

HOME START, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023



Leaf & Cole, LLP
Certified Public Accountants

**HOME START, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Home Start, Inc.

Opinion

We have audited the accompanying financial statements of Home Start, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows 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 Home Start, Inc. as of June 30, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Home Start, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Home Start, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 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, including omissions, 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 Home Start, 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 Home Start, 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.

Leaf & Cole LLP

San Diego, California
December 4, 2025

HOME START, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6 and 7)		
Cash and cash equivalents:		
Unrestricted	\$ 672,885	\$ 1,359,111
Restricted	33,279	29,954
Investments	1,941,287	1,779,970
Grants receivable	1,934,990	1,176,414
Accounts receivable - Other	3,942	1,413
Prepaid expenses and other assets	321,220	318,748
Total Current Assets	<u>4,907,603</u>	<u>4,665,610</u>
<u>Noncurrent Assets:</u> (Notes 2, 8, 10 and 13)		
Property and equipment, net	5,710,074	5,816,994
Operating lease right-of-use assets, net	526,891	751,466
Total Noncurrent Assets	<u>6,236,965</u>	<u>6,568,460</u>
TOTAL ASSETS	<u>\$ 11,144,568</u>	<u>\$ 11,234,070</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2, 5, 10, and 13)		
Accounts payable	\$ 263,866	\$ 190,564
Accrued expenses and other liabilities	341,992	350,170
Accrued interest payable	2,363	1,481
Deferred revenue	448,273	259,563
Custodial funds	33,279	29,954
Current portion of operating lease liability	218,554	237,894
Current portion of finance lease liability	9,601	12,130
Current portion of notes payable	26,339	293,028
Total Current Liabilities	<u>1,344,267</u>	<u>1,374,784</u>
<u>Noncurrent Liabilities:</u> (Notes 10 and 13)		
Operating lease liability, net of current portion	345,474	550,336
Finance lease liability, net of current portion	8,234	17,893
Notes payable, net of current portion	673,358	429,858
Total Noncurrent Liabilities	<u>1,027,066</u>	<u>998,087</u>
Total Liabilities	<u>2,371,333</u>	<u>2,372,871</u>
<u>Commitments and Contingencies</u> (Notes 9, 12, 13 and 14)		
<u>Net Assets:</u> (Notes 2 and 11)		
Without Donor Restrictions:		
Undesignated	8,387,442	8,402,490
Total Without Donor Restrictions	<u>8,387,442</u>	<u>8,402,490</u>
With Donor Restrictions:		
Purpose restriction	385,793	457,709
Time restriction	-	1,000
Total With Donor Restrictions	<u>385,793</u>	<u>458,709</u>
Total Net Assets	<u>8,773,235</u>	<u>8,861,199</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,144,568</u>	<u>\$ 11,234,070</u>

The accompanying notes are an integral part of the financial statements.

