HOMEOWNERSHIP COUNCIL OF AMERICA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

(AUDITED)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Homeownership Council of America

Opinion

We have audited the accompanying financial statements of Homeownership Council of America (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Homeownership Council of America as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Homeownership Council of America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe 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 Homeownership Council of America'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 form one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Homeownership Council of America'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 Homeownership Council of America'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.

CASHUK, WISEMAN, GOLDBERG, BIRNBAUM AND SALEM, LLP

San Diego, California
January 27, 2025

HOMEOWNERSHIP COUNCIL OF AMERICA
STATEMENT OF FINANCIAL POSITION
December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents (Note A)	$ 502,430	$ -	$ 502,430
Accounts Receivable, net (Note A)	104,475	-	104,475
Donations Receivable, net (Note A)	-	424,600	424,600
Employee Advances	381	-	381
Loans Receivable, Current Portion (Note E)	-	-	-
Interfund Due (to)/from Balance	(527,328)	527,328	-
TOTAL CURRENT ASSETS	79,958	951,928	1,031,886
OTHER ASSETS			
Loans Receivable, net of Current Portion (Note E)	166,947	-	166,947
TOTAL ASSETS	**$ 246,905**	**$ 951,928**	**$ 1,198,833**
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable & Accrued Expenses	$ 9,244	$ -	$ 9,244
NET ASSETS			
Net Assets Without Donor Restrictions (Notes A & H)	237,661	-	237,661
Net Assets with Donor Restrictions (Notes A & I)	-	951,928	951,928
TOTAL NET ASSETS	237,661	951,928	1,189,589
TOTAL LIABILITIES AND NET ASSETS	**$ 246,905**	**$ 951,928**	**$ 1,198,833**

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

HOMEOWNERSHIP COUNCIL OF AMERICA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Donations and Grants (Note A)	$ 180,000	$ 536,601	$ 716,601
Consulting and Other Income (Note A)	254,000	-	254,000
Lender Services (Note A)	33,000	-	33,000
Interest Income	23,242	-	23,242
Net Assets Released from Restriction	196,032	(196,032)	-
TOTAL REVENUES AND OTHER SUPPORT	686,274	340,569	1,026,843
EXPENSES			
Program Services (Page 5)	454,724	-	454,724
Supporting Services			
Management and General (Page 5)	177,423	-	177,423
Fundraising (Page 5)	-	-	-
Total Supporting Services	177,423	-	177,423
TOTAL EXPENSES	632,147	-	632,147
INCREASE IN NET ASSETS	54,127	340,569	394,696
NET ASSETS - BEGINNING OF YEAR	183,534	611,359	794,893
NET ASSETS - END OF YEAR	$ 237,661	$ 951,928	$ 1,189,589

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

HOMEOWNERSHIP COUNCIL OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
EXPENSES				
Advertising (Note A)	$ 30,448	$ 347	$ -	$ 30,795
Bank Charges	45	1,208	-	1,253
Contributions	-	350	-	350
DPA Fees	240	-	-	240
Dues and Subscriptions	1,504	103	-	1,607
Employee Health Insurance and Benefits	-	18,229	-	18,229
Insurance	-	5,676	-	5,676
Interest	-	328	-	328
Meetings	15,015	1,513	-	16,528
Office Supplies and Software	11,526	8,619	-	20,145
Other Business Expenses	-	14,917	-	14,917
Payroll Tax Expense	23,901	6,435	-	30,336
Professional Services	39,721	16,315	-	56,036
Taxes and Licenses	-	200	-	200
Travel	47,361	10,803	-	58,164
Wages and Salaries	284,963	90,517	-	375,480
Website	-	1,005	-	1,005
Utilities	-	858	-	858
TOTAL EXPENSES	$ 454,724	$ 177,423	$ -	$ 632,147

