



HomeStart

HOMESTART, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2022 and 2021

HOMESTART, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
HomeStart, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of HomeStart, Inc., which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeStart, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HomeStart, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
HomeStart, Inc.
Boston, Massachusetts

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Capin Crouse LLP

Middleton, Massachusetts
December 18, 2023

HOMESTART, INC.

Statements of Financial Position

	September 30,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 2,957,279	\$ 1,831,726
Accounts receivable, net	4,959,025	3,360,683
Prepaid expenses and other assets	54,855	83,677
Pledges receivable	9,355	350,000
Property and equipment, net	73,790	87,498
Total Assets	<u>\$ 8,054,304</u>	<u>\$ 5,713,584</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 690,573	\$ 721,550
Deferred rent liability	95,027	87,203
Total liabilities	<u>785,600</u>	<u>808,753</u>
Net assets:		
Without donor restrictions	6,544,334	4,004,950
With donor restrictions	724,370	899,881
Total net assets	<u>7,268,704</u>	<u>4,904,831</u>
Total Liabilities and Net Assets	<u>\$ 8,054,304</u>	<u>\$ 5,713,584</u>

See notes to financial statements

HOMESTART, INC.

Statements of Activities

	Year Ended September 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Government and organizational grants	\$ 12,110,537	\$ -	\$ 12,110,537	\$ 9,440,280	\$ -	\$ 9,440,280
Contributions	3,750,574	330,921	4,081,495	3,616,229	714,601	4,330,830
Housing program participant fees	460,761	-	460,761	435,750	-	435,750
Other income	17,945	-	17,945	13,706	-	13,706
Gain on extinguishment of debt	-	-	-	749,126	-	749,126
Net assets released from restrictions	506,432	(506,432)	-	414,599	(414,599)	-
Total Revenue and Support	16,846,249	(175,511)	16,670,738	14,669,690	300,002	14,969,692
EXPENSES:						
Program services:						
Housing stabilization	7,360,079	-	7,360,079	7,084,703	-	7,084,703
Housing search	3,960,453	-	3,960,453	2,769,309	-	2,769,309
Homeless prevention	1,599,489	-	1,599,489	1,244,011	-	1,244,011
	12,920,021	-	12,920,021	11,098,023	-	11,098,023
Supporting activities:						
General and administrative	878,811	-	878,811	751,365	-	751,365
Fundraising	508,033	-	508,033	432,094	-	432,094
	1,386,844	-	1,386,844	1,183,459	-	1,183,459
Total Expenses	14,306,865	-	14,306,865	12,281,482	-	12,281,482
Change in Net Assets	2,539,384	(175,511)	2,363,873	2,388,208	300,002	2,688,210
Net Assets, Beginning of Year	4,004,950	899,881	4,904,831	1,616,742	599,879	2,216,621
Net Assets, End of Year	\$ 6,544,334	\$ 724,370	\$ 7,268,704	\$ 4,004,950	\$ 899,881	\$ 4,904,831

See notes to financial statements

HOMESTART, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,363,873	\$ 2,688,210
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gain on extinguishment of Paycheck Protection Program loan	-	(749,126)
Depreciation	18,904	15,736
Bad debt expense	304,946	86,116
Changes in:		
Accounts receivable	(1,903,288)	(1,292,145)
Prepaid expenses and other assets	28,822	(56,043)
Pledges receivable	340,645	(62,779)
Accounts payable and accrued expenses	(30,977)	155,472
Deferred rent liability	7,824	64,053
Net Cash Provided by Operating Activities	<u>1,130,749</u>	<u>849,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(5,196)	(75,430)
Net Cash Used by Investing Activities	<u>(5,196)</u>	<u>(75,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Paycheck Protection Program loan	-	(158,434)
Net Cash Used by Financing Activities	<u>-</u>	<u>(158,434)</u>
Change in Cash and Cash Equivalents	1,125,553	615,630
Cash and Cash Equivalents, Beginning of Year	<u>1,831,726</u>	<u>1,216,096</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,957,279</u>	<u>\$ 1,831,726</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 333</u>	<u>\$ 1,998</u>
Non-cash financing transactions:		
Paycheck Protection Program loan forgiveness recognized as gain on extinguishment of debt	<u>\$ -</u>	<u>\$ 749,126</u>

See notes to financial statements

HOMESTART, INC.

Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services				Supporting Activities			Total
	Housing Stabilization	Housing Search	Homeless Prevention	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salary and benefits	\$ 2,217,698	\$ 2,130,009	\$ 598,061	\$ 4,945,768	\$ 333,789	\$ 421,232	\$ 755,021	\$ 5,700,789
Client rent and assistance	4,685,421	1,618,272	873,288	7,176,981	-	-	-	7,176,981
Occupancy	222,769	141,661	22,774	387,204	23,421	6,649	30,070	417,274
Professional fees	118,051	5,331	95,587	218,969	150,834	5,935	156,769	375,738
Office and supplies	79,198	41,028	8,199	128,425	21,994	9,167	31,161	159,586
Other	36,942	24,152	1,580	62,674	329,869	65,050	394,919	457,593
Depreciation	-	-	-	-	18,904	-	18,904	18,904
Total Expenses	\$ 7,360,079	\$ 3,960,453	\$ 1,599,489	\$ 12,920,021	\$ 878,811	\$ 508,033	\$ 1,386,844	\$ 14,306,865

See notes to financial statements

HOMESTART, INC.

Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services				Supporting Activities			Total
	Housing Stabilization	Housing Search	Homeless Prevention	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salary and benefits	\$ 2,111,898	\$ 1,679,500	\$ 643,736	\$ 4,435,134	\$ 282,264	\$ 313,430	\$ 595,694	\$ 5,030,828
Client rent and assistance	4,570,708	873,129	495,300	5,939,137	34,239	-	34,239	5,973,376
Occupancy	229,411	133,611	10,712	373,734	73,973	12,069	86,042	459,776
Professional fees	59,956	15,780	87,757	163,493	135,146	108	135,254	298,747
Office and supplies	95,275	44,263	6,436	145,974	13,327	10,671	23,998	169,972
Other	17,455	23,026	70	40,551	196,680	95,816	292,496	333,047
Depreciation	-	-	-	-	15,736	-	15,736	15,736
Total Expenses	\$ 7,084,703	\$ 2,769,309	\$ 1,244,011	\$ 11,098,023	\$ 751,365	\$ 432,094	\$ 1,183,459	\$ 12,281,482

See notes to financial statements

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

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 and organizational grants 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.

The Organization's program services are as follows:

Housing Stabilization: Advocates work to ensure that clients have the best chance at maintaining their housing after placement by providing essential support services.

Housing Search: Advocates work with individuals and families living within homeless shelters in the Greater Boston area, assisting them through the process of finding and moving into safe, permanent housing. Using a "Housing First" approach, the Organization makes finding an apartment possible.

Homeless Prevention: Advocates work one-on-one with low-income, at-risk households to help them stay in their homes and avoid the trauma of homelessness by way of eviction.

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. The Organization's cash balances exceeded federally insured limits for the years ended September 30, 2022 and 2021, by approximately \$3,126,000 and \$1,933,000, respectively. The Organization did not have any restricted cash at September 30, 2022 and 2021.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable relate primarily to government and organizational grants and housing program participant fees and 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 \$191,931 and \$386,114, at September 30, 2022 and 2021, respectively.

PLEDGES RECEIVABLE

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts, if necessary based on the expected collection of pledges in future years, are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts, if any, is reported as a component of contributions in the statements of activities. As of both September 30, 2022 and 2021, the Organization had no pledges expected to be collected beyond one year, therefore no discount has been recorded.

Management provides for probable uncollectible amounts relating to pledges to give through an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management has determined that payment will not be made are written off through a charge to the valuation allowance and a credit to the pledge receivable. As of both September 30, 2022 and 2021, management has determined that all outstanding pledges are likely to be collected in full, therefore no allowance has been recorded. Conditional pledges to give are not included as support until the conditions are substantially met.

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 3-8 years.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY, EQUIPMENT, AND DEPRECIATION, continued:

The Organization reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated by the assets and any estimated proceeds from the eventual disposition of the assets. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such assets. There were no impairment losses recognized in the years ended September 30, 2022 and 2021.

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 (SBA). The loan accrued interest at 1.00% per annum and matured two years from the date it was funded. During the year ended September 31, 2021, the Organization submitted for and received notification of partial forgiveness of the loan in the amount of \$749,126 from the SBA and recognized the forgiveness as gain on extinguishment of debt in the statements of activities. The remaining unforgiven portion of the loan totaling \$158,434 was repaid to the SBA in full during the year ended September 30, 2021.