HOME START, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and Support:</u>						
Grant revenue	\$ 10,557,021	\$ 97,487	\$ 10,654,508	\$ 9,987,642	\$ 14,000	\$ 10,001,642
Contributions - Foundations	441,465	619,837	1,061,302	197,073	530,758	727,831
Loan forgiveness	-	-	-	596,380	-	596,380
Fundraising special events	387,858	-	387,858	400,668	-	400,668
Less: Cost of direct benefit to donors	<u>(129,244)</u>	<u>-</u>	<u>(129,244)</u>	<u>(111,589)</u>	<u>-</u>	<u>(111,589)</u>
Fundraising Special Events, net	258,614	-	258,614	289,079	-	289,079
Contributions - Individuals and other	167,460	5,000	172,460	132,808	11,249	144,057
Investment income	162,592	-	162,592	117,994	-	117,994
Contributed materials	79,462	-	79,462	150,109	-	150,109
Thrift boutique sales	71,594	-	71,594	75,042	-	75,042
Other income	25,748	-	25,748	26,410	44	26,454
Rental income	16,182	-	16,182	19,391	-	19,391
Net assets released from restrictions	<u>795,240</u>	<u>(795,240)</u>	<u>-</u>	<u>291,572</u>	<u>(291,572)</u>	<u>-</u>
Total Revenue and Support	<u>12,575,378</u>	<u>(72,916)</u>	<u>12,502,462</u>	<u>11,883,500</u>	<u>264,479</u>	<u>12,147,979</u>
<u>Expenses:</u>						
Program Services:						
Supportive housing	5,384,014	-	5,384,014	4,663,716	-	4,663,716
Child abuse prevention	3,137,194	-	3,137,194	3,150,514	-	3,150,514
Family strengthening	646,269	-	646,269	598,345	-	598,345
Therapeutic services	638,865	-	638,865	580,323	-	580,323
Social enterprise	<u>302,573</u>	<u>-</u>	<u>302,573</u>	<u>270,842</u>	<u>-</u>	<u>270,842</u>
Total Program Services	<u>10,108,915</u>	<u>-</u>	<u>10,108,915</u>	<u>9,263,740</u>	<u>-</u>	<u>9,263,740</u>
Supporting Services:						
Management and general	2,042,067	-	2,042,067	1,797,834	-	1,797,834
Fundraising and development	<u>439,444</u>	<u>-</u>	<u>439,444</u>	<u>344,725</u>	<u>-</u>	<u>344,725</u>
Total Supporting Services	<u>2,481,511</u>	<u>-</u>	<u>2,481,511</u>	<u>2,142,559</u>	<u>-</u>	<u>2,142,559</u>
Total Expenses	<u>12,590,426</u>	<u>-</u>	<u>12,590,426</u>	<u>11,406,299</u>	<u>-</u>	<u>11,406,299</u>
Change in Net Assets	(15,048)	(72,916)	(87,964)	477,201	264,479	741,680
Net Assets at Beginning of Year	<u>8,402,490</u>	<u>458,709</u>	<u>8,861,199</u>	<u>7,925,289</u>	<u>194,230</u>	<u>8,119,519</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,387,442</u>	<u>\$ 385,793</u>	<u>\$ 8,773,235</u>	<u>\$ 8,402,490</u>	<u>\$ 458,709</u>	<u>\$ 8,861,199</u>

The accompanying notes are an integral part of the financial statements.

HOME START, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services						Supporting Services			Total Expenses
	Supportive Housing	Child Abuse Prevention	Family Strengthening	Therapeutic Services	Social Enterprise	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Salaries and Related Expenses:										
Salaries and wages	\$ 1,695,674	\$ 1,998,380	\$ 373,729	\$ 324,075	\$ 170,590	\$ 4,562,448	\$ 860,634	\$ 165,597	\$ 1,026,231	\$ 5,588,679
Payroll taxes	128,613	150,960	28,335	24,084	12,749	344,741	50,669	12,654	63,323	408,064
Benefits and workers compensation	196,860	311,929	61,099	31,657	22,160	623,705	84,859	13,011	97,870	721,575
Total Salaries and Related Expenses	2,021,147	2,461,269	463,163	379,816	205,499	5,530,894	996,162	191,262	1,187,424	6,718,318
Nonsalary Related Expenses:										
Administrative fees	32,292	2,747	495	965	2,948	39,447	116,852	10,583	127,435	166,882
Client assistance	2,505,854	78,632	53,657	673	1,170	2,639,986	1,588	8,850	10,438	2,650,424
Clinical supervision	2,520	16,630	-	65,139	-	84,289	-	-	-	84,289
Communications	49,233	56,346	12,046	6,586	2,606	126,817	12,997	1,511	14,508	141,325
Consumables	32,388	18,925	9,053	2,312	32,756	95,434	49,470	16,282	65,752	161,186
Depreciation	118,671	5,418	-	-	6,851	130,940	-	-	-	130,940
Donated materials	12,848	7,519	6,703	27,824	8,527	63,421	8,348	7,693	16,041	79,462
Dues and subscriptions	13,407	4,278	4,214	6,700	512	29,111	7,314	3,447	10,761	39,872
Furniture/equipment	29,566	56,463	2,026	6,793	278	95,126	13,688	7,871	21,559	116,685
Insurance	-	-	-	-	-	-	123,964	-	123,964	123,964
Interest expense	26,655	-	-	-	7,233	33,888	349	-	349	34,237
Lease expense	254,989	305,577	71,189	86,308	-	718,063	255,943	43,155	299,098	1,017,161
Legal and accounting	-	-	-	-	-	-	131,815	-	131,815	131,815
Meetings and events	104	-	2,263	-	724	3,091	6,307	3,767	10,074	13,165
Mileage	30,808	37,415	3,099	8,137	-	79,459	4,716	942	5,658	85,117
Public relations/advertising	-	-	-	-	2,760	2,760	1	59,734	59,735	62,495
Recruitment	2,849	1,295	336	142	217	4,839	52,941	66	53,007	57,846
Repairs and maintenance	210,770	31,779	3,203	1,554	23,455	270,761	156,969	43,129	200,098	470,859
Seminars and education	5,312	8,158	-	6,914	210	20,594	1,666	1,061	2,727	23,321
Stipends	18,000	-	-	34,429	-	52,429	-	-	-	52,429
Subcontractors	-	35,079	14,822	1,544	-	51,445	90,340	37,458	127,798	179,243
Travel	9,707	6,440	-	-	-	16,147	1,957	347	2,304	18,451
Utilities	6,894	3,224	-	3,029	6,827	19,974	8,680	2,286	10,966	30,940
Total Expenses	\$ 5,384,014	\$ 3,137,194	\$ 646,269	\$ 638,865	\$ 302,573	\$ 10,108,915	\$ 2,042,067	\$ 439,444	\$ 2,481,511	\$ 12,590,426

