PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

PROJECT HOME AND SUBSIDIARIES

CONTENTS

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Project HOME and Subsidiaries
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Project HOME (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Project HOME and Subsidiaries ("Project HOME") as of June 30, 2023, and the changes in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project HOME 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.

Prior Period Financial Statements

The financial statements of Project HOME as of and for the year ended June 30, 2022, were audited by Friedman LLP whose practice was combined with Marcum LLP as of September 1, 2022, and whose report dated December 26, 2022, expressed an unmodified opinion on those statements.

Marcum LLP / 1601 Market Street / 4th Floor / Philadelphia, PA 19103 / **Phone** 215.297.2100 / **marcumllp.com**

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Project HOME and Subsidiaries' 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project HOME and Subsidiaries' 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.

Marcum LLP

Philadelphia, Pennsylvania
December 20, 2023

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Current Assets		
Cash	$ 8,483,952	$ 4,325,529
Restricted cash, current portion	213,001	222,035
Accounts and grants receivable, net of allowance	9,392,185	7,782,237
Accounts receivable, related parties	3,113,734	4,371,831
Pledges receivable, current portion	8,173,558	5,818,952
Interest and fees receivable, related parties, current portion	777,472	1,135,129
Other current assets	785,171	1,011,947
Total Current Assets	30,939,073	24,667,660
Restricted Cash, net of current portion	455,533	322,521
Investments	53,938,293	42,359,205
Investments, Replacement and Operating Reserves	19,721,446	20,219,955
Replacement and Cash Reserves	369,399	431,199
Deposits	73,131	95,883
Pledges Receivable, net of current portion and discounts	17,615,279	5,114,632
Notes Receivable, Related Parties	18,137,643	18,203,669
Interest and Fees Receivable, Related Parties, net of current portion and allowance	5,627,412	5,949,610
Construction-in-Progress	534,495	1,972,144
Land, Property and Equipment, net of accumulated depreciation	25,231,113	22,151,561
Operating Right-of-Use Assets, net	11,704,003	--
Total Non-Current Assets	153,407,747	116,820,379
Total Assets	$ 184,346,820	$ 141,488,039

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2023 AND 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 3,769,512	$ 4,010,137
Deferred revenue	441,937	42,264
Operating lease liabilities, current portion	524,289	--
Total Current Liabilities	4,735,738	4,052,401
Notes payable	13,166,357	13,166,357
Operating lease liabilities, net of current portion	12,535,907	--
Deferred rent obligation	--	1,231,553
Total Long-Term Liabilities	25,702,264	14,397,910
Total Liabilities	30,438,002	18,450,311
Commitments and Contingencies		
Net Assets		
Without donor restrictions		
Undesignated	47,921,269	47,192,268
Designated	25,572,506	23,430,599
	73,493,775	70,622,867
With donor restrictions	80,415,043	52,414,861
Total Net Assets	153,908,818	123,037,728
Total Liabilities and Net Assets	$ 184,346,820	$ 141,488,039

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operations			
Revenue, Gains and Other Support			
Contracts, government funding	$ 14,249,789	$ --	$ 14,249,789
Contributions and grants	4,650,542	39,983,044	44,633,586
Donated property, goods and services	243,514	--	243,514
Medicaid/Medicare, net	5,184,595	--	5,184,595
Program income and fees, related parties	3,742,938	--	3,742,938
Program income and fees, other	3,354,093	--	3,354,093
Investment income, net	4,064,547	1,653,362	5,717,909
Special events	278,838	--	278,838
Net assets released from restrictions - satisfaction of program restrictions	7,747,380	(7,747,380)	--
Total Revenue, Gains and Other Support	43,516,236	33,889,026	77,405,262
Expenses			
Program Services			
Housing and support services	8,422,310	--	8,422,310
Outreach services	2,558,420	--	2,558,420
Education and employment services	2,178,708	--	2,178,708
Health services	9,995,311	--	9,995,311
Strategy and impact services	905,144	--	905,144
Real estate development and asset management	1,138,486	--	1,138,486
Property management services	9,956,645	--	9,956,645
Total Program Services	$ 35,155,024	$ --	$ 35,155,024

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Supporting Services			
Management and general	$ 5,481,964	$ --	$ 5,481,964
Fund-raising and communications	1,965,314	--	1,965,314
Total Supporting Services	7,447,278	--	7,447,278
Total Expenses	42,602,302	--	42,602,302
Changes in Net Assets From Operations	913,934	33,889,026	34,802,960
Nonoperating Expenses			
Forgiveness of note receivable and interest, related party	3,343,179	--	3,343,179
Housing development expenses	592,191	--	592,191
Total Nonoperating Expenses	3,935,370	--	3,935,370
Capital Acquisitions and Financing			
Revenue and support for capital acquisitions and financing	3,500	--	3,500
Net assets released from restrictions for capital acquisition and financing	3,023,493	(3,023,493)	--
Net assets released from restrictions for plant acquisitions	2,865,351	(2,865,351)	--
Changes in Net Assets From Capital Acquisitions and Financing	5,892,344	(5,888,844)	3,500
Changes in Net Assets	2,870,908	28,000,182	30,871,090
Net Assets, Beginning of Year	70,622,867	52,414,861	123,037,728
Net Assets, End of Year	$ 73,493,775	$ 80,415,043	$ 153,908,818