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

HOMEOWNERSHIP COUNCIL OF AMERICA
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in Net Assets	$ 54,127	$ 340,569	$ 394,696
Adjustments to Reconcile Net Income to Net Cash Provided(Used) by Operating Activities:			
Accounts Receivable	(41,375)	-	(41,375)
Donations Receivable	-	(199,600)	(199,600)
Employee Retention Credit Receivable	87,146	-	87,146
Employee Advances	5,097	-	5,097
Prepaid Expenses	1,402	-	1,402
Loans Receivable	(139,947)	-	(139,947)
Accounts Payable & Accrued Expenses	2,704	-	2,704
Interfund Due (to)/from Balance	140,969	(140,969)	-
CASH PROVIDED BY OPERATING ACTIVITIES	110,123	-	110,123
Cash and Cash Equivalents at Beginning of Year	392,307	-	392,307
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 502,430	$ -	$ 502,430

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

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Homeownership Council of America ("The Organization") was incorporated under the laws of the State of California on December 11, 2006, under the name Housing Opportunities Collaborative. On February 1, 2019, the Organization filed amended articles of incorporation to change its name to Homeownership Council of America. The Organization has adopted a December 31 year end for reporting requirements.

2. Homeownership Council of America is a California nonprofit public benefit organization. The Organization's mission is to build more equitable access to homeownership credit for America's underserved communities by providing unique services to other nonprofits, community development financial institutions, mortgage lenders and investors supplying access to credit for the underserved.

3. Financial Statement Presentation-The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets with donor restrictions and net assets without donor restrictions be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. The classes are defined as follows:

   Net Assets with Donor Restrictions-Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities and changes in net assets.

   Net Assets without Donor Restrictions are the part of net assets that are not restricted by donor-imposed stipulations.

4. Use of Estimates-The preparation of financial statements in conformity with 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

5. Cash & Cash Equivalents for purposes of the statement of cash flows, include cash on hand, cash in checking and savings accounts with banks. All short-term debt securities with a maturity of three months or less are considered cash equivalents. The Organization did not have any cash equivalents at December 31, 2023.

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

6. Certificate of Deposit-A certificate of deposit totaling $100,000 is included in cash and equivalents in the accompanying financial statements as of December 31, 2023. The certificate bears interest at 1.00% and has a maturity of less than six months, with penalties for early withdrawal. Any penalties for withdrawal would not have a material effect on the financial statements.

7. Concentration of Cash and Credit Risk-The Organization maintains deposits in financial institutions that at times may exceed the insured amount of $250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At yearend, the Organization had uninsured cash balances totaling $125,219.

8. Revenue Recognition-Revenues are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or received with donor stipulations that limit the use of the donated assets are reported as revenues with donor restrictions. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor restricted revenues that are either spent or deemed spent within the same fiscal year as received or earned are reported as unrestricted revenues.

9. Accounts Receivable consist of fees related to services performed by the Organization that were completed in the current year but were not received as of the statement of financial position date. Management determines an allowance for doubtful accounts based on specific identification of uncollectible receivable and historical collection rates. Uncollectible receivables are written off after all attempts at collection are exhausted. Management has determined that all receivables are collectible at December 31, 2023.

10. Donations Receivable consist of promises of donations which are to be realized with one year. The Organization accounts for bad debts using the allowance method by expensing the estimated promises to give what management considers to be uncollectible, or realizable at less than full value. Management has determined that all donations receivable are collectible at December 31, 2023.

11. Contributed Services-During the year ended December 31, 2023, the value of contributed services meeting the requirements for recognition in the financial statements were not material and have not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization at its facilities, but these services do not meet the criteria for recognition as contributed services.

12. Advertising, Marketing and Promotion Costs-The Organization follows the policy of charging these costs to expense as incurred. Advertising expenses were $30,795 for the year ended December 31, 2023.

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

13. Property and Equipment are recorded at cost, or if donated, at approximate value at the date of the gift. The straight-line method of depreciation is followed for financial reporting purposes and for federal income tax purposes. Depreciation is provided in amounts sufficient to relate the cost of assets to operations over their estimated service lives or the lives of the respective leases, whichever is shorter. Maintenance and repairs are charged to expense. Gains and losses on dispositions are credited or charged to earnings as incurred. The Organization has no property or equipment.