The accompanying notes are an integral part of the financial statements.

HOME START, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services						Supporting Services			
	Supportive Housing	Child Abuse Prevention	Family Strengthening	Therapeutic Services	Social Enterprise	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries and Related Expenses:										
Salaries and wages	\$ 1,371,587	\$ 1,999,662	\$ 337,707	\$ 260,592	\$ 152,015	\$ 4,121,563	\$ 805,630	\$ 146,345	\$ 951,975	\$ 5,073,538
Payroll taxes	103,656	149,773	26,207	19,747	11,258	310,641	57,288	11,331	68,619	379,260
Benefits and workers compensation	180,568	326,158	64,716	34,483	23,478	629,403	90,500	18,530	109,030	738,433
Total Salaries and Related Expenses	1,655,811	2,475,593	428,630	314,822	186,751	5,061,607	953,418	176,206	1,129,624	6,191,231
Nonsalary Related Expenses:										
Administrative fees	33,099	-	102	9	3,797	37,007	83,174	5,552	88,726	125,733
Client assistance	2,240,112	70,691	48,228	8,454	177	2,367,662	2,334	19,742	22,076	2,389,738
Clinical supervision	5,580	10,500	-	60,055	-	76,135	-	-	-	76,135
Communications	33,720	59,555	11,614	6,349	2,279	113,517	10,437	1,724	12,161	125,678
Consumables	21,676	16,135	9,267	22,376	28,690	98,144	45,357	7,400	52,757	150,901
Depreciation	89,018	5,403	-	-	6,832	101,253	-	-	-	101,253
Donated materials	43,193	32,585	18,182	29,966	15,639	139,565	5,521	5,023	10,544	150,109
Dues and subscriptions	14,171	4,802	795	3,720	423	23,911	13,436	7,428	20,864	44,775
Furniture/equipment	22,767	72,482	1,396	15,258	176	112,079	12,018	1,388	13,406	125,485
Insurance	-	-	-	-	-	-	81,567	-	81,567	81,567
Interest expense	34,895	-	-	-	7,044	41,939	-	-	-	41,939
Lease expense	206,349	273,098	67,272	82,519	-	629,238	294,717	41,261	335,978	965,216
Legal and accounting	180	-	-	-	-	180	86,135	-	86,135	86,315
Meetings and events	-	-	280	-	-	280	6,041	2,469	8,510	8,790
Mileage	25,554	39,710	2,327	5,127	22	72,740	2,166	1,441	3,607	76,347
Public relations/advertising	-	-	-	-	2,230	2,230	100	57,164	57,264	59,494
Recruitment	3,317	3,363	1,871	154	21	8,726	961	112	1,073	9,799
Repairs and maintenance	202,222	30,534	5,381	8,421	12,053	258,611	135,706	376	136,082	394,693
Seminars and education	3,775	9,492	-	5,937	-	19,204	901	567	1,468	20,672
Stipends	12,000	-	-	-	-	12,000	-	-	-	12,000
Subcontractors	-	27,671	3,000	14,450	-	45,121	53,934	15,400	69,334	114,455
Travel	9,726	4,406	-	-	61	14,193	1,763	119	1,882	16,075
Utilities	6,551	14,494	-	2,706	4,647	28,398	8,148	1,353	9,501	37,899
Total Expenses	\$ 4,663,716	\$ 3,150,514	\$ 598,345	\$ 580,323	\$ 270,842	\$ 9,263,740	\$ 1,797,834	\$ 344,725	\$ 2,142,559	\$ 11,406,299

The accompanying notes are an integral part of the financial statements.