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operations			
Revenue, Gains and Other Support			
Contracts, government funding	$ 12,477,500	$ --	$ 12,477,500
Contributions and grants	5,609,550	19,300,395	24,909,945
Donated property, goods and services	174,991	--	174,991
Forgiveness of debt, net of debt issuance costs	4,056,477	--	4,056,477
Medicaid/Medicare, net	5,420,785	--	5,420,785
Program income and fees, related parties	4,607,504	--	4,607,504
Program income and fees, other	3,850,143	--	3,850,143
Investment income, net	(3,167,660)	(2,312,353)	(5,480,013)
Special events	269,988	--	269,988
Net assets released from restrictions - satisfaction of program restrictions	7,511,057	(7,511,057)	--
Total Revenue, Gains and Other Support	40,810,335	9,476,985	50,287,320
Expenses			
Program Services			
Housing and support services	7,472,397	--	7,472,397
Outreach services	2,310,757	--	2,310,757
Education and employment services	2,013,521	--	2,013,521
Health services	10,822,032	--	10,822,032
Strategy and impact services	995,387	--	995,387
Real estate development and asset management	1,026,854	--	1,026,854
Property management services	9,299,703	--	9,299,703
Total Program Services	$ 33,940,651	$ --	$ 33,940,651

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Supporting services			
Management and general	$ 4,998,882	$ --	$ 4,998,882
Fund-raising and communications	2,007,009	--	2,007,009
Total Supporting Services	7,005,891	--	7,005,891
Total Expenses	40,946,542	--	40,946,542
Changes in Net Assets From Operations	(136,207)	9,476,985	9,340,778
Nonoperating Expenses			
Housing development expenses	2,466,695	--	2,466,695
Total Nonoperating Expenses	2,466,695	--	2,466,695
Capital Acquisitions and Financing			
Revenue and support for capital acquisitions and financing	52,416	--	52,416
Net assets released from restrictions for capital acquisition and financing	2,757,680	(2,757,680)	--
Net assets released from restrictions for plant acquisitions	939,324	(939,324)	--
Changes in Net Assets From Capital Acquisitions and Financing	3,749,420	(3,697,004)	52,416
Changes in Net Assets	1,146,518	5,779,981	6,926,499
Net Assets, Beginning of Year	69,476,349	46,634,880	116,111,229
Net Assets, End of Year	$ 70,622,867	$ 52,414,861	$ 123,037,728

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services								Supporting Services			
	Housing and Support Services	Outreach Services	Education and Employment Services	Health Services	Strategy and Impact Services	Real Estate Development and Asset Management	Property Management Services	Total Program Services	Management and General	Fund-raising and Communications	Total Supporting Services	Total Expenses
Salaries	$ 5,528,890	$ 1,602,239	$ 1,186,310	$ 5,141,867	$ 598,457	$ 698,256	$ 2,276,315	$ 17,032,334	$ 3,370,774	$ 974,206	$ 4,344,980	$ 21,377,314
Payrol taxes and fringe benefits	1,339,728	347,972	262,990	1,136,606	154,200	133,159	521,364	3,896,019	659,852	219,349	879,201	4,775,220
Occupancy	260,988	156,199	44,942	362,382	37,088	1,958	1,993,854	2,857,411	112,050	48,403	160,453	3,017,864
Rent subsidy	--	6,600	--	--	--	--	2,226,802	2,233,402	--	--	--	2,233,402
Professional fees	69,278	39,130	98,459	649,825	15,092	129,434	460,001	1,461,219	488,906	186,816	675,722	2,136,941
General expenses	202,793	30,619	39,641	483,338	20,107	11,293	45,210	833,001	569,764	91,231	660,995	1,493,996
Bad debt	--	13,327	8,310	1,225,589	--	--	237,492	1,484,718	--	--	--	1,484,718
Equipment rentals and maintenance	201,559	37,489	211,609	408,761	48,292	12,834	69,753	990,297	166,247	115,487	281,734	1,272,031
Other program expenses	213,368	60,523	85,807	69,527	17,915	84,864	423,825	955,829	17,042	21,797	38,839	994,668
Supplies	108,368	44,085	57,227	354,011	1,753	2,629	40,447	608,520	21,903	5,214	27,117	635,637
Interest expense	--	--	--	--	--	--	548,355	548,355	14	--	14	548,369
Communication expenses	143,897	31,644	24,418	85,926	8,504	7,717	26,534	328,640	44,302	6,112	50,414	379,054
Food expenses	206,166	64,558	10,148	18,051	2,216	56,342	--	357,481	333	--	333	357,814
Fundraising	--	--	--	--	--	--	--	--	--	296,699	296,699	296,699
Education fund	--	--	100,792	--	--	--	--	100,792	--	--	--	100,792
Total Expenses Before Depreciation	8,275,035	2,434,385	2,130,653	9,935,883	903,624	1,138,486	8,869,952	33,688,018	5,451,187	1,965,314	7,416,501	41,104,519
Depreciation	147,275	124,035	48,055	59,428	1,520	--	1,086,693	1,467,006	30,777	--	30,777	1,497,783
Total Expenses	$ 8,422,310	$ 2,558,420	$ 2,178,708	$ 9,995,311	$ 905,144	$ 1,138,486	$ 9,956,645	$ 35,155,024	$ 5,481,964	$ 1,965,314	$ 7,447,278	$ 42,602,302

