expenses and other assets	27,634	32,818
Pledges receivable	287,221	409,362
Property and equipment, net	27,804	16,863
<b>Total Assets</b>	<b>\$ 3,713,409</b>	<b>\$ 2,314,616</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 566,078	\$ 628,721
Line of credit	-	94,000
Paycheck protection program loan	907,560	-
Deferred rent liability	23,150	42,216
<b>Total liabilities</b>	<b>1,496,788</b>	<b>764,937</b>
<b>Net assets:</b>		
Without donor restrictions	1,616,742	791,880
With donor restrictions	599,879	757,799
<b>Total net assets</b>	<b>2,216,621</b>	<b>1,549,679</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,713,409</b>	<b>\$ 2,314,616</b>

See notes to financial statements

# HOMESTART, INC.

## Statements of Activities

	Year Ended September 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Program service fees	\$ 9,085,924	\$ -	\$ 9,085,924	\$ 8,353,467	\$ -	\$ 8,353,467
Contributions and grants	1,947,988	895,276	2,843,264	1,685,197	685,350	2,370,547
Other income	39,408	-	39,408	17,590	-	17,590
Net assets released from restrictions	1,053,196	(1,053,196)	-	479,484	(479,484)	-
<b>Total Revenue and Support</b>	<b>12,126,516</b>	<b>(157,920)</b>	<b>11,968,596</b>	<b>10,535,738</b>	<b>205,866</b>	<b>10,741,604</b>
<b>EXPENSES:</b>						
Program services:						
Housing stabilization	6,820,651	-	6,820,651	6,229,240	-	6,229,240
Housing search	2,327,836	-	2,327,836	1,884,540	-	1,884,540
Homeless prevention	1,142,119	-	1,142,119	1,135,777	-	1,135,777
	<u>10,290,606</u>	<u>-</u>	<u>10,290,606</u>	<u>9,249,557</u>	<u>-</u>	<u>9,249,557</u>
Supporting activities:						
General and administrative	711,172	-	711,172	617,613	-	617,613
Fundraising	299,876	-	299,876	498,613	-	498,613
	<u>1,011,048</u>	<u>-</u>	<u>1,011,048</u>	<u>1,116,226</u>	<u>-</u>	<u>1,116,226</u>
<b>Total Expenses</b>	<b>11,301,654</b>	<b>-</b>	<b>11,301,654</b>	<b>10,365,783</b>	<b>-</b>	<b>10,365,783</b>
Change in Net Assets	824,862	(157,920)	666,942	169,955	205,866	375,821
Net Assets, Beginning of Year	791,880	757,799	1,549,679	621,925	551,933	1,173,858
Net Assets, End of Year	<u>\$ 1,616,742</u>	<u>\$ 599,879</u>	<u>\$ 2,216,621</u>	<u>\$ 791,880</u>	<u>\$ 757,799</u>	<u>\$ 1,549,679</u>

See notes to financial statements

# HOMESTART, INC.

## Statements of Cash Flows

	September 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 666,942	\$ 375,821
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	13,306	9,125
Bad debt expense	131,578	126,641
Changes in:		
Accounts receivable	(515,342)	(833,527)
Prepaid expenses and other assets	5,184	52,773
Pledges receivable	122,141	(139,862)
Accounts payable and accrued expenses	(62,643)	(2,775)
Deferred rent liability	(19,066)	42,216
Net Cash Provided (Used) by Operating Activities	<u>342,100</u>	<u>(369,588)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(24,247)	(5,959)
Net Cash Used by Investing Activities	<u>(24,247)</u>	<u>(5,959)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan (Note 2)	907,560	-
Borrowings on line of credit	1,050,000	3,000,000
Payments on line of credit	(1,144,000)	(2,906,000)
Net Cash Provided by Financing Activities	<u>813,560</u>	<u>94,000</u>
Change in Cash and Cash Equivalents	1,131,413	(281,547)
Cash and Cash Equivalents, Beginning of Year	<u>84,683</u>	<u>366,230</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,216,096</u>	<u>\$ 84,683</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 10,350</u>	<u>\$ 5,227</u>