HOME START, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (87,964)	\$ 741,680
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized (gains) losses on investments	(123,630)	30,004
Depreciation	130,940	101,253
Amortization of right-of-use asset under operating lease	224,575	177,043
Amortization of right-of-use asset under finance lease	11,581	11,581
Decrease (Increase) in:		
Grants receivable	(758,576)	714,860
Accounts receivable - Other	(2,529)	265
Prepaid expenses and other assets	(2,472)	9,301
Increase (Decrease) in:		
Accounts payable	73,302	(215,108)
Accrued expenses and other liabilities	(8,178)	(20,139)
Accrued interest payable	882	(131,469)
Deferred revenue	188,710	(643,002)
Custodial funds	3,325	(3,897)
Operating lease liability	(224,202)	(140,279)
Net Cash (Used in) Provided by Operating Activities	<u>(574,236)</u>	<u>632,093</u>
<u>Cash Flows From Investing Activities:</u>		
(Purchase of) Proceeds from sale of investments, net	(37,687)	152,678
Purchase of property and equipment	(35,601)	(444,230)
Net Cash Used in Investing Activities	<u>(73,288)</u>	<u>(291,552)</u>
<u>Cash Flows From Financing Activities:</u>		
Payments on notes payable	(23,189)	(493,255)
Payments on finance lease liability	(12,188)	(9,522)
Net Cash Used in Financing Activities	<u>(35,377)</u>	<u>(502,777)</u>
Net Decrease in Cash and Cash Equivalents	(682,901)	(162,236)
Cash and Cash Equivalents at Beginning of Year	<u>1,389,065</u>	<u>1,551,301</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 706,164</u></u>	<u><u>\$ 1,389,065</u></u>

The accompanying notes are an integral part of the financial statements.

HOME START, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Supplementary Disclosure of Cash Flow Information:</u>		
Cash paid for interest		
Operating lease liability	\$ 20,192	\$ 20,036
Finance lease liability	723	1,081
Other	33,355	173,408
Total cash paid for interest	\$ <u>54,270</u>	\$ <u>194,525</u>
 Cash paid for amounts included in measurement of operating lease liability	 \$ <u>244,393</u>	 \$ <u>184,508</u>
Cash paid for amounts included in measurement of finance lease liability	<u>\$ 12,910</u>	<u>\$ 12,910</u>
 <u>Supplementary Disclosure of Noncash Cash Flow Information:</u>		
Finance lease right-of-use asset upon ASC 842 implementation	\$ <u>-</u>	\$ <u>60,117</u>
 <u>Cash and Cash Equivalents:</u>		
<u>Financial Statement Classification</u>		
Cash and Cash Equivalents:		
Unrestricted	\$ 672,885	\$ 1,359,111
Restricted	33,279	29,954
Total Cash and Cash Equivalents	\$ <u>706,164</u>	\$ <u>1,389,065</u>

The accompanying notes are an integral part of the financial statements.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 1 - Organization:

Home Start, Inc. (“Home Start” or the “Organization”) is a not-for-profit corporation organized under the laws of the State of California. The Organization has served San Diego County since 1972. Home Start is a community-based organization whose mission is to assure the safety and resiliency of children by strengthening families and their communities. Home Start’s programs focus on home-based services (mental and family support, self-sufficiency, and housing support), center-based services, and community development. These services are funded through a combination of Federal, California, and San Diego County contracts, program service fees, and public and private grants and donations.

The following is a brief description of Home Start’s programs:

Supportive Housing

Supportive Housing Services follows the housing first model by quickly moving youth and others experiencing homelessness into permanent housing and then providing wrap around supportive services to help them remain stably housed. Our services include Street-Based Outreach, Prevention, Diversion, Systems and Housing Navigation, Rapid Re-Housing, Transitional Housing, and Permanent Supportive Housing. Home Start also targets services to specialized populations including families, transition age youth, transition age pregnant or parenting youth, and survivors of domestic violence.