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.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 36% and 55% of the Organization's total revenue and support for the years ended September 30, 2022 and 2021, respectively, were derived from grants received under contracts and agreements with these cities. Government and organizational grants are recognized as revenue when qualifying expenditures are incurred or other conditions under the grant contracts and agreements with various governmental and other organizations are met. Government and organizational grants received in advance of incurring qualifying expenditures are recorded as deferred revenue until earned. Government and organizational grants are as follows:

	<u>Year Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Federal funds passed through state and local agencies	\$ 11,469,622	\$ 8,643,080
Private organization funds	187,648	408,338
State and local agency funds	453,267	388,862
	<u>\$ 12,110,537</u>	<u>\$ 9,440,280</u>

In accordance with certain grant program contracts and agreements, the Organization receives reimbursements from program participants for services provided under the grants. Such reimbursements are stipulated in the grant contracts and agreements. Revenues are recognized as earned over the period services are performed and are reported as housing program participant fees in the statements of activities. Revenue received in advance is recorded as deferred revenue until earned.

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 and government and organizational grants 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 and government and organizational grants 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, 2022 and 2021.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, SUPPORT, RECLASSIFICATIONS AND EXPENSES, continued:

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, 2022 and 2021.

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.

	September 30,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 2,957,279	\$ 1,831,726
Accounts receivable, net	4,959,025	3,360,683
Pledges receivable	9,355	350,000
	<u>7,925,659</u>	<u>5,542,409</u>
Less those unavailable for general expenditure within one year, due to:		
Restrictions by purpose or time	<u>(715,015)</u>	<u>(549,881)</u>
Financial assets available for general expenditures within one year	<u>\$ 7,210,644</u>	<u>\$ 4,992,528</u>

In addition to government and organizational grants, 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 both September 30, 2022 and 2021, which can be utilized if cash needs exist.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

4. PLEDGES RECEIVABLE:

Pledges receivable amounted to \$9,355 and \$350,000 as of September 30, 2022 and 2021, respectively, and are expected to be collected within one year.

As of September 30, 2022 and 2021, the Organization had \$500,000 and \$900,000, 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,

2023	\$ 250,000
2024	<u>250,000</u>
	<u>\$ 500,000</u>

5. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consist of:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 199,272	\$ 199,272
Leasehold improvements	<u>80,625</u>	<u>75,430</u>
	279,897	274,702
Less accumulated depreciation	<u>(206,107)</u>	<u>(187,204)</u>
	<u>\$ 73,790</u>	<u>\$ 87,498</u>

6. LINE OF CREDIT:

The Organization maintains a line of credit with a bank 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. The line is secured by all assets of the Organization. The Organization had no borrowing outstanding on the line of credit as of September 30, 2022 and 2021.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Homeless prevention	\$ 329,703	\$ 312,487
Housing resources	385,312	237,394
Pledges receivable - time restriction	9,355	350,000
	<u>\$ 724,370</u>	<u>\$ 899,881</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:

<u>Year Ending September 30,</u>	
2023	\$ 353,516
2024	360,052
2025	366,589
2026	373,125
2027	379,662
Thereafter	<u>745,705</u>
	<u>\$ 2,578,649</u>

Rent expense totaled approximately \$356,000 and \$404,000 for the years ended September 30, 2022 and 2021, respectively.

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 \$4,204,000 and \$4,164,000 for the years ended September 30, 2022 and 2021, respectively.

HOMESTART, INC.

Notes to Financial Statements

September 30, 2022 and 2021

8. LEASE COMMITMENTS, continued:

The Organization leases office equipment under operating leases expiring in April 2023 through April 2025. Lease payments totaled approximately \$20,000 and \$19,000 for years ended September 30, 2022 and 2021, respectively. Minimum future rental payments under the Organization's office equipment leases are as follows:

<u>Year Ending September 30,</u>	
2023	\$ 17,324
2024	14,640
2025	<u>8,540</u>
	<u>\$ 40,504</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, 2022 and 2021.

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 \$133,000 and \$135,000 to the Organization during the years ended September 30, 2022 and 2021, respectively.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 18, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.