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services								Supporting Services			
	Housing and Support Services	Outreach Services	Education and Employment Services	Health Services	Strategy and Impact Services	Real Estate Development and Asset Management	Property Management Services	Total Program Services	Management and General	Fund-raising and Communications	Total Supporting Services	Total Expenses
Salaries	$ 4,928,420	$ 1,369,180	$ 1,156,924	$ 5,608,001	$ 680,098	$ 645,237	$ 2,453,885	$ 16,841,745	$ 3,080,284	$ 998,872	$ 4,079,156	$ 20,920,901
Payroll taxes and fringe benefits	1,220,704	317,468	298,013	1,262,490	167,481	125,041	567,370	3,958,567	622,065	238,136	860,201	4,818,768
Occupancy	211,966	185,886	38,228	353,144	27,011	5,913	1,958,021	2,780,169	118,005	47,115	165,120	2,945,289
Rent subsidy	--	7,150	--	--	--	--	2,125,329	2,132,479	--	--	--	2,132,479
Professional fees	72,351	1,941	88,291	691,423	43	203,894	418,869	1,476,812	316,098	146,937	463,035	1,939,847
Bad debt	--	--	--	1,353,641	--	--	1,278	1,354,919	--	--	--	1,354,919
Equipment rentals and maintenance	145,439	45,876	101,135	492,187	83,670	12,153	56,869	937,329	289,352	73,054	362,406	1,299,735
General expenses	163,499	31,830	50,921	354,442	18,344	11,172	61,283	691,491	466,424	120,445	586,869	1,278,360
Supplies	101,297	25,193	57,607	398,642	1,950	5,196	82,337	672,222	14,635	4,509	19,144	691,366
Other program expenses	142,838	110,935	48,101	169,272	4,585	7,183	83,938	566,852	36,369	4,864	41,233	608,085
Interest expense	--	--	--	--	--	--	520,230	520,230	5,005	--	5,005	525,235
Fundraising	--	--	--	--	--	--	--	--	--	369,205	369,205	369,205
Communication expenses	142,805	29,932	26,090	70,726	9,640	8,800	29,048	317,041	20,468	3,872	24,340	341,381
Food expenses	219,729	46,554	7,368	5,445	1,045	2,265	--	282,406	--	--	--	282,406
Education fund	--	--	90,708	--	--	--	--	90,708	--	--	--	90,708
Total Expenses Before Depreciation	7,349,048	2,171,945	1,963,386	10,759,413	993,867	1,026,854	8,358,457	32,622,970	4,968,705	2,007,009	6,975,714	39,598,684
Depreciation	123,349	138,812	50,135	62,619	1,520	--	941,246	1,317,681	30,177	--	30,177	1,347,858
Total Expenses	$ 7,472,397	$ 2,310,757	$ 2,013,521	$ 10,822,032	$ 995,387	$ 1,026,854	$ 9,299,703	$ 33,940,651	$ 4,998,882	$ 2,007,009	$ 7,005,891	$ 40,946,542

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Changes in net assets	$ 30,871,090	$ 6,926,499
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	1,497,783	1,347,858
Increase in pledges receivable discount	1,690,353	172,181
Bad debt expense	1,484,718	1,354,919
Forgiveness of note receivable and interest, related party	3,343,179	--
Net realized and unrealized (gains) losses on investments	(3,204,489)	7,831,048
Contributed securities	(1,425,236)	(3,419,385)
Amortization of operating right-of-use assets	603,079	--
Accretion of operating lease liability	448,897	--
Forgiveness of debt, net of debt issuance costs	--	(4,004,200)
Contributions restricted for long-term purposes	(712,720)	(888,489)
Changes in operating assets and liabilities		
Accounts and grants receivable	(3,094,666)	(2,223,692)
Accounts receivable, related parties	1,258,097	(2,525,837)
Pledges receivable	(16,545,606)	(3,530,030)
Other current assets	226,776	(196,798)
Deposits	22,752	(16,682)
Interest and fees receivable, related parties	202,832	(1,025,329)
Accounts payable and accrued expenses	(240,625)	(294,474)
Deferred revenue	399,673	(32,778)
Operating lease liabilities	(927,337)	--
Deferred rent obligation	--	118,872
Net Cash Provided by (Used in) Operating Activities	15,898,550	(406,317)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	935,492	1,949,921
Purchase of investments	(7,386,346)	(3,371,178)
Collection of notes receivable, related parties	--	1,650,000
Issuance of notes receivable, related parties, net	(2,800,130)	(5,287,116)
Purchase of land, property and equipment and construction-in-progress	(3,139,685)	(2,138,751)
Net Cash Used in Investing Activities	$ (12,390,669)	$ (7,197,124)

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	$ 712,720	$ 888,489
Proceeds from notes payable	--	750,000
Net Cash Provided by Financing Activities	712,720	1,638,489
Net Increase (Decrease) in Cash and Restricted Cash	4,220,601	(5,964,952)
Cash and Restricted Cash, Beginning of Year	5,301,284	11,266,236
Cash and Restricted Cash, End of Year	$ 9,521,885	$ 5,301,284
Reconciliation of Cash and Restricted Cash, Beginning of Year		
Cash	$ 4,325,529	$ 9,776,286
Restricted - Residents' security deposits	33,796	33,034
Restricted - Residents' escrow	128,204	128,165
Restricted - Employees' flexible spending accounts	60,035	77,670
Restricted - Note payable collateral	322,521	325,561
Replacement and cash reserves	431,199	925,520
Cash and Restricted Cash, Beginning of Year	$ 5,301,284	$ 11,266,236
Reconciliation of Cash and Restricted Cash, End of Year		
Cash	$ 8,483,952	$ 4,325,529
Restricted - Residents' security deposits	33,094	33,796
Restricted - Residents' escrow	130,438	128,204
Restricted - Employees' flexible spending accounts	49,469	60,035
Restricted - Note payable collateral	322,553	322,521
Restricted - escrow - RJD	132,980	
Replacement and cash reserves	369,399	431,199
Cash and Restricted Cash, End of Year	$ 9,521,885	$ 5,301,284

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

NOTE 1 - NATURE OF ORGANIZATION

NATURE OF ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

Project HOME (an acronym for Housing, Opportunities, Medical Care and Education) was formed as a nonprofit corporation in 1989. The mission of Project HOME is to empower adults, children and families to break the cycle of homelessness and poverty, to alleviate the underlying causes of poverty, and to enable all of us to attain our fullest potential as individuals and as members of the broader society.

The accompanying consolidated financial statements include the accounts of Project HOME and its Subsidiaries, People of Piety, Inc., 1415 Fairmount Development Corporation, 2415 North Broad Development Corporation, 810 Arch Development Corporation, 1301 North 8th Development Corporation, 1315 North 8th Development Corporation, 1920 East Orleans Development Corporation, KRR Development Corporation, RJD General Partner Inc. and KP 15 General Partner Inc. (collectively, the “Organization”). All intercompany activities are eliminated. These subsidiaries are Pennsylvania not for profit stock corporations formed for the purpose of acquiring, developing and managing affordable housing for low and very-low-income individuals. Project HOME owns 100% of the stock of these corporations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP).