Child Abuse Prevention

Child Abuse Prevention Services partner with parents to promote child safety and family well-being to keep children with their families. Our programs provide support to families who are currently involved with Child Welfare Services (CWS) to help parents create stable and nurturing home environments, ensure children at risk of removal remain safely in their homes, and ensure timely reunification of children who have been placed out of the home. Home Start uses evidence-based models to strengthen parenting skills, ensure stable and safe homes, and increase the health of children and their families. Our services include In-Home Parenting Education, Group Parenting Classes, Personalized Visitation Coaching, Family Support Clinician Services, Victim Services Case Management, and Parent Partners for peer support.

Family Strengthening

Family Strengthening Services includes the First Steps program which provides home visiting services for pregnant women and families with children ages 0-3. First Steps promotes positive parenting and enhances child health and development for families who may face hardships and stressors that place them at increased risk for poor health and developmental outcomes. Our services are offered over the long term to prepare children to enter school as active learners, and ensure that all children are healthy, loved, and nurtured. Home Start’s Communities in Action Program helps families move toward safety, empowerment, and connection by providing tools and increasing options for self-determination, financial independence, and healthy choices. Services include stabilization support, public benefits application assistance, workforce development, financial literacy, resident leadership academies, access to free tax assistance, education and cognitive development workshops, and healthy relationships workshops.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 1 - Organization: (Continued)

Therapeutic Services

Behavioral Health Services provides free individual therapy services to children who are the victims of trauma or abuse. Services are provided in the child's home or school as well as at Home Start locations. Home Start therapists are trained in providing Parent-Child Interaction Therapy, Trauma Focused Cognitive Behavior Therapy, and Play Therapy. Therapists also have the ability to provide family therapy and individual therapy to adult clients on a sliding fee scale. Our services also include therapist facilitated Adult Survivors of Child Abuse (ASCA) support groups and support groups for parents whose children have been the victims of abuse.

Social Enterprise

Social Enterprise initiatives include our Thrift Boutique and Bright Futures Candles. The Home Start Thrift Boutique was our first social enterprise made possible by a generous estate gift from Meg Jacobs. It provides thrift store prices in a boutique environment as well as on the job training and employment to Home Start clients. The Bright Futures Candles social enterprise offers entrepreneurial learning opportunities, skill building, and the ability to work non-traditional hours for our clients who may have current barriers to working full-time jobs. Through these social enterprises Home Start clients are able to develop the skills and confidence they need to pursue their unique career goals.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of Home Start have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Risks and Uncertainties

Home Start, Inc. invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

Home Start's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments - Jewish Community Foundation funds are considered Level 2 assets, and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, since these funds are valued by the fund manager and are not traded in an active market.

Allowance for Uncollectible Grants Receivable

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding grants receivable. Management believes that all grants receivable were fully collectible; therefore, no provision for uncollectible grants receivable was recorded at June 30, 2024 and 2023, respectively.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable-other to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statements of financial position date, aging reports and historical information. Receivables are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that accounts receivable - other were fully collectible; therefore, no provision for credit losses was recorded at June 30, 2024 and 2023, respectively.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values unless the acquisitions are program expenditures covered by the program budget. In such cases, management may choose to expense the acquisitions in the year of purchase. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	30 - 39 years
Computer equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Vehicles	5 years
Leasehold improvements	7 - 11 years

Depreciation totaled \$130,940 and \$101,253 for the years ended June 30, 2024 and 2023, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Impairment of Real Estate

Home Start reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2024 or 2023.

Compensated Absences

Accumulated unpaid vacation totaling \$188,734 and \$188,688 at June 30, 2024 and 2023, respectively, is accrued when incurred and included in accrued expenses and other liabilities.

Revenue Recognition

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grant receivables are recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Contributions are recognized when the donor makes a promise to give to Home Start that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Thrift boutique sales are recognized as revenue when the sale occurs. Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods up to one year with rental payments due monthly. Revenue from special events is considered earned at the conclusion of the event.

Donated Services and Materials

Donated Services

Home Start utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended June 30, 2024 and 2023, respectively, did not meet the requirements above, therefore no amounts were recognized in the financial statements for volunteer time.

