

Operation Finally Home, Inc.

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023



ADKF

CERTIFIED PUBLIC ACCOUNTANTS

OPERATION FINALLY HOME, INC.
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December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Operation FINALLY HOME, Inc.
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Operation FINALLY HOME, Inc., (the Organization) which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Operation FINALLY HOME, Inc. as of December 31, 2023 and 2022, and the results of its activities, functional expenses 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 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 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 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.

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

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 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.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
April 2, 2024

OPERATION FINALLY HOME, INC.
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,421,719	\$ 541,986
Investments, at fair value	4,333,421	4,403,039
Accounts receivable	8,255	180,044
Construction and acquisition costs for veterans' homes	288,979	1,358,978
Property and equipment, net	<u>198,054</u>	<u>102,784</u>
Total Assets	<u><u>\$ 6,250,428</u></u>	<u><u>\$ 6,586,831</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 20,608	\$ 193,370
Accrued expenses	79,401	30,555
Construction commitment to transfer homes to veterans	288,979	1,358,978
Line of credit	303,540	-
Notes payable	<u>138,668</u>	<u>110,209</u>
Total liabilities	831,196	1,693,112
Net Assets:		
Without donor restrictions:		
Undesignated	2,120,585	619,423
Board designated for:		
Future home build projects	818,774	1,538,109
Future home remodel projects	116,190	100,342
Future home transitional projects	314,423	290,270
Future operations	<u>2,049,260</u>	<u>2,345,575</u>
Total board designated	<u>3,298,647</u>	<u>4,274,296</u>
Total without donor restriction	5,419,232	4,893,719
With donor restrictions	-	-
Total net assets	<u><u>5,419,232</u></u>	<u><u>4,893,719</u></u>
Total Liabilities and Net Assets	<u><u>\$ 6,250,428</u></u>	<u><u>\$ 6,586,831</u></u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Activities
Year Ended December 31, 2023

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenues			
Support:			
Contributions	\$ 4,455,481	\$ -	\$ 4,455,481
Contributed materials and services	824,338	-	824,338
Fundraising and special events, net of expenses	122,731	-	122,731
Grants	<u>1,598,324</u>	<u>-</u>	<u>1,598,324</u>
Total support	7,000,874	-	7,000,874
Other Revenues:			
Investment earnings, net	155,383	-	155,383
Gain on sale of assets	19,660	-	19,660
Proceeds from sale of veteran home	246,620	-	246,620
Other income	<u>12,781</u>	<u>-</u>	<u>12,781</u>
Total support and revenues	7,435,318	-	7,435,318
Expenses			
Program services	4,929,173	-	4,929,173
General and administrative	406,274	-	406,274
Fundraising	<u>1,574,358</u>	<u>-</u>	<u>1,574,358</u>
Total expenses	<u>6,909,805</u>	<u>-</u>	<u>6,909,805</u>
Change in Net Assets	525,513	-	525,513
Net assets at beginning of year	<u>4,893,719</u>	<u>-</u>	<u>4,893,719</u>
Net Assets at Year End	<u><u>\$ 5,419,232</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,419,232</u></u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Activities
Year Ended December 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenues			
Support:			
Contributions	\$ 5,476,080	\$ -	\$ 5,476,080
Contributed materials and services	2,562,561	-	2,562,561
Fundraising and special events, net of expenses	78,942	-	78,942
Grants	1,692,414	-	1,692,414
Total support	<u>9,809,997</u>	<u>-</u>	<u>9,809,997</u>
Other Revenues:			
Investment (loss), net	(78,093)	-	(78,093)
(Loss) on sale of assets	(35,259)	-	(35,259)
Other income	<u>10,783</u>	<u>-</u>	<u>10,783</u>
Total support and revenues	9,707,428	-	9,707,428
Expenses			
Program services	7,871,254	-	7,871,254
General and administrative	506,119	-	506,119
Fundraising	<u>1,918,352</u>	<u>-</u>	<u>1,918,352</u>
Total expenses	<u>10,295,725</u>	<u>-</u>	<u>10,295,725</u>
Change in Net Assets	(588,297)	-	(588,297)
Net assets at beginning of year	<u>5,482,016</u>	<u>-</u>	<u>5,482,016</u>
Net Assets at Year End	<u>\$ 4,893,719</u>	<u>\$ -</u>	<u>\$ 4,893,719</u>

