AUDITED
FINANCIAL STATEMENTS

HOMESPACE CORPORATION

DECEMBER 31, 2023

HOMESPACE CORPORATION

CONTENTS

FreedMaxick CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Homespace Corporation

Opinion
We have audited the financial statements of Homespace Corporation (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Freed Maxick CPAs, P.C.

Buffalo, New York
June 20, 2024

HOMESPACE CORPORATION

STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	**$ 728,726**	$ 422,446
Accounts receivable, less allowance for credit losses of $132,158 ($87,378 - 2022)	**808,201**	1,055,811
Prepaid expense	**28,335**	29,140
Other current assets	**1,891**	1,891
Total current assets	**1,567,153**	1,509,288
Replacement reserve	**15,319**	14,632
Investments	**646,027**	578,880
Operating lease right-of-use assets, net	**13,490**	20,261
Land, building and equipment, net	**1,494,088**	1,360,308
Total assets	**$ 3,736,077**	$ 3,483,369
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable - trade	**$ 36,231**	$ 37,672
Accrued expenses	**165,274**	123,777
Current operating lease liabilities	**5,950**	6,771
Refundable advance	**1,617**	925
Total current liabilities	**209,072**	169,145
Operating lease liabilities	**7,540**	13,490
Total liabilities	**216,612**	182,635
Net assets:		
Without donor restrictions	**3,429,428**	3,175,947
With donor restrictions	**90,037**	124,787
Total net assets	**3,519,465**	3,300,734
Total liabilities and net assets	**$ 3,736,077**	$ 3,483,369

See accompanying notes.

HOMESPACE CORPORATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions and grants	$ 50,741	$ 127,705	$ 178,446	$ 48,204	$ 185,134	$ 233,338
Resident shelter allowance, net credit losses	3,353,415	-	3,353,415	2,732,101	-	2,732,101
Article 29-I health facility services revenue, net credit losses	425,162	-	425,162	436,171	-	436,171
CFTSS revenue, net credit losses	150,730	-	150,730	127,072	-	127,072
Net assets released from restrictions	162,455	(162,455)	-	123,097	(123,097)	-
Total public support and revenue	4,142,503	(34,750)	4,107,753	3,466,645	62,037	3,528,682
Expenses:						
Program services	3,713,644	-	3,713,644	3,168,091	-	3,168,091
Management and general	183,345	-	183,345	191,375	-	191,375
Fundraising	73,577	-	73,577	64,195	-	64,195
Total expenses	3,970,566	-	3,970,566	3,423,661	-	3,423,661
Income (loss) from operations	171,937	(34,750)	137,187	42,984	62,037	105,021
Other income (expense):						
Net investment gain (loss)	67,983	-	67,983	(87,677)	-	(87,677)
Other income	13,561	-	13,561	239	-	239
Total other income (expense)	81,544	-	81,544	(87,438)	-	(87,438)
Change in net assets	253,481	(34,750)	218,731	(44,454)	62,037	17,583
Net assets - beginning of year	3,175,947	124,787	3,300,734	3,220,401	62,750	3,283,151
Net assets - end of year	$ 3,429,428	$ 90,037	$ 3,519,465	$ 3,175,947	$ 124,787	$ 3,300,734

See accompanying notes.

HOMESPACE CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
(with summarized information for the year ended December 31, 2022)