Donated Materials

The Organization received clothing and household goods as donated materials and have been included in revenue and expenses as follows for the year ended June 30:

<u>Program or Supporting Services</u>	<u>2024</u>	<u>2023</u>
Social enterprise	\$ 31,361	\$ 12,807
Fundraising and development	20,000	3,540
Supportive housing	13,150	21,514
Child abuse prevention	7,810	14,766
Family strengthening	7,035	24,062
Management and general	70	23,868
Therapeutic service	36	49,552
Total Donated Materials	<u>\$ 79,462</u>	<u>\$ 150,109</u>

All donated materials were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated materials.

Donated materials received are valued at the fair value based on the charitable donations valuation guide allocated 75% in 2024 (93% in 2023) to program services and 25% in 2024 (3% in 2023) to supporting services.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The statements of functional expenses presents expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Income Taxes

Home Start is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Home Start is not a private foundation.

Home Start's Return of Organization Exempt from Income Tax for the years ended June 30, 2024, 2023, 2022 and 2021 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Concentrations

The Organization received \$6,226,023 and \$4,639,246 or 50% and 38% of its revenues for the years ended June 30, 2024 and 2023, respectively, either directly or indirectly from agencies of the Federal government. A decrease in these revenues could have a negative impact on the Organization.

Leases

The Organization entered into facilities and office equipment leases (Note 13). Pursuant to the guidance for accounting for leases, the Organization accounts for the leases as operating and finance leases.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization has elected the short-term practical expedient for all leases with a remaining term of 12 months or less. The Organization uses the risk-free rate in determining the present value of lease payments.

The right-of-use assets also included any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-13, Financial Instruments – Credit Losses (“Topic 326”) to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. FASB ASU 2016-13 affects loans, debt securities, accounts receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

The Organization adopted ASU 2016-13 utilizing the prospective transition approach. With respect to the various receivable accounts, ASU 2016-13 did not have a material impact on the financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

The Organization has evaluated subsequent events through December 4, 2025, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The Organization received contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 3 - Liquidity and Availability: (Continued)

Financial assets available for general expenditure, within one year, are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents - Unrestricted	\$ 672,885	\$ 1,359,111
Investments	1,941,287	1,779,970
Grants receivable, net	1,934,990	1,176,414
Accounts receivable - Other	3,942	1,413
Financial assets available to meet cash needs for general expenditures	<u>4,553,104</u>	<u>4,316,908</u>
Less: Restricted by donor for purpose or time	<u>(385,793)</u>	<u>(458,709)</u>
	<u><u>\$ 4,167,311</u></u>	<u><u>\$ 3,858,199</u></u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization has a line-of-credit agreement with available borrowings totaling \$250,000 with no outstanding balance as of June 30, 2024 and 2023, respectively. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value, by classification within the fair value hierarchy at June 30:

	<u>2024</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Balance at June 30, 2024
Jewish Community Foundation	\$ <u>-</u>	\$ <u>1,941,287</u>	\$ <u>-</u>
			<u>\$ 1,941,287</u>
	<u>2023</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Balance at June 30, 2023
Jewish Community Foundation	\$ <u>-</u>	\$ <u>1,779,970</u>	\$ <u>-</u>
			<u>\$ 1,779,970</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 5 - Custodial Funds:

Custodial funds are restricted cash held by the Organization for the benefit of its clients with an off-setting liability and consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Savings accounts	\$ 30,895	\$ 27,584
Emancipation funds	2,384	2,370
Total Custodial Funds	<u>\$ 33,279</u>	<u>\$ 29,954</u>

Note 6 - Investments:

The Organization maintains its investments at Jewish Community Foundation. The funds held at Jewish Community Foundation are invested in investment pools or are held as cash until invested in an investment pool. The Mid-Term Pool invests 75% in fixed income and 25% in domestic and international equities. The Long-Term Pool invests 75% in domestic and international equities and 25% in fixed income assets.