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Expense	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 776,220	\$ 136,479	\$ 25,590	\$ 938,289
Payroll taxes	61,953	10,893	2,042	74,888
Total payroll expenses	838,173	147,372	27,632	1,013,177
Building costs	3,480,059	-	-	3,480,059
Direct mailing	-	-	1,460,458	1,460,458
Travel	69,168	6,648	1,819	77,635
Professional	123,313	45,214	16,620	185,147
Meals	15,932	1,254	1,084	18,270
Advertising and promotion	113,668	119,363	43,750	276,781
Depreciation	47,096	13,115	7,747	67,958
Dues and subscriptions	41,654	5,594	9,413	56,661
Rent	15,384	3,473	993	19,850
Auto	17,580	8,008	1,656	27,244
Bank fees	3,382	1,951	-	5,333
Postage	2,983	7,112	220	10,315
Insurance	-	12,284	-	12,284
Supplies	7,651	12,437	2,520	22,608
Telephone	9,919	1,686	298	11,903
Website	799	-	-	799
Builder show	7,314	-	-	7,314
Other expenses	10	3,976	-	3,986
Interest expense	-	12,863	-	12,863
Storage	296	3,924	148	4,368
Miscellaneous	134,792	-	-	134,792
	<u>\$ 4,929,173</u>	<u>\$ 406,274</u>	<u>\$ 1,574,358</u>	<u>\$ 6,909,805</u>

Fundraising costs, not included above:

Venue	\$ 24,623
Other expenses	26,507

Total fundraising costs direct costs \$ 51,130

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Expense	General and Administrative	Fundraising	Total
Salaries and benefits	\$713,349	\$125,423	\$23,517	\$ 862,289
Payroll taxes	53,497	9,406	1,764	64,667
Total payroll expenses	766,846	134,829	25,281	926,956
Building costs	6,206,770	-	-	6,206,770
Direct mailing	-	-	1,795,525	1,795,525
Travel	62,381	41,360	4,876	108,617
Professional	101,668	40,051	15,363	157,082
Meals	16,028	48,007	1,342	65,377
Advertising and promotion	209,986	163,929	64,311	438,226
Depreciation	29,246	3,992	607	33,845
Dues and subscriptions	32,556	15,142	1,486	49,184
Rent	17,797	3,612	1,032	22,441
Auto	17,445	11,836	998	30,279
Bank fees	14,157	1,858	4,322	20,337
Postage	4,938	2,446	236	7,620
Insurance	1,268	12,072	-	13,340
Supplies	7,108	9,681	2,283	19,072
Telephone	8,844	1,555	292	10,691
Website	880	-	-	880
Builder show	3,000	-	-	3,000
Interest expense	-	6,976	-	6,976
Storage	795	3,711	398	4,904
Miscellaneous	369,541	5,062	-	374,603
Total expenses	<u>\$ 7,871,254</u>	<u>\$ 506,119</u>	<u>\$ 1,918,352</u>	<u>\$ 10,295,725</u>
Fundraising costs, not included above:				
Venue			\$ 25,709	
Other expenses			<u>40,281</u>	
Total fundraising costs direct costs			<u>\$ 65,990</u>	

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 525,513	\$ (588,297)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	67,958	33,845
Unrealized (gain) loss on investments	(119,543)	95,611
(Gain) loss on disposal of property and equipment	(19,660)	35,259
Accounts receivable	171,789	(149,214)
Other assets	-	1,800
Accounts payable	(172,762)	97,600
Accrued expenses	48,846	11,286
Net cash provided (used) by operating activities	<u>502,141</u>	<u>(462,110)</u>
Investing Activities		
Proceeds from sale of investments	2,503,199	-
Purchase of investments and earnings reinvestment	(2,314,038)	(342,519)
Purchase of property and equipment	(169,569)	(71,869)
Proceeds from sale of property and equipment	26,001	-
Net cash provided (used) by investing activities	<u>45,593</u>	<u>(414,388)</u>
Financing Activities		
Proceeds on notes payable	58,586	71,355
Payments on notes payable	(30,127)	(21,787)
Line of credit payments	(21,460)	-
Line of credit advances	325,000	-
Net cash provided by financing activities	<u>331,999</u>	<u>49,568</u>
Change in cash and cash equivalents	879,733	(826,930)
Cash and cash equivalents at beginning of year	<u>541,986</u>	<u>1,368,916</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,421,719</u></u>	<u><u>\$ 541,986</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ 12,863	\$6,976

See notes to audited financial statements.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Operation FINALLY HOME, Inc. (the Organization) was founded in 2005 as a non-profit organization with the mission to provide Americans the ability to honor and thank America’s wounded and disabled veterans, first responders and the widows of the fallen. The Organization brings together corporate sponsors, builder associations, builders, developers, individual contributors, and volunteers to help these Veteran Heroes and their families by providing custom-built mortgage-free homes and home modifications.