REVENUES AND SUPPORT

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), *Revenue from Contracts with Customers* (Topic 606) (“ASC 606”), the Organization recognizes contract revenue when the following criteria are met: 1) Contract with the customer has been identified; 2) Performance obligations in the contract have been identified; 3) Transaction price has been determined; 4) The transaction price has been allocated to the performance obligations; and 5) When (or as) performance obligations are satisfied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES AND SUPPORT (CONTINUED)

Program Income and Fees

In accordance with ASC 606, the Organization recognizes revenues from program income and fees in the period in which obligations are satisfied over time or a point in time. Revenues from services including management, development and other contracted services are recognized over time and was $5,400,260 and $6,647,179 for the years ended June 30, 2023 and 2022, respectively. Net revenues from pharmacy sales are recognized at a point in time and was $1,696,771 and $1,810,468 for the years ended June 30, 2023 and 2022, respectively.

Medicare/Medicaid

In accordance with ASC 606, the Organization recognizes revenues in the period in which obligations to provide health care services are satisfied and reports the amount that reflects the consideration that the Organization expects to receive. The contractual relationships with patients, in most cases, also involve a third-party payer (e.g., Medicare, Medicaid and commercial insurance companies) and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers. The payment arrangements with third-party payers for the services provided to the related patients typically specify payments at amounts less than the Company’s standard charges. The Organization continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals. Medicare/Medicaid revenues are recognized as performance obligations are satisfied. Performance obligations are based on the nature of services provided. Typically, the Organization recognizes revenue at a point in time in which services are rendered.

Contracts, Government Funding

In accordance with ASC 958, *Not-for-Profit Entities* (Topic 958), funding from government contracts is generally considered a nonreciprocal transaction. The Organization receives funds on a cost reimbursement basis as well as based on fixed rates as established in the contracts. This revenue has been deemed contribution revenue as the services provided by the Organization benefit the general public and the funders do not receive commensurate value in exchange. The revenue is recognized as the costs are incurred and billed to the funders.

Conditional contributions and grants generally have a right of return in the contract, in which Project HOME must invoice the agencies for costs incurred under the grant. Project HOME is not entitled to the funds if the costs are not incurred. Such conditional contributions have barriers in the contracts that require Project HOME to incur qualifying expense for certain programs. The contracts are not exchange transactions; thus, Project HOME recognizes revenue when the conditions and barriers are met. As of June 30, 2023, the outstanding amount not yet recognized is $427,860.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES AND SUPPORT (CONTINUED)

Contributions and Grants
In accordance with ASC 958, grants awarded to the Organization, which are generally considered nonreciprocal transactions restricted by funders/supporters for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the grant agreements are met.

Contributions of cash and other assets to the Organization are reported as contributions and recorded at fair value on the date the promise is received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Contributions received for specific purposes or with donor stipulations are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Special Events
Revenue earned from sponsorships or attendance at fundraising events is recognized at the time of the event. Revenue from sponsorships is considered conditional contribution revenue as they are generally nonreciprocal transactions. Revenue from ticket sales is considered an exchange transaction for the value received. Ticket sales and contributions received in advance of the event are recorded as deferred revenue and refundable advances, respectively, until the event is held.

Accounts receivable and deferred revenue as of July 1, 2021 was $8,759,458 and $75,042, respectively.

NET ASSETS

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

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor restrictions. From time to time, the Board of Trustees or management may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets subject to donor-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 or purposes specified by the donor.Other donor-imposed restrictions are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

DONATED PROPERTY, GOODS AND SERVICES

In fiscal year 2023, Project HOME adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. There were no donor restrictions related to the in-kind contributions and the Organization does not sell the in-kind contributions. See Note 14.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RESTRICTED CASH

In accordance with the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-18 (“ASU 2016-18”), Statement of Cash Flows (Topic 230), the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH (CONTINUED)

equivalents. Accordingly, the consolidated statements of cash flows present a reconciliation of the changes in cash and cash equivalents and restricted cash.

Restricted cash, current portion, includes $213,001 and $222,035 as of June 30, 2023 and 2022, respectively, for residents' security deposits, escrows and employees' flexible spending accounts.

For the years ended June 30, 2023 and 2022, the Organization has a restricted interest-bearing cash account on deposit with a bank to be used as collateral for a $1,000,000 note payable to Wells Fargo (see Note 9). The balance in this account of $322,554 and $322,521, as of June 30, 2023 and 2022, respectively, will remain on deposit with the bank until the terms of the note have been met. In addition in 2023, the Organization opened an interest-bearing pledged operating reserve account with another bank that will be used to fund operating deficits incurred by the related partnership entity after the date of the stabilized operations capital contribution. The balance in this account is $132,979 as of June 30, 2023.

REPLACEMENT, OPERATING AND CASH RESERVES

As of June 30, 2023 and 2022, the Organization has designated reserves of $20,090,845 and $20,651,154, respectively, for future operations as well as building and equipment replacements. These reserves are comprised of a combination of cash and investments.

ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of these parties to meet their obligations. Receivables are considered uncollectible if payments are not received in accordance with contract and grant terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts was approximately $736,000 and $1,335,000 as of June 30, 2023 and 2022, respectively.

PLEDGES RECEIVABLE

Unconditional promises to give are recognized as support in the period pledged. Management believes that any uncollectible amounts are insignificant, and therefore no allowance has been reflected in the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PLEDGES RECEIVABLE (CONTINUED)

Valuation of these receivables takes place at the time of contribution. Pledges due beyond one year are discounted to the estimated present value of the future receipts using U.S. Treasury rates at the time of the pledges. The rates used range from 0.87% to 4.49%.