	Program Services							Supporting Services		Total All Services	
	Homespace	Second Chance Home	Next Step	Children and Family Treatment and Support Services	Article 29-I Health Facility Services	Independent Living Program	Total Program Services	Management and General	Fundraising	2023	2022
Salaries expense	$ 413,039	$ 908,983	$ 620,064	$ 117,290	$ 42,005	$ 52,623	$ 2,154,004	$ 147,239	$ 57,600	**$ 2,358,843**	$ 1,981,759
Program supplies	80,075	213,535	213,535	16,015	10,675	37,484	571,319	-	-	**571,319**	432,328
Payroll taxes and employee benefits	58,475	170,301	103,024	16,248	5,517	9,306	362,871	9,090	9,090	**381,051**	340,893
Depreciation - Building & improvements	68,886	27,573	6,826	-	-	-	103,285	-	-	**103,285**	91,875
Repair and maintenance	48,785	24,890	23,894	996	996	-	99,561	-	-	**99,561**	89,485
Utilities	41,054	20,945	20,108	838	838	-	83,783	-	-	**83,783**	75,046
Office rent	32,910	16,790	16,119	672	672	-	67,163	-	-	**67,163**	67,163
Occupancy	28,826	14,707	14,119	588	588	-	58,828	-	-	**58,828**	89,799
Insurance	13,910	15,400	15,400	2,484	2,484	-	49,678	8,766	-	**58,444**	52,846
Office	9,430	13,673	13,243	1,706	1,706	363	40,121	4,898	1,095	**46,114**	37,150
Printing and publicity	2,167	9,750	7,583	1,083	1,083	-	21,666	1,444	5,778	**28,888**	22,133
Depreciation - Furniture, Equipment & Vehicles	12,743	15,140	590	-	-	-	28,473	-	-	**28,473**	31,124
Professional fees	5,296	5,637	5,296	854	-	1,500	18,583	7,964	-	**26,547**	54,950
Dues, licenses and subscriptions	3,496	5,707	5,770	630	555	-	16,158	1,233	-	**17,391**	6,125
Conference and training	1,590	7,715	4,777	665	665	56	15,468	1,485	-	**16,953**	18,488
Telephone	2,716	3,007	3,007	485	485	1,200	10,900	1,212	-	**12,112**	21,033
Equipment rent	5,720	2,918	2,801	117	117	-	11,673	-	-	**11,673**	10,922
Postage	37	36	37	-	-	-	110	14	14	**138**	542
Total expenses	$ 829,155	$ 1,476,707	$ 1,076,193	$ 160,671	$ 68,386	$ 102,532	$ 3,713,644	$ 183,345	$ 73,577	**$ 3,970,566**	$ 3,423,661

See accompanying notes.

HOMESPACE CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services							Supporting Services		Total All Services
	Homespace	Second Chance Home	Next Step	Children and Family Treatment and Support Services	Article 29-I Health Facility Services	Independent Living Program	Total Program Services	Management and General	Fundraising	2022
Salaries expense	$ 294,808	$ 731,880	$ 604,642	$ 70,533	$ 46,705	$ 49,799	$ 1,798,367	$ 133,092	$ 50,300	**$ 1,981,759**
Program supplies	60,486	161,294	161,294	12,097	8,065	29,092	432,328	-	-	**432,328**
Payroll taxes and employee benefits	50,711	125,895	104,008	12,133	8,034	8,566	309,347	22,894	8,652	**340,893**
Depreciation - building and improvements	57,689	26,735	7,451	-	-	-	91,875	-	-	**91,875**
Occupancy	44,001	22,450	21,552	898	898	-	89,799	-	-	**89,799**
Repair and maintenance	43,848	22,371	21,476	895	895	-	89,485	-	-	**89,485**
Utilities	36,773	18,762	18,011	750	750	-	75,046	-	-	**75,046**
Office rent	32,910	16,791	16,118	672	672	-	67,163	-	-	**67,163**
Professional fees	11,459	12,199	11,459	1,848	-	1,500	38,465	16,485	-	**54,950**
Insurance	12,577	13,925	13,925	2,246	2,246	-	44,919	7,927	-	**52,846**
Office	7,503	10,299	9,904	1,022	1,022	1,383	31,133	5,254	763	**37,150**
Depreciation - furniture, equipment and vehicles	11,485	19,048	591	-	-	-	31,124	-	-	**31,124**
Printing and publicity	1,660	7,470	5,810	830	830	-	16,600	1,107	4,426	**22,133**
Telephone	4,964	5,496	5,496	887	887	1,200	18,930	2,103	-	**21,033**
Conference and training	1,642	7,395	5,752	822	822	206	16,639	1,849	-	**18,488**
Equipment rent	5,352	2,731	2,621	109	109	-	10,922	-	-	**10,922**
Dues, licenses and subscriptions	823	1,661	2,483	274	274	-	5,515	610	-	**6,125**
Postage	131	135	131	-	-	37	434	54	54	**542**
Total expenses	$ 678,822	$ 1,206,537	$ 1,012,724	$ 106,016	$ 72,209	$ 91,783	$ 3,168,091	$ 191,375	$ 64,195	**$ 3,423,661**

See accompanying notes.