The past few years have allowed for Operation FINALLY HOME, Inc. to increase its ability to provide more homes and home modifications to more Heroes. During this period, the Organization has held four pillar events for each build that includes an announcement event, ground-breaking ceremony, town hall meeting, and dedication of the home and home modification. The Board of Directors recognizes that to successfully promote the Organization through these events, high travel costs are incurred each year. In addition, in-kind donors are showcased at these events as a form of appreciation to those donors who have a major impact on Operation FINALLY HOME, Inc.’s ability to fulfill its mission.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs, including those for directly specified Veteran Heroes or geographic regions, are generally not considered “restricted” under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Organization’s mission and purpose, that will be met by actions of the Organization and/or the passage of time. Donor imposed restrictions are released when the restriction expires and are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants received with restrictions, and whose restrictions are met in the same fiscal year, are reported as unrestricted in the statement of activities. There were no donor restricted net assets at December 31, 2023 and 2022.

Revenue Recognition: The Organization recognizes contributions and grants either when a valid promise to give (generally in writing) is received or as collected in the case of most smaller denomination gifts. Contributions and grants are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Donated goods and services are reported as “contributed materials and supplies” by the Organization. Donated goods are recorded at fair value at the time of donation. The value of donated services is based on an amount determined to be appropriate if individuals were employed by the Organization to perform such services and is recorded as contributed services revenue and expense in the period during which the services are rendered.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with maturities of three months or less.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments: Investments are reported at fair market value determined by quoted market prices. Gains and losses (realized and unrealized) are reported as investment earnings, net of expenses in the accompanying statements of activities. Donated investment instruments are recorded at fair value at the date of donation.

Accounts Receivable: Accounts receivable are reported at outstanding principal, net of an allowance of \$0 at December 31, 2023 and 2022. The allowance is generally determined based on an account-by-account review and historical trends. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. The Organization normally does not charge interest on accounts receivable. Accounts receivable, net, totaled \$30,830 at January 1, 2022, the beginning of the earliest year presented.

Property and Equipment: Property and equipment is valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally three to five years for furniture and equipment.

Income Taxes: Operation FINALLY HOME, Inc. is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3). In addition, the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Functional Allocation of Expenses: The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or other reasonable basis.

Advertising: Advertising and promotion costs are expensed as incurred.

Fundraising and Special Events: Costs associated with special events are netted against the related revenues.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Pronouncement: In February 2016, FASB issued ASU No. 2016-02, "Leases (Topic 842)," for reporting periods beginning after December 15, 2021. A lessee is required to recognize on the balance sheet right-of-use assets, representing the right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. At December 31, 2023, the Organization only has one office lease with an initial term of 12 months. Therefore, the Organization has elected to apply the short-term lease exception to this lease. See Note J.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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 financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization places its cash and investments (including restricted assets) with major financial institutions, which from time-to-time may exceed federal insured limits. At December 31, 2023, the Organization's uninsured cash balance totaled approximately \$910,000. The Organization periodically assesses the financial condition of the institutions and believes the risk of loss is minimal.

NOTE B – INVESTMENTS

Investments are stated at fair value. Investment earnings (including interest earned on accounts classified as cash and cash equivalents) is summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 43,841	\$ 23,333
Net realized and unrealized gains (losses) on change in market value	119,543	(95,611)
Investment fees	<u>(8,001)</u>	<u>(5,815)</u>
Investment earnings (loss), net	<u>\$ 155,383</u>	<u>\$ (78,093)</u>

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2023 and 2022

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 48,402	\$ 48,402
Vehicles	303,150	207,303
Software	<u>15,999</u>	<u>16,039</u>
Total property and equipment	367,551	271,744
Less accumulated depreciation	<u>(169,497)</u>	<u>(168,960)</u>
Property and equipment, net	<u><u>\$ 198,054</u></u>	<u><u>\$ 102,784</u></u>

NOTE D – CONSTRUCTION AND ACQUISITION COSTS FOR VETERANS’ HOMES AND COMMITMENT TO TRANSFER HOMES TO VETERANS

Construction and acquisition costs for veterans’ homes represent construction costs of homes that will be transferred to veterans upon completion. When constructing a new home, title and ownership of the property is retained by the Organization until such time the Organization transfers ownership to the veteran. Prior to transfer of ownership, costs incurred, and donations of materials and services received for these activities are recorded as an asset of the Organization in the statements of financial position.

To the extent that all significant conditions are met, a liability representing the commitment to transfer the home to a veteran is established in the same amount as the related asset. Upon transfer of ownership, the full cost of the property and the corresponding liability are both reduced to zero. Construction and Acquisition Costs for Veterans’ Homes and the related liability Commitment to Transfer Homes to Veterans totaled \$288,979 at December 31, 2023 and \$1,358,978 at December 31, 2022.

NOTE E – LINE OF CREDIT

The Organization has a revolving line of credit with Frost Bank for \$650,000 with interest at 3.0% over the adjusted SOFR rate (9.85% at December 31, 2023). Interest is due monthly, and all unpaid principal is due at maturity. The line of credit matures November 7, 2024. The Organization had an outstanding balance of \$303,540 as of December 31, 2023, and no outstanding balance as of December 31, 2022.