Investments consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Long-Term pool	\$ 1,125,156	\$ 1,031,657
Mid-Term pool	816,131	748,313
Total Investments	<u>\$ 1,941,287</u>	<u>\$ 1,779,970</u>

Investment income (loss) consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Net realized gains	\$ 7,276	\$ 107,572
Net unrealized gains (losses)	123,630	(30,004)
Interest and dividends	42,405	52,626
Investment fees	(10,719)	(12,200)
Total Investment Income	<u>\$ 162,592</u>	<u>\$ 117,994</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 7 - Grants Receivable:

Grants receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
County of San Diego	\$ 442,886	\$ 111,512
City of El Cajon	383,787	5,970
First 5 Commission of San Diego	290,300	59,807
Regional Task Force on the Homelessness	140,984	86,174
U.S. Department of Housing and Urban Development	139,535	289,500
California Office of Emergency Services	133,888	132,022
YMCA of San Diego County	81,060	66,640
San Diego Housing Commission	64,712	144,705
North County Lifeline, Inc.	49,089	-
Internal Revenue Service	43,200	30,383
San Diego Youth Services	38,259	49,400
California Association of Food Banks	32,558	13,563
City of La Mesa	30,274	6,882
City of San Diego	29,918	98,443
U.S. Department of Health and Human Services	15,746	8,136
Grossmont Healthcare District	15,503	4,837
San Diego LGBT Community Center	1,928	18,231
Info Line of San Diego County dba 2-1-1 San Diego	1,363	4,978
El Cajon Housing Authority	-	45,231
Total Grants Receivable	<u>\$ 1,934,990</u>	<u>\$ 1,176,414</u>

Note 8 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,846,823	\$ 2,846,823
Buildings	3,487,164	3,458,493
Vehicles	184,612	184,612
Computer equipment	106,920	99,990
Furniture and fixtures	22,028	22,028
Leasehold improvements	9,276	9,276
Finance lease right-of-use assets	57,907	57,907
Subtotal	6,714,730	6,679,129
Less: Accumulated depreciation	(963,132)	(832,192)
Less: Accumulated amortization	(41,524)	(29,943)
Property and Equipment, Net	<u>\$ 5,710,074</u>	<u>\$ 5,816,994</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 9 - Line-of-Credit:

The Organization has a business line-of-credit agreement with a financial institution, secured by certain assets described in the security agreement under which the Organization is allowed to borrow up to \$250,000. Advances under this agreement bear interest equal to the financial institution's prime rate (10% at June 30, 2024). The line-of-credit matured on February 3, 2024, and was extended to February 3, 2025 and was not subsequently renewed. There was no balance outstanding as of June 30, 2024 and 2023, respectively.

Note 10 - Notes Payable:

Notes payable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Note payable to Western Alliance Bank in the original amount of \$500,000 was originated on November 14, 2019. Interest shall accrue at a variable rate based on changes in an independent index which is a five-year interest rate obtained from the Bloomberg Financial Services System 4.60% at June 30, 2024). The note is payable in monthly principal and interest installments of \$2,826. The unpaid principal and any interest due on November 14, 2029. The note is secured by a deed of trust. Accrued interest totaled \$1,707 and \$906 at June 30, 2024 and 2023, respectively.	\$ 431,249	\$ 443,595
Note payable to U.S. Bank in the original amount of \$370,000 was originated February 4, 2014. The note was payable in monthly installments of \$2,103, including principal and interest at 4.64% and was to mature February 15, 2019. Effective January 2019, the note was amended to reflect monthly payments of \$2,154 including principal and interest at 4.94% that matured on January 15, 2024. Upon maturity, the note was further modified to extend the term to January 15, 2029, and to set the interest rate at 5.87% on the unpaid balance. The new monthly payment of \$2,293 began on February 15, 2024. The note is secured by real property. Accrued interest totaled \$656 and \$575 at June 30, 2024 and 2023, respectively. There shall be no prepayments of the note.	268,448	279,291
Total Notes Payable	699,697	722,886
Less: Current portion	(26,339)	(293,028)
Notes Payable, Net of Current Portion	<u>\$ 673,358</u>	<u>\$ 429,858</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 10 - Notes Payable: (Continued)

Future principal payments on the notes payable are as follows:

Years Ended June 30	
2025	\$ 26,339
2026	27,746
2027	29,230
2028	30,710
2029	233,686
Thereafter	351,986
Total	<u>\$ 699,697</u>