HOMESPACE CORPORATION

STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ 218,731**	$ 17,583
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**131,758**	122,999
Increase in allowance for expected credit losses	**44,780**	87,378
Net investment (gain) loss	**(67,983)**	87,677
Decrease (increase) in assets:		
Accounts receivable	**202,830**	(283,019)
Prepaid expense	**805**	(8,179)
Operating lease right-of-use assets	**6,771**	6,661
(Decrease) increase in liabilities:		
Accounts payable - trade	**(1,441)**	(162)
Accrued expenses	**41,497**	(1,621)
Operating lease liabilities	**(6,771)**	(6,661)
Refundable advance	**692**	(12,723)
Net cash provided by operating activities	**571,669**	9,933
Cash flows from investing activities:		
Purchases of land, building and equipment	**(265,538)**	(107,550)
Proceeds from investments	**836**	187
Net cash used by investing activities	**(264,702)**	(107,363)
Net increase (decrease) in cash, cash equivalents and restricted cash	**306,967**	(97,430)
Cash, cash equivalents and restricted cash - beginning of year	**437,078**	534,508
Cash, cash equivalents and restricted cash - end of year	**$ 744,045**	$ 437,078

Total cash, cash equivalents and restricted cash reconciliation:
The following table provides a reconciliation of cash, cash equivalents and restricted cash to the amounts reported within the statements of financial position:

	2023	2022
Cash and cash equivalents	**$ 728,726**	$ 422,446
Replacement reserve	**15,319**	14,632
Total cash, cash equivalents and restricted cash	**$ 744,045**	$ 437,078

Supplemental disclosure of cash flow information:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 7,044**	$ 7,044

See accompanying notes.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Homespace Corporation (the Organization) was incorporated October 16, 1989 in New York State and is a not-for-profit corporation engaged in providing a safe and nurturing transitional living environment with supportive services for single parent families and individuals that prepares them to achieve and maintain their independence. The Organization is recognized as accredited for its Next Step Program by the Council on Accreditation (COA).

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Display of Net Assets by Class: The net assets of the Organization are reported in each of the following two classes: (a) net assets without donor restrictions, and (b) net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as net assets without donor restrictions.

Cash and Cash Equivalents: The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash accounts in financial institutions. Although the cash accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institutions. Management reviews the financial viability of these institutions on a periodic basis.

Accounts Receivable: Accounts receivable are stated at cost. The Organization has not experienced any significant losses on such accounts and believes it is not exposed to any significant credit risk on accounts receivable. On a periodic basis, the Organization evaluates its allowance for expected credit losses, based upon history of past write-offs, collections, and current conditions. Management has determined that as of December 31, 2023, an allowance for credit losses of $132,158 ($87,378 - 2022) was appropriate. Credit losses when incurred, are charged against the allowance. As of January 1, 2022, the Company had accounts receivable of $860,170.

Land, Building and Equipment: The Organization follows the practice of recording land, building and equipment at cost, or if donated, at fair value at the date of donation. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. Depreciation expense for the year ended December 31, 2023 was $131,758 ($122,999 - 2022).

Impairment of Long Lived Assets: The Organization reviews long-lived assets to be held and used by the Organization for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Organization compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. As of December 31, 2023 and 2022, no impairment has been recognized.

In-Kind Contributions: Donated supplies, clothing, equipment and other are recorded at their fair value when received and recorded as contribution revenue and capitalized or recorded as an offsetting expense where applicable.

Contributions and Grants: The Organization recognizes all contributions and grants as income in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donor-restricted support for a specific purpose is reported as an increase in net assets with donor restrictions. Upon satisfaction of the restriction, amounts are shown as net assets released from restriction in the statement of activities. As of December 31, 2023, there were $90,037 net assets with donor restrictions ($124,787 - 2022).

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Shelter Allowance: The Organization has contracts in place with various counties in Upstate New York in order to provide transitional living services. The Organization recognizes revenue based on occupancy as the Organization receives a daily rate which is determined annually by the New York State Office of Children and Family Services.

CFTSS Revenue: The Organization provides supporting services for residents through the Children and Family Treatment and Support Services in New York State Medicaid Program. The Organization recognizes revenue as services are performed based on rates set by the New York State Interagency Team consisting of the Department of Health, Office of Mental Health, Office of Alcoholism and Substance Abuse Services, and Office of Children and Family Services.