See notes to financial statements

# HOMESTART, INC.

## Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services				Supporting Activities			Total
	Housing Stabilization	Housing Search	Homeless Prevention	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salary and benefits	\$ 2,007,151	\$ 1,502,548	\$ 638,355	\$ 4,148,054	\$ 345,697	\$ 229,370	\$ 575,067	\$ 4,723,121
Client rent and assistance	4,394,120	665,620	406,750	5,466,490	10,663	-	10,663	5,477,153
Occupancy	230,561	100,600	9,408	340,569	13,139	11,514	24,653	365,222
Professional fees	73,380	4,423	80,315	158,118	155,197	308	155,505	313,623
Office and supplies	94,792	38,937	5,727	139,456	21,460	3,425	24,885	164,341
Other	20,647	15,708	1,564	37,919	151,710	55,259	206,969	244,888
Depreciation	-	-	-	-	13,306	-	13,306	13,306
<b>Total Expenses</b>	<b>\$ 6,820,651</b>	<b>\$ 2,327,836</b>	<b>\$ 1,142,119</b>	<b>\$ 10,290,606</b>	<b>\$ 711,172</b>	<b>\$ 299,876</b>	<b>\$ 1,011,048</b>	<b>\$ 11,301,654</b>

See notes to financial statements



# HOMESTART, INC.

## Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services				Supporting Activities			Total
	Housing Stabilization	Housing Search	Homeless Prevention	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salary and benefits	\$ 1,759,515	\$ 1,391,861	\$ 629,620	\$ 3,780,996	\$ 265,070	\$ 260,507	\$ 525,577	\$ 4,306,573
Client rent and assistance	4,014,758	338,072	429,296	4,782,126	2,018	-	2,018	4,784,144
Occupancy	248,665	88,249	11,595	348,509	46,883	10,261	57,144	405,653
Professional fees	83,939	6,643	54,346	144,928	105,917	1,185	107,102	252,030
Office and supplies	98,252	40,515	7,306	146,073	19,165	3,319	22,484	168,557
Other	24,111	19,200	3,614	46,925	169,435	223,341	392,776	439,701
Depreciation	-	-	-	-	9,125	-	9,125	9,125
<b>Total Expenses</b>	<b>\$ 6,229,240</b>	<b>\$ 1,884,540</b>	<b>\$ 1,135,777</b>	<b>\$ 9,249,557</b>	<b>\$ 617,613</b>	<b>\$ 498,613</b>	<b>\$ 1,116,226</b>	<b>\$ 10,365,783</b>

See notes to financial statements

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

### 1. NATURE OF ORGANIZATION:

HomeStart, Inc. (the "Organization") is a Massachusetts nonprofit organization that was incorporated in April 1996. The purpose of the Organization is to provide housing search services, supportive services and financial resources to homeless and other indigent people in order to help such persons secure and maintain housing and achieve successful, independent living in the general community. Primary sources of support and revenue are from government contracts and contributions from foundations and the general public.

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization has not been classified as a private foundation within the meaning of Section 509(a) of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### CASH, CASH EQUIVALENTS, AND CREDIT RISK

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. From time to time, these accounts exceed federally insured limits; however, the Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant risk. The Organization's cash balances exceeded federally insured limits for the years ended September 30, 2020 and 2019, by approximately \$1,256,000 and \$18,000, respectively.

#### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization has recorded an allowance for doubtful accounts of \$301,151 and \$192,507, at September 30, 2020 and 2019, respectively.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY, EQUIPMENT, AND DEPRECIATION

Items capitalized as property and equipment are reported at cost or, if donated, at fair market value on the date of donation. The Organization reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Organization capitalizes purchases greater than \$2,500. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Property and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 3-5 years.

#### PAYCHECK PROTECTION PROGRAM LOAN

The Organization was approved for a Paycheck Protection Program loan of \$907,560 on April 14, 2020, through the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration. The loan accrues interest at 1.00% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if requirements set by the Small Business Administration are met.

#### NET ASSETS

The financial statements report amounts separately by class of net assets:

*Net assets without donor restrictions* represent the portion of the net assets of the Organization that are available for operations without any donor-imposed stipulations.

*Net assets with donor restrictions* are those assets restricted by donors for specific operating purposes, subject to a time restriction or not currently available for use until commitments regarding their use have been fulfilled. Included in the net assets with donor restrictions is the activity of the Cambridge Housing Assistance Fund, which provides financial assistance to homeless and near homeless individuals and families.