NOTES RECEIVABLE, RELATED PARTIES

Notes receivable, related parties represent loans provided to related entities to fund predevelopment and development costs for the development of various housing projects and the wellness center (see Note 7). Management evaluates these notes to determine whether it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreements based on current information and events for the purpose of recognition of impairment losses. Management has determined that none of the individual notes are deemed to be impaired, and therefore no impairment loss has been reflected in the consolidated financial statements.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their quoted or estimated fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities and changes in net assets. Specifically identified cost is used to determine realized gains and losses for investments sold (see also Notes 4 and 5 for investment information).

ADOPTION OF FASB ASC 842

Effective January 1, 2022, the Organization adopted FASB Accounting Standards Codification ("ASC") 842, *Leases* (ASC 842). The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The Organization elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Organization will not recognize right-of-use assets or lease liabilities on the statement of financial position. The Organization generally does not have access to the rate implicit in the lease, and therefore the Organization utilizes their borrowing base rate as the discount rate.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF FASB ASC 842 (CONTINUED)

The adoption of ASC 842 resulted in the recognition of operating right-of-use assets and operating lease liabilities of $12,307,082 and $13,538,635, net of deferred rent of $1,231,553, respectively, as of July 1, 2022. The adoption of ASC 842 did not have a material impact on the Organization's results of operations and cash flows. See Note 16.

PROPERTY AND EQUIPMENT AND DEPRECIATION

Purchased property and equipment is stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the asset to a specific purpose. The Organization's threshold for capitalizing property and equipment expenditures is $5,000.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	35 years
Building improvements	5 to 35 years
Land improvements	20 years
Leasehold improvements	5 to 15 years
Furniture and equipment	3 to 5 years
Software	3 to 5 years
Vehicles	3 to 5 years

Depreciation expense was $1,497,783 and $1,347,858 for the years ended June 30, 2023 and 2022, respectively.

DEFERRED REVENUE

Deferred revenue includes grants from government agencies and revenue from other sources that have not been earned at year-end but are expected to be recognized as revenue in the coming year.

INVESTMENTS IN LIMITED PARTNERSHIPS AND HOUSING DEVELOPMENT EXPENSES

The Subsidiaries as defined in Note 1 own .01% of the interest in and are the general partners of several limited partnerships (LPs) as disclosed in Note 13. The investments in these LPs are accounted for under the equity method. These investments are not recoverable and therefore, the capital contributions in these LPs are expensed and included in housing development expenses on the statements of activities and changes in net assets in the year that they are contributed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the consolidated statement of functional expenses. The Organization records expenses, including salaries, taxes and fringe benefits to programs based on direct charges for those costs that can be specifically identified with the respective programs. For those costs that cannot be specifically identified for a program, the Organization allocates such costs based on the most reasonable basis determined by management such as time and effort spent, personnel costs, square footage or headcount, as applicable.

INCOME TAX STATUS

The Internal Revenue Service has classified Project HOME as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"); as an organization, the contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

People of Piety, Inc., 1415 Fairmount Development Corporation, 2415 North Broad Development Corporation, 810 Arch Development Corporation, 1301 North 8th Development Corporation, 1315 North 8th Development Corporation, 1920 East Orleans Development Corporation, KRR Development Corporation, RJD General Partner Inc. and KP 15 General Partner Inc. are Pennsylvania not-for-profit stock corporations with minimal activity, but are not recognized by the Internal Revenue Service as not-for-profit organizations for federal income tax purposes.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. There was no income tax-related interest and penalties recorded for the years ended June 30, 2023 and 2022.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	As of June 30, 2023	As of June 30, 2022
Cash	$ 8,483,952	$ 4,325,529
Accounts and grants receivable	9,392,185	7,782,237
Accounts receivable, related parties	3,113,734	4,371,831
Pledges receivable, current portion	8,173,558	5,818,952
Interest and fees receivable, related parties, current portion	777,472	1,135,129
Investments	73,659,739	62,579,160
Total Financial Assets Available Within One Year	103,600,640	86,012,838
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with purpose restrictions	(56,271,608)	(40,572,073)
Restricted by donor in perpetuity	(6,728,156)	(6,728,156)
Board and management designated funds	(25,572,506)	(23,430,599)
Total Financial Assets Available to Management for General Expenditure Within one Year	$ 15,028,370	$ 15,282,010

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in fiscal year 2024.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Organization has certain time and purpose restricted contributions that will also be available for general expenditures in the next year, which are included as liquid assets available in the next year. Accordingly, these assets have been included in the above table of financial assets available to meet general expenditures within one year.

To help manage unanticipated liquidity needs, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

LIQUIDITY MANAGEMENT

The Organization has various sources of liquidity, including cash and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the cash flow needs on a monthly basis. As a result, management is aware of the nature of the Organization’s cash flow related to its various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs or to support organizational initiatives and development projects. As part of its liquidity plan, excess cash is invested in accordance with the Organization’s investment policy. The Organization has investments that can be liquidated, if needed, and made available to meet current cash flow needs. To help manage unanticipated liquidity needs, the Organization also has a committed line of credit of $2,000,000, all of which was unused and available to draw upon as of June 30, 2023.

NOTE 4 - FAIR VALUE MEASUREMENTS

US GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. US GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). US GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable. There have been no changes in the methodologies.

MONEY MARKET FUNDS, EXCHANGE TRADED FUNDS AND MUTUAL FUNDS (COLLECTIVELY THE "FUNDS")

Valued at the daily closing price as reported by the funds. The funds are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Organization are deemed to be actively traded.

U.S GOVERNMENT AND AGENCY OBLIGATIONS, CORPORATE BONDS AND MORTGAGE-BACKED SECURITIES

Bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. Government obligations and mortgage-backed securities are valued using pricing models maximizing the use of observable inputs for similar securities.