Article 29-I Health Facility Services: The Organization became an Article 29-I health facility effective July 1, 2021. The Organization became a licensed health care facility provider through New York State Public Health Law Article 29-I, which provides for the provision of Core Limited Health-Related Services (CLHRS) and Other Limited Health-Related Services (OLHRS), and enter into agreements with Medicaid Managed Care Plans for the provision of these services to eligible enrolled children and youth.

Functional Allocation of Expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied, as follows: salaries expense and payroll taxes and employee benefits are allocated based on estimated time incurred; depreciation, rent, and utilities are allocated on a square footage basis dependent on the programs and supporting activities occupying the space; telephone, insurance, and other various expenses are allocated based on approximate actual usage. Every year the basis on which costs are allocated are evaluated.

Advertising: The Organization expenses all advertising costs when incurred. Advertising expense for the Organization totaled $28,888 for the year ended December 31, 2023 ($22,133 - 2022).

Revenue Recognition: The Organization's revenue consists of revenue from contracts with customers, grant revenue and contribution revenue.

Revenue from Contracts with Customers (Topic 606): The accounting for the types of revenues accounted for pursuant to Topic 606 are as follows:

Resident Shelter Allowance: The Organization provides a transitional living environment with supportive services for single parent families and individuals. For housing services, the Organization receives funds on a per resident, per day basis, based on rates established by the county.

CFTSS Revenue: The Organization provides supporting services for residents through the Children and Family Treatment and Support Services in New York State Medicaid Program. The Organization recognizes revenue in the month the services are performed based on rates set by the New York State Interagency Team consisting of the Department of Health, Office of Mental Health, Office of Alcoholism and Substance Abuse Services, and Office of Children and Family Services.

Article 29-I Health Facility Services: The Organization became a licensed health care facility provider through New York State Public Health Law Article 29-I, which provides for the provision of Core Limited Health-Related Services (CLHRS) and Other Limited Health-Related Services (OLHRS), and enter into agreements with Medicaid Managed Care Plans for the provision of these services to eligible enrolled children and you. The Organization recognizes revenue in the month the youth was in the Organization's care.

For supporting services, the Organization receives funds under agreements with third-party payors (Medicaid and Insurance Payors) on a per resident per service basis, based on rates established by New York State. If amounts received are less than the established billing rates, the difference is accounted for as a reduction of revenue. The Organization determines performance obligations based on the nature of the services provided and revenue is recognized as performance obligations are satisfied.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contributions (Topic 958): The accounting for the types of revenues accounted for pursuant to Topic 958 are as follows:

Grant Revenue: Grant revenue is recorded as revenue when expenditures have been incurred in compliance with the grant requirements. Support received under federal, state, and county grants is recorded as revenue when the related costs of the associated programs are incurred. Grant revenue includes funds received from federal, state and county sources.

Contributions: The Organization recognizes all contributions as income in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction is fulfilled, net assets with donor restrictions are then reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Income Taxes: The Organization is exempt from federal income tax as provided in the regulations set forth in the Section 501(c)(3) of the Internal Revenue Code. The Organization accounts for uncertain tax positions in accordance with U.S. GAAP, which requires the recognition and measurement of uncertain tax positions that the Organization has taken or expects to take in the Organization's tax return. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The Organization files its Return of Organization Exempt from Income Tax in the U.S federal jurisdiction and its Annual Filing of Charitable Organizations in New York State.

Accounting Estimates: The process of preparing financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from estimated amounts.

Leases: The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities and changes in net assets.

The Organization made an accounting policy election under available Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free rate borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable that they will be incurred.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for all leases. The non-lease components typically represent additional services transferred to the Entity such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Recently Adopted Accounting Guidance: In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable. The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events: The Organization evaluated its December 31, 2023 financial statements for subsequent events through the date the financial statements were issued. These financial statements have not been updated for subsequent events occurring after June 20, 2024, which is the date these financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, are:

	2023	2022
Current financial assets:		
Cash and cash equivalents	**$ 728,726**	$ 422,446
Accounts receivable, net	**808,201**	1,055,811
Financial assets available to meet general expenditures within one year	**$ 1,536,927**	$ 1,478,257

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due. The Organization invests cash in excess of daily requirements in an investment account with a broker and its investment portfolio primarily consists of exchange traded funds and mutual funds.