#### REVENUE, SUPPORT, RECLASSIFICATIONS AND EXPENSES

The majority of the Organization's clients are supported by federal funds passed through the City of Boston and City of Cambridge. Approximately 66% of the Organization's total revenue for both years ended September 30, 2020 and 2019, were derived from contracts with these cities. Revenue is recorded as determined by the contracts with these government entities. Revenues are recognized as earned over the period services are performed. Revenue received in advance is recorded as deferred revenue until earned.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, SUPPORT, RECLASSIFICATIONS AND EXPENSES, continued

Program service fees are as follows:

	September 30,	
	2020	2019
Federal funds passed through state and local agencies	\$ 7,855,046	\$ 7,148,470
Private organization funds	466,067	450,505
Housing program participant fees	428,276	450,200
State and local agency funds	336,535	304,292
	<u>\$ 9,085,924</u>	<u>\$ 8,353,467</u>

The Organization recognizes support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the same fiscal year in which the contributions are recognized.

Contributed services are recorded at fair market value on the date the services are provided if the services create or enhance non-financial assets or the services are provided by persons possessing certain skills that would typically need to be purchased if not provided by donation. The Organization received no donated services that met the requirements for recognition in the statements of activities for the years ended September 30, 2020 and 2019.

Directly identifiable expenses are charged to program services and supporting activities which include general and administrative and fundraising. Expenses related to more than one function are charged to program services and supporting activities on the basis of periodic time and expense studies. Supporting activities expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The types of expenses allocated include salary and benefits, occupancy, professional fees, office and supplies and other expenses. Any advertising costs are expensed when incurred and are reported in the statements of activities. The Organization incurred no advertising or joint costs for the years ended September 30, 2020 and 2019.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard during the year ended September 30, 2020, and has implemented the guidance on a modified retrospective approach, meaning, changes are only applied to the portion of revenue that has not yet been recognized before the adoption of this ASU. The new standard clarifies and improved current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total as of September 30, 2020 and 2019.

#### RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods and services. ASU 2014-09 defines a five-step process to achieve this and, in doing so, more judgement and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard is effective for annual periods beginning after December 31, 2019, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Organization is currently evaluating the impact of its pending adoption of ASU 2014-09 on the financial statements and has not yet determined the method by which the Organization will adopt the standard for the fiscal year ending September 30, 2021.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Organization's financial assets, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,216,096	\$ 84,683
Accounts receivable, net	2,154,654	1,770,890
Pledges receivable	287,221	409,362
	<u>3,657,971</u>	<u>2,264,935</u>
Less those unavailable for general expenditure within one year, due to:		
Restrictions by purpose or time	<u>(312,658)</u>	<u>(448,437)</u>
Financial assets available for general expenditures within one year	<u>\$ 3,345,313</u>	<u>\$ 1,816,498</u>

In addition to program service fees, the Organization is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, at times financial assets may not be available for general expenditure within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has a \$750,000 revolving line of credit with an available balance of \$750,000 as of September 30, 2020, which can be utilized if cash needs exist.

### 4. PLEDGES RECEIVABLE:

Pledges receivable are included in the financial statements as an asset and revenue in the appropriate net asset category. All of the Organization's pledges receivable at September 30, 2020 and 2019, are considered to be fully collectible. Accordingly, no allowance for uncollectible pledges was recorded at September 30, 2020 and 2019. Pledges receivable amounted to \$287,221 and \$409,362 as of September 30, 2020 and 2019, respectively, and are expected to be collected within one year.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

4. PLEDGES RECEIVABLE, continued:

As of September 30, 2020 and 2019, the Organization had \$1,300,000 and \$-0-, respectively, of conditional pledges receivable outstanding that had been awarded prior to fiscal year end but for which conditions had not been met. Due to the nature of the conditions on these pledges, revenue is not recognizable in the statements of activities until those conditions are met, nor are the balances of the outstanding pledges receivable reflected in the statements of financial position. The Organization expects to meet the conditions and collect on the pledges receivable approximately as follows, however, the possibility exists that the Organization may not fully meet the conditions to be able to recognize revenue and collect on the pledges receivable for the full amount.