LIMITED PARTNERSHIPS AND PRIVATE EQUITY

Net asset values provided by limited partnership and private equity investees are based on the NAV per share as reported by the investee as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables summarize investment assets measured at fair value:

	Investment Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 12,394,045	$ --	$ --	$ 12,394,045
United States Government and agency obligations	--	5,544,743	--	5,544,743
Corporate bonds	--	4,473,342	--	4,473,342
Exchange traded funds	29,089,587	--	--	29,089,587
Mutual funds	21,512,332	--	--	21,512,332
Total Investment in the Fair Value Hierarchy	62,995,964	10,018,085	--	73,014,049
Limited partnerships and private equity funds reported at net asset value as a practical expedient	--	--	645,690	645,690
Total Investment Assets at Fair Value	$ 62,995,964	$ 10,018,085	$ 645,690	$ 73,659,739

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

	Investment Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 7,712,542	$ --	$ --	$ 7,712,542
United States Government and agency obligations	--	4,568,654	--	4,568,654
Corporate bonds	--	3,754,819	--	3,754,819
Exchange traded funds	25,084,797	--	--	25,084,797
Mutual funds	21,295,950	--	--	21,295,950
Total Investment in the Fair Value Hierarchy	54,093,289	8,323,473	--	62,416,762
Private equity funds reported at net asset value as a practical expedient	--	--	--	162,398
Total Investment Assets at Fair Value	$ 54,093,289	$ 8,323,473	$ --	$ 62,579,160

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE 5 - INVESTMENT INCOME (LOSS)

Investment income (loss) consists of the following:

	2023	2022
Investment income (loss)		
Interest and dividends	$1,914,392	$ 1,805,303
Net realized and unrealized gains (loss)	3,204,489	(7,831,048)
	5,118,881	(6,025,745)
Interest earned on notes receivable, related parties and cash operating accounts	817,471	764,369
Less: investment management fees	(218,443)	(218,637)
Total Investment Income (Loss)	$5,717,909	$ (5,480,013)

NOTE 6 - PLEDGES RECEIVABLE

Promises to give included in temporarily and permanently restricted revenue are as follows:

	June 30,	
	2023	2022
Receivable in less than one year - gross	$ 8,173,558	$ 5,818,952
Receivable in one to five years - gross	18,800,000	4,609,000
Receivable in more than five years	1,045,000	1,045,000
Less total discounts to net present value	(2,229,721)	(539,368)
Net Receivable in One to Five Years	17,615,279	5,114,632
Total Net Pledges Receivable	$25,788,837	$ 10,933,584

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES

Notes receivable, related parties consist of various loans entered into as follows (see also Note 13):

	June 30,	
	2023	2022
In July 2003, to assist with the development and construction of a housing project on behalf of 1929 Sansom Limited Partnership, and to satisfy the outstanding acquisition and predevelopment loans, a note totaling $2,866,156 was received; collateralized by a fourth-position lien and bears interest at 4.51% per year. In June 2023, the principal and related accrued interest was forgiven by Project HOME and recorded as forgiveness of note receivable, related party on the consolidated Statement of Activities and Changes in Net Assets. (a)(b)	$ --	$ 2,866,156
In April 2009, to assist with the development and construction of a housing project on behalf of 1212 Ludlow Limited Partnership, a note totaling $677,750 was received; collateralized by a fourth-position lien and bears interest at 3.67% per year; total interest of $24,874 and $24,839 was accrued during each of the years ended June 30, 2023 and 2022; accrued interest as of June 30, 2023 and 2022 was $353,067 and $328,193, respectively. (c)	677,750	677,750
In October 2012, to assist with the acquisition of a ground lease and the construction of a housing project on behalf of 1415 Fairmount Limited Partnership, a note totaling $600,000 was received; collateralized by a third-position lien and bears interest at 7% per year compounded monthly; no interest and principal due until the maturity date of the note in October 2042; total interest of $85,626 and $79,854 was accrued during the years ended June 30, 2023 and 2022, respectively; accrued interest as of June 30, 2023 and 2022 was $670,112 and $584,486, respectively.	600,000	600,000

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

	June 30, 2023	June 30, 2022
In January 2013, to assist with the construction of a housing project on behalf of 1415 Fairmount Limited Partnership, a note totaling $250,000 was received; collateralized by a second-position lien and bears interest at 2.68% per year compounded monthly; no interest and principal due until the maturity date of the note in October 2042; total interest of $8,745 and $8,514 was accrued during the years ended June 30, 2023 and 2022, respectively; accrued interest as of June 30, 2023 and 2022 was $81,057 and $72,312, respectively.	$ 250,000	$ 250,000
In June 2014, to assist with the acquisition, construction and development of a housing project on behalf of 810 Arch Limited Partnership, a note totaling $3,532,504 was received; collateralized by a third-position lien on the building and bears interest at 7% compounded annually; total interest of $425,435 and $397,603 was accrued during the years ended June 30, 2023 and 2022, respectively; accrued interest as of June 30, 2023 and 2022 was $2,970,579 and $2,545,144, respectively. (d)	3,532,504	3,532,504
In June 2015, to assist with the acquisition, construction and development of a housing project on behalf of 810 Arch Limited Partnership, a non-interest bearing note totaling $500,000 was received; collateralized by a first-position lien; no principal payments due until the maturity date in June 2055.	500,000	500,000
In May 2016, to assist with the acquisition, construction and development of a housing project on behalf of 2415 North Broad Limited Partnership, a note totaling $2,083,071 was received; collateralized by a third-position lien and bears interest at 5% compounded annually; total interest of $115,060 and $128,294 was accrued during the years ended June 30, 2023 and 2022, respectively; accrued interest as of June 30, 2023 and 2022 was $829,826 and $714,766, respectively. (e)	1,827,643	1,827,643