NOTE 3. REPLACEMENT RESERVE

In 2007, as a result of its grant enforcement note with the New York State Homeless Housing and Assistance Corporation (HHAC), a replacement reserve account was created with a $13,784 deposit from HHAC. All withdrawals from the account must be pre-approved by HHAC. Upon the satisfactory completion of all its obligations under the grant enforcement note, HHAC may request the release of all funds that remain on deposit in the account (see Note 6). The balance at December 31, 2023 was $15,319 ($14,632 - 2022). These funds are invested in a money market fund with M&T Bank with interest at .02%.

NOTE 4. LAND, BUILDING AND EQUIPMENT

Land, building and equipment at December 31, is as follows:

	2023	2022
Land	**$ 91,836**	$ 84,599
Building and improvements	**2,772,761**	2,548,699
Furniture and equipment	**395,323**	361,084
Vehicles	**130,689**	130,689
	3,390,609	3,125,071
Less accumulated depreciation	**(1,896,521)**	(1,764,763)
	$ 1,494,088	$ 1,360,308

NOTE 5. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2023 and 2022.

Cash and cash equivalents: Stated at cost, which approximates fair value. Cash and cash equivalents are classified as Level 1 investments.

Exchange traded funds (ETF's): Valued at the closing price reported on the active market on which the individual securities are traded. Exchange traded funds are classified as Level 1 investments.

Mutual funds: Valued at the daily closing price as reported by the fund. The net asset value (NAV) is the closing price reported on the active market on which the securities are traded. Mutual funds are classified as Level 1 investments.

Government/Agency Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings.

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

When quoted prices are not available for identical or similar bonds, those Government/Agency bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Government/Agency bonds are classified as a level 2 investment.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	Assets at Fair Value			
	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 6,303	$ -	$ -	**$ 6,303**
Mutual funds	265,968	-	-	**265,968**
Exchange traded funds	313,783	-		**313,783**
Govt./Agency Bonds	-	59,973	-	**59,973**
Total	$ 586,054	$ 59,973	$ -	**$ 646,027**

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	Assets at Fair Value			
	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 3,616	$ -	$ -	**$ 3,616**
Mutual funds	344,483	-	-	**344,483**
Exchange traded funds	230,781	-	-	**230,781**
Total	$ 578,880	$ -	$ -	**$ 578,880**

NOTE 6. CONTINGENT LIABILITY

The Organization entered into a grant enforcement note payable with the HHAC, on November 9, 2004, for the construction of a second facility located in Buffalo. The total amount of this note is $901,900, which was previously recognized into revenue, and is secured by the property. The mortgage is for 25 years, at no interest, with no scheduled payments and will be forgiven at the end of the term (October 2030). Under the terms of the grant enforcement note with HHAC, the property must be used for 25 years as housing for persons who would otherwise be homeless. If the Organization does not comply with the terms of the agreement, the amount provided will be considered to be in default and the original amount provided shall be immediately due and payable.

NOTE 7. LEASES

The Organization leases administrative office space under an operating lease agreement that expired August 31, 2022. No formal lease extension has been signed and the agreement is now month-to-month. Rent expense for the year ended December 31, 2023 was $67,163 ($67,163 - 2022).

The Organization leases equipment under operating lease agreements that have initial terms ranging from 2 to 5 years. Some leases include one or more options to renew, generally at the Organization's sole discretion,

NOTE 7. LEASES (CONTINUED)

with renewal terms that can extend the lease term up to 5 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization’s operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense for the years ended December 31, 2023 $11,673 ($10,922 - 2022).

The weighted-average remaining operating lease term amounts to 2.2 years and the weighted-average discount rate for operating leases was 1.63% as of December 31, 2023 (3.2 years and 1.63% - 2022).

The aggregate future lease payments for operating leases as of December 31, 2023 were as follows:

	Operating Leases
2024	$ 6,120
2025	5,760
2026	1,860
Total lease payments	13,740
Less imputed interest	(250)
Lease liabilities at December 31, 2023	$ 13,490
Less: current portion	(5,950)
Non-current portion of lease liabilities	$ 7,540