Note 11 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by the donor-imposed restrictions. Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Supportive housing	\$ 158,470	\$ 222,645
Development	121,891	3,246
Therapeutic services	92,041	56,001
Social enterprise	10,394	138,383
Child abuse prevention	2,997	37,434
Total Subject to Expenditure for Specified Purpose	<u>385,793</u>	<u>457,709</u>
Subject to Passage of Time:		
Long-term pledges	-	1,000
Total Subject to Passage of Time	<u>-</u>	<u>1,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 385,793</u>	<u>\$ 458,709</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Purpose Restrictions Accomplished:		
Supportive housing	\$ 317,775	\$ 47,383
Therapeutic services	192,683	129,636
Social enterprise	176,989	59,487
Child abuse prevention	46,937	66
Development	31,356	35,000
Family strengthening	28,500	20,000
Total purpose restrictions accomplished	<u>794,240</u>	<u>291,572</u>
Time Restrictions Fulfilled	<u>1,000</u>	<u>-</u>
Total Net Assets Released From Restrictions	<u>\$ 795,240</u>	<u>\$ 291,572</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 12 - 401(k) Retirement Plan:

Home Start has established a defined contribution plan (Plan) that allows eligible employees who are over the age of 21 and have completed three months of service and at least 1,000 hours to contribute up to 20% of their salary into the Plan subject to annual limitations. Home Start made matching contributions to the Plan totaling \$131,351 and \$129,471 for the years ended June 30, 2024 and 2023, respectively, which are included in benefits and workers compensation.

Note 13 - Leases:

Home Start leases its office facilities under non-cancellable operating leases, and office equipment under finance leases with an option to purchase the equipment for its fair market value, renew the agreement, or return the equipment.

The following summarizes the line items in the statement of financial position which include amounts for operating and finance leases as of June 30:

Operating Leases

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets, net	\$ <u>526,891</u>	\$ <u>751,466</u>
Current portion of operating lease liability	\$ 218,554	\$ 237,894
Operating lease liability, net of current portion	<u>345,474</u>	<u>550,336</u>
Total operating lease liability	\$ <u>564,028</u>	\$ <u>788,230</u>

Finance Leases

	<u>2024</u>	<u>2023</u>
Finance lease right-of-use assets (included in Property and equipment)	\$ 57,907	\$ 57,907
Accumulated amortization	<u>(41,524)</u>	<u>(29,943)</u>
Finance lease right-of-use assets, net	\$ <u>16,383</u>	\$ <u>27,964</u>
Current portion of finance lease liability	\$ 9,601	\$ 12,130
Finance lease liability, net of current portion	<u>8,234</u>	<u>17,893</u>
Total finance lease liability	\$ <u>17,835</u>	\$ <u>30,023</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 13 - Leases: (Continued)

Finance Leases (Continued)

The following summarizes the weighted-average remaining lease term and discount rate as of June 30:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term - Operating lease	22 months	34 months
Weighted average remaining lease term - Finance lease	21 months	33 months
Weighted average discount rate - Operating lease	3%	3%
Weighted average discount rate - Finance lease	3%	3%

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 11,581	\$ 11,581
Interest on finance lease liability	723	1,081
Operating lease cost:		
Amortization of right-of-use assets	224,575	177,043
Interest on operating lease liability	20,192	20,036
Short-term and variable lease cost	760,090	755,475
Total lease expense	<u>\$ 1,017,161</u>	<u>\$ 965,216</u>

The following is a schedule of the future minimum lease payments under the leases:

Years Ended <u>June 30</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 231,928	\$ 9,975	\$ 241,903
2026	223,279	5,540	228,819
2027	82,952	2,895	85,847
2028	48,701	-	48,701
Total Lease Payments	<u>586,860</u>	<u>18,410</u>	<u>605,270</u>
Less: Discount	(22,832)	(575)	(23,407)
Total	<u>\$ 564,028</u>	<u>\$ 17,835</u>	<u>\$ 581,863</u>

HOME START, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 14 - Commitments and Contingencies:

Legal Matters

Home Start is subject to claims that arise out of the normal course of business. The Organization maintains insurance coverage and uses various risk management activities which, combined, management believes are sufficient to ensure that the final outcome of any claims or proceedings will not have an adverse material effect on the financial position, operations, or liquidity of the Organization.

Federal and State Funding

Home Start has received federal, state and other funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. Loss of governmental support would have a significant impact on the Organization's ability to provide its program services.