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

	June 30, 2023	June 30, 2022
In May 2016, to assist with the acquisition, construction and development of a housing project on behalf of 2415 North Broad Limited Partnership, a note totaling $862,500 was received; collateralized by a fourth-position lien and bears interest at 5% compounded annually; total interest of $59,587 and $55,480 was accrued during the years ended June 30, 2023 and 2022, respectively; accrued interest as of June 30, 2023 and 2022 was $360,827 and $301,240, respectively. (e)	$ 862,500	$ 862,500
In September 2016, to assist with the construction and development of a housing project on behalf of 2415 North Broad Limited Partnership, a non-interest bearing note totaling $500,000 was received; collateralized by a second-position lien; no principal payments due until the maturity date in May 2048.	500,000	500,000
In October 2019, to assist with the rehabilitation and development of a housing project on behalf of 1920 East Orleans Limited Partnership, a non-interest bearing note totaling $300,000 was received; collateralized by a third - position lien; no principal payments due until the maturity date in May 2055.	300,000	300,000
In May 2020, to assist with the acquisition, construction and development of a housing project on behalf of 1301 North 8th Limited Partnership, a note totaling $1,000,000 was received; collateralized by a third-position lien and bears interest at 6.5% compounded annually; total interest of $74,164 and $69,637 was accrued during the years ended June 30, 2023 and June 30, 2022, respectively; accrued interest as of June 30, 2023 and 2022 was $215,142 and $140,978, respectively. (f)	1,000,000	1,000,000
In July 2021, to assist with the acquisition, rehabilitation and development of a housing project on behalf of 115 East Huntingdon Limited Partnership, a non-interest bearing note with proceeds up to $6,794,500 was received; collateralized by a fifth-position lien. (g)	5,610,692	3,537,116

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

	June 30, 2023	June 30, 2022
In February 2022, to assist with the acquisition, rehabilitation and development of a housing project on behalf of RJD 15 Limited Partnership, a non-interest bearing note totaling $1,000,000 was received; collateralized by a fourth-position lien. (h)	$ 1,000,000	$ 1,000,000
In April 2022, to assist with the acquisition, rehabilitation and development of a housing project on behalf of 115 East Huntingdon Limited Partnership, a non-interest bearing note totaling $750,000 was received; collateralized by a fourth-position lien; no principal or interest payments are due until the maturity date of December 2064.	750,000	750,000
In January 2023, a non-interest bearing loan was made to 1315 N. 8th Limited Partnership in accordance with the Operating Deficit Guaranty Agreement to cover 50% of the operating deficits for the fiscal year ended October 31, 2022. The loan is repayable from the cash flow of the related entity.	26,554	--
In June 2023, to assist with the acquisition, rehabilitation and development of a 144 units of permanent rental housing on behalf of KP 15 Limited Partnership, a note totaling $700,000 was received; collateralized by a fifth-position lien and bears interest at 3.79% annually. (i)	700,000	--
Total Long-Term Notes Receivable, Related Parties	$18,137,643	$18,203,669

(a) In September 2007, the construction loan to 1929 Sansom Limited Partnership was repaid with a permanent loan financed by Project HOME at the same interest rate. Principal and interest on the permanent loan will be due and payable upon the sooner of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of legal or equitable title to the property, or (4) 30 years from the date of the mortgage note (September 2037).

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

(b) In 2007, Project HOME adopted a policy whereby interest on permanent mortgages given to affiliated entities in furtherance of its mission will not be accrued unless it is determined with a high probability that the interest will be repaid pursuant to the terms of the note. Since the high probability threshold could not be satisfied for the interest on the permanent note to 1929 Sansom Limited Partnership, no interest has been accrued on this note since 2007. As of June 30, 2022, the total prior accrued interest owed on the permanent loan to 1929 Sansom Limited Partnership was $477,023.

(c) Principal and accrued interest on the note will be due and payable upon the sooner of (1) the sale of the property, (2) the refinancing of the property, (3) incident of default under the Note Agreement, or (4) the maturity date in June 2040.

(d) Principal and accrued interest on the note will be due and payable upon the sooner of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of the legal or equitable title to the property, or (4) the maturity date in June 2034.

(e) Principal and accrued interest on the note will be due and payable on the earlier of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of legal or equitable title to the property, or (4) the maturity date in May 2048.

(f) Principal and accrued interest on the note will be due and payable on the earlier of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of legal or equitable title to the property, or (4) the maturity date in May 2062.

(g) Principal and accrued interest on the note will be due and payable on the earlier of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of legal or equitable title to the property, or (4) the maturity date in July 2063.

(h) Principal and accrued interest on the note will be due and payable on the earlier of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of legal or equitable title to the property, or (4) the maturity date in December 2062.

(i) Principal and accrued interest on the note will be due and payable on the earlier of (1) the sale of the property, (2) the refinancing of the property, (3) the transfer of legal or equitable title to the property, or (4) the maturity date in June 2065.

NOTE 8 - LAND, PROPERTY AND EQUIPMENT, AND CONSTRUCTION-IN-PROGRESS

Land, property and equipment consists of the following:

	June 30, 2023	June 30, 2022
Land	$ 1,541,196	$ 1,541,196
Land improvements	1,286,332	601,701
Building and building improvements	26,412,464	26,276,887
Leasehold improvements	7,970,970	4,285,407
Furniture and equipment	5,058,152	4,986,589
Software	746,899	746,899
Vehicles	484,132	484,132
	43,500,145	38,922,811
Less accumulated depreciation	(18,269,032)	(16,771,250)
	$ 25,231,113	$ 22,151,561

Construction-in-progress of $534,495 and $1,972,144 as of June 30, 2023 and 2022, respectively, represents costs incurred for current renovation projects as well as leasehold improvement projects not placed in service as of year-end.

During the year ended June 30, 2023, there was no dispositions of property or equipment. During the year ended June 30, 2022, there was a disposition of fully depreciated property of $51,572.

NOTE 9 - NOTES PAYABLE

Notes payable consists of various loans entered into as follows:

	June 30, 2023	June 30, 2022
Unsecured note payable to Pennsylvania Housing Finance Agency for the Honickman Learning Center/Comcast Technology Labs, conditional upon continuation of the facility; to be forgiven in full in 2032. (a)	$ 450,000	$ 450,000
Note payable to Wells Fargo Mortgage advanced from the Federal Home Loan Bank of San Francisco Affordable Housing Program; to be forgiven in full in December 2025; collateralized by a note receivable owed from a related party and a restricted cash collateral account held by the lender. (a)	1,000,000	1,000,000
Note payable to Redevelopment Authority of Philadelphia, noninterest-bearing except in the event of default (as defined in the agreement), for acquisition of a property to provide residential housing; principal balance to be forgiven in November 2025, the fifteenth anniversary of the completion of the development of the property; collateralized by a first mortgage on the property. (a)	944,671	944,671
Note payable to Redevelopment Authority of Philadelphia, noninterest-bearing except in the event of default (as defined in the agreement), for development of a property to provide residential housing; principal balance to be forgiven in May 2041, the thirtieth anniversary of the original date of the note; collateralized by a second mortgage on the property. (a)	8,221,686	8,221,686
Non-interest bearing note payable to Project HOME Community Development Corporation, advanced from Federal Home Loan Bank of Pittsburgh; to be forgiven in full 15 years after completion of the related project; collateralized by a second mortgage on the property. (a)	250,000	250,000

NOTE 9 - NOTES PAYABLE (CONTINUED)

	June 30, 2023	June 30, 2022
Non-interest bearing note payable to PNC Bank N.A., advanced from Federal Home Loan Bank of Pittsburgh; to be forgiven in full 15 years after completion of the related project; collateralized by a second mortgage on the property. (a)	$ 250,000	$ 250,000
Note payable to Capital One Bank, advanced from Federal Home Loan Bank of Atlanta; to be forgiven in full 15 years after completion of the related project collateralized by a second mortgage on the property. (a)	500,000	500,000
Note payable to PNC Bank N.A., advanced from Federal Home Loan Bank of Pittsburgh; to be forgiven in full 15 years after completion of the related project; collateralized by a second mortgage on the property. (a)	500,000	500,000
Note payable to PNC Bank N.A., advanced from Federal Home Loan Bank of Pittsburgh; to be forgiven in full 15 years after the completion of the project; collateralized by a third mortgage on the property. (a)	300,000	300,000
Note payable to PNC Bank, N.A., advanced from Federal Home Loan Bank of Pittsburgh; to be forgiven in full 15 years after completion of the project; collateralized by a fourth mortgage on the property. (a)	750,000	750,000
Total Long-Term Notes Payable (b)	$13,166,357	$13,166,357

NOTE 9 - NOTES PAYABLE (CONTINUED)

(a) These notes are noninterest-bearing. The Organization has recorded imputed interest at 3% to 5% per annum for loans executed since 2011 and at 5% per annum for loans executed prior to 2011, amounting to $548,355 and $520,230 for the years ended June 30, 2023 and 2022, respectively, which is included in contributions revenue and interest expense on the consolidated statements of activities and changes in net assets.

(b) Subject to the conditions of compliance in the various agreements noted above, $13,166,357 of this amount is expected to ultimately be forgiven, rather than repaid by the Organization.

Scheduled future maturities and self-amortizing amounts of long-term debt are as follows:

Year Ending June 30,	Amount	
2024	$ --	
2025	--	
2026	1,944,671	
2027	250,000	
2028	--	
Thereafter	10,971,686	
	$ 13,166,357	(b)

The Organization has available a $2,000,000 revolving bank line-of-credit, which expires on June 30, 2024 and is secured by certain assets of the Organization. There is no outstanding balance on this line-of-credit as of June 30, 2023 and 2022. The line-of-credit bears interest at the bank's prime rate (8.25% and 4.75% as of June 30, 2023 and 2022, respectively).

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's designated net assets without donor restrictions are composed of amounts for the following purposes:

BOARD DESIGNATED FUNDS

The Board has designated funds to be reserved for short term and project development needs of the Organization. This designated balance at June 30, 2023 and 2022 was $9,258,312 and $8,758,312, respectively.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

OTHER DESIGNATED FUNDS

Management has designated certain funds for future capital improvements to the Organization's facilities. The designated balance at June 30, 2023 and 2022 was $16,314,194 and $14,672,287, respectively.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	June 30,	
	2023	2022
Housing and support services	$ 11,622,343	$ 12,648,468
Outreach services	50,000	667,190
Education and employment services	8,238,824	7,238,926
Health services	25,140,884	2,205,458
General operating reserve and other	5,993,423	4,483,297
Fundraising and communications	175,000	486,015
Plant acquisitions	3,459,921	1,028,002
Capital acquisitions and financing	19,006,492	16,929,349
Honickman Learning Center/Comcast Technology Labs - held in perpetuity	6,728,156	6,728,156
	$ 80,415,043	$ 52,414,861

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by the expiration of a time restriction or by occurrence of other events specified by donors as follows:

	June 30,	
	2023	2022
Net assets released for operations:		
Housing and support services	$ 3,617,316	$ 3,781,792
Outreach services	539,765	224,052
Education and employment services	2,230,672	2,041,814
Health services	695,023	1,159,012
Advocacy and impact initiatives	124,030	4,424
General operating reserve and other	540,574	299,963
Plant acquisitions	2,865,351	939,324
Capital acquisitions and financing	3,023,493	2,757,680
	$ 13,636,224	$ 11,208,061

NOTE 12 - RESTRICTED ENDOWMENT FUNDS

The Organization's endowment fund includes funds restricted by the respective donors for various purposes including, the Honickman Learning Center/Comcast Technology Labs ("HLCCTL"), housing and support services, and general operating reserves. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Commonwealth of Pennsylvania