14. Leases-Effective January 1, 2022, the Organization adopted the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, "*Leases* (Topic 842)" and all related amendments. The Organization elected to apply the practical expedient of foregoing the restatement of comparative periods. In addition, the Organization elected the practical expedients permitted under transition guidance to not reassess leases entered into prior to adoption. As permitted under ASC 842, the Organization made an accounting policy election to exempt leases with an initial term of 12 months or less from statement of financial position recognition. Instead, short-term leases are expensed over the lease term with no impact to the statement of financial position. Under this approach, operating leases are measured and recorded as operating leases as of January 1, 2022, and existing capital leases are carried over at their carrying value and classified as finance leases. The Organization had no operating or finance leases as of December 31, 2023.

15. Functional Allocation of Expenses-Costs to provide various activities and programs have been summarized on a functional basis in the statement of functional expenses. Direct costs are allocated to the activities that incurred the costs. General and other certain costs are allocated among the programs that received the benefits.

16. Fair Value of Financial Instruments-Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, "*Fair Value Measurements and Disclosures*", defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

    Cash and Cash Equivalents, Accounts Receivable, Donations Receivable, Accounts Payable and Accrued Liabilities-The carrying amounts reported on the statement of financial position for these items are a reasonable estimate of fair value.

NOTE B-INCOME TAXES:

The Organization is exempt, except for unrelated business income, from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for current or deferred income tax expense is recorded in the financial statements.

The Organization adopted the provisions of FASB ASC Topic 740-10, "*Income Taxes*" regarding accounting for uncertain income tax positions. Management is not aware of any tax positions that are more likely than no to change in the next 12 months, or that would sustain an examination by applicable taxing authorities.

The Organization recognizes penalties and interest arising from uncertain tax positions as incurred in the statement of activities, which totaled $0, during the year ended December 31, 2023.

The federal and state income tax returns of the Organization are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

NOTE C-RETIREMENT PLAN:

The Organization does currently does not sponsor a retirement plan.

NOTE D-SUBSEQUENT EVENT:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 27, 2025, the date the financial statements were available to be issued.

There were no subsequent events that require adjustments to and disclosures in the financial statements as of and for the year ended December 31, 2023.

NOTE E-LOANS RECEIVABLE:

Under the Organization's homeownership down payment assistance programs, the Organization offers downpayment assistance loans for the lesser of 3% of the purchase price or $9,000. The program is open to Black, Indigenous, People of Color and Low-to-Moderate-Income, First Time Home Buyers. The loans charge no interest, payments are deferred and are fully forgivable upon the borrower's owner-occupancy in the subject property for at least 5 years. As of December 31, 2023 loans receivable totaled $166,947.

NOTE F-LEASES:

At December 31, 2023, The Organization had no operating or finance leases.

NOTE G-FAIR VALUE MEASUREMENTS:

FASB ASC Topic 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC Topic 820, the following summarizes the fair value hierarchy:

Level 1 Inputs—Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs—Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs—Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC Topic 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2023, there were no assets and liabilities measured at fair value.

NOTE H-NET ASSETS WITHOUT DONOR RESTRICTIONS:

The Board of Directors of Homeownership Council of America has several policies that affect the presentation of board designations of net assets. As of December 31, 2023, the Board of Directors did not designate any self-imposed restrictions on the use of net assets without donor restrictions.

NOTE I-NET ASSETS WITH DONOR RESTRICTIONS:

Net asset with donor restrictions, as of December 31, 2023 are restricted for the following purpose:

Downpayment Assistance Program	$ 951,928

NOTE J-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects Homeownership Council of America's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions.

Current assets, excluding non-financial assets	$ 1,031,505
Subtract: Donor restrictions for specific purposes	951,928
Financial assets available to meet cash needs for general expenditures within one year	$ 79,577

NOTE K-NEW ACCOUNTING STANDARDS:

In March 2016, the FASB issued ASU 2016-02 "*Leases* (Topic 842)", which provides guidance for accounting for leases. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or a straight-line basis over the term of the lease. Accounting for lessors remains largely unchanged from current GAAP.

Effective January 1, 2022, the Organization adopted the requirements of ASU 2016-02 and all related amendments. As presented in Note F, the Organization had no operating or finance leases as of the implementation date, thus the adoption of ASU 2016-02 had no impact on the Organization's financial statements.