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2023 and 2022

NOTE F – NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Note payable to Ford Credit, due November 2025 with interest at 6.54%, due in monthly installments of \$936, including interest; secured by vehicle.	\$ 29,752	\$ 38,722
Note payable to Ford Credit, due March 2028 with interest at 1.90%, due in monthly installments of \$1,050, including interest; secured by vehicle.	51,416	62,923
Note payable to Ford Credit, due November 2027 with interest at 2.90%, due in monthly installments of \$1,296, including interest; secured by vehicle.	57,500	-
Note payable to Ford Credit, with interest at 6.90%, due in monthly installments of \$481, secured by vehicle, paid in full in 2023.	<u>-</u>	<u>8,564</u>
Total notes payable	<u>\$ 138,668</u>	<u>\$ 101,645</u>

Maturities of long-term debt will require the following principal payments:

Years Ended December 31:

2024	\$ 35,379
2025	36,664
2026	37,020
2027	26,464
Thereafter	<u>3,141</u>
Total	<u>\$ 138,668</u>

OPERATION FINALLY HOME, INC.
Notes to Audited Financial Statements
December 31, 2023 and 2022

NOTE G – CONTRIBUTED MATERIAL AND SERVICES

Noncash contributions consist of donated materials and services from corporate sponsors, builder associations, builders, developers, and individual contributions to assist in carrying out the Organization’s mission. The Organization recognized as revenue donated materials and services valued at \$824,338 in 2023 and \$2,562,561 in 2022. The Organization also received a donated vehicle valued at \$35,259 in 2023, which was capitalized in property and equipment, which is used in program services. Donated materials and services are received and used to assist the Organization in their mission to provide veterans and their families custom-built mortgage-free homes and home modifications. Donated goods are valued by the donor at the fair value of the materials and services. Donated goods are used in program services and are not sold.

Contributed material and services received are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Building materials and construction services	\$ 786,329	\$2,494,021
Fundraising event costs	-	540
Advertising and printing	2,750	68,000
Vehicle	<u>35,259</u>	<u>-</u>
Total contributed materials and service	<u>\$ 824,338</u>	<u>\$2,562,561</u>

NOTE H – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are 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
- 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. There have been no changes in the methodologies used nor transfers between levels. Following is a description of the valuation methodologies used for investments measured at fair value:

Cash and Money Market Funds (MMFs): Valued at its carry amount due to short-term maturity of the instrument.

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NOTE H – FAIR VALUE MEASUREMENTS – continued

Stocks: Valued at the closing price reported on the active market.

Mutual Funds and Exchange Traded Funds: Valued at the daily closing price (net asset value).

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

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 table sets forth, by level within the fair value hierarchy, investments measured at fair value:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>December 31, 2023</i>				
Cash and money market funds	\$ 1,583,104	\$ -	\$ -	\$ 1,583,104
Stocks	591,953	-	-	591,953
Exchange traded funds	194,792	-	-	194,792
Corporate bonds	-	1,963,572	-	1,963,572
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments at fair value	<u>\$ 2,369,849</u>	<u>\$ 1,963,572</u>	<u>\$ -</u>	<u>\$ 4,333,421</u>
<i>December 31, 2022</i>				
Cash and money market funds	\$ 2,729,725	\$ -	\$ -	\$ 2,729,725
Stocks	374,210	-	-	374,210
Mutual funds	192,371	-	-	192,371
Exchange traded funds	243,183	-	-	243,183
Corporate bonds	-	863,550	-	863,550
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments at fair value	<u>\$ 3,539,489</u>	<u>\$ 863,550</u>	<u>\$ -</u>	<u>\$ 4,403,039</u>

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NOTE I – LEASES

The Organization has a third-party operating lease for virtual office space under a 12 month non-cancellable operating lease with a monthly payment of \$412 expiring November 30, 2024. Rent expense totaled \$19,850 in 2023 and \$22,441 in 2022. The aggregate future lease payments on this non-cancellable lease at December 31, 2023 is approximately \$4,500.

NOTE J – RELATED PARTY TRANSACTIONS

The Organization paid \$120,000 in 2023 and \$369,541 in 2022 to the Patriot Community Development, Inc. (PCD), respectively to assist in start-up costs and operating expenses for Veteran housing programs incurred by PCD. The Organization's Co-Chairman/Co-Founder is employed as the Executive Director of PCD. In addition, the Organization's Executive Director also serves as a Board member of PCD.

NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has approximately \$5,750,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. This consists of cash, investments (which are not endowed), accounts receivable and other assets. The Organization has a goal to maintain approximately twelve months of operating reserves throughout the year which, on the average, total approximately \$270,000 per month given full programmatic expenditures.