Year Ending September 30,

2021	\$ 400,000
2022	400,000
2023	250,000
2024	250,000
	<u>1,300,000</u>
	<u>\$ 1,300,000</u>

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 199,272	\$ 175,025
Less accumulated depreciation	<u>(171,468)</u>	<u>(158,162)</u>
	<u>\$ 27,804</u>	<u>\$ 16,863</u>

6. LINE OF CREDIT:

The Organization maintains a line of credit agreement with a borrowing limit of \$750,000 with a commercial bank to fund short-term working capital needs. Payments of interest only are due monthly with outstanding principal payable on demand. Interest on outstanding principal accrues at the prime rate (3.25% and 5.00% at September 30, 2020 and 2019, respectively). Interest expense totaled \$10,350 and \$5,227 for the years ended September 30, 2020 and 2019, respectively. The Organization was in compliance with all covenants for the years ended September 30, 2020 and 2019. The line is secured by all assets of the Organization. The Organization had a balance on the line of credit of \$-0- and \$94,000 at September 30, 2020 and 2019, respectively.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	October 1, 2019	Support and Revenue	Releases	September 30, 2020
Homeless prevention	\$ 259,423	\$ 451,100	\$ 497,078	\$ 213,445
Housing resources	89,014	156,955	146,756	99,213
Pledges receivable - time restriction	409,362	287,221	409,362	287,221
	<u>\$ 757,799</u>	<u>\$ 895,276</u>	<u>\$ 1,053,196</u>	<u>\$ 599,879</u>
	October 1, 2018	Support and Revenue	Releases	September 30, 2019
Homeless prevention	\$ 196,183	\$ 171,439	\$ 108,199	\$ 259,423
Housing resources	86,250	104,549	101,785	89,014
Pledges receivable - time restriction	269,500	409,362	269,500	409,362
	<u>\$ 551,933</u>	<u>\$ 685,350</u>	<u>\$ 479,484</u>	<u>\$ 757,799</u>

8. LEASE COMMITMENTS:

The Organization leases office space in Boston, Massachusetts under an operating lease expiring in August 2029. The rent payments have been recorded on a basis to achieve straight-line rent expense over the life of the lease. Accordingly, the difference between the straight-line rent expense and the cash payments made is recorded in the statements of financial position as deferred rent liability. Minimum future rental payments under the Organization's office lease are as follows:

Year Ending September 30,	
2021	\$ 340,443
2022	346,979
2023	353,516
2024	360,052
2025	366,589
2026 and thereafter	1,498,493
	<u>\$ 3,266,072</u>

Rent expense totaled approximately \$308,000 and \$353,000 for the years ended September 30, 2020 and 2019, respectively.



# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

8. LEASE COMMITMENTS, continued:

In addition, the Organization leases apartments at various locations throughout Boston, Cambridge and metro Boston in connection with the housing component of its program operations. These leases have terms of twelve months or less. At any given time the Organization has approximately 250 active leases. Rent expense under these leases totaled approximately \$4,069,000 and \$3,669,000 for the years ended September 30, 2020 and 2019, respectively.

The Organization leases office equipment under operating leases expiring in March 2022 through February 2025. Lease payments totaled approximately \$19,000 and \$14,000 for the years ended September 30, 2020 and 2019, respectively. Minimum future rental payments under the Organization's office equipment leases are as follows:

<u>Year Ending September 30,</u>	
2021	\$ 18,401
2022	18,179
2023	15,657
2024	13,356
2025	<u>5,565</u>
	<u>\$ 71,158</u>

9. RETIREMENT PLAN:

The Organization maintains a defined contribution retirement plan covering all eligible employees, which are those employees who are 21 years of age with one year of service and who work at least 1,000 hours annually.

The Organization's contributions are discretionary and are allocated to individual employee accounts. The Organization did not make any contributions to the retirement plan for the years ended September 30, 2020 and 2019.

10. CONTINGENCIES:

The Organization has certain legal proceedings in the ordinary course of business. The Organization's management, after consulting with legal counsel, believes the ultimate resolution of the proceedings will not have a material adverse effect on the Organization's financial position or results of operations.

11. RELATED PARTY TRANSACTIONS:

Members of the board of directors contributed approximately \$69,000 and \$76,000 to the Organization during the years ended September 30, 2020 and 2019, respectively.

# HOMESTART, INC.

## Notes to Financial Statements

September 30, 2020 and 2019

12. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and has caused disruption through mandated and voluntary closings and/or transitions to remote work for numerous businesses and nonprofits, including the Organization. While the disruptions are currently expected to be temporary, there is considerable uncertainty around the duration of these disruptions. Therefore, the Organization anticipates that this could have a negative effect on its operations. Further, the Organization also anticipates this could negatively impact contributions as well. However, the extent to which the COVID-19 outbreak will financially impact the Organization's operations or financial results cannot be reasonably estimated at this time. In response to the COVID-19 outbreak, on April 14, 2020, the Organization received a Paycheck Protection Program loan through the Small Business Administration (see Note 2).

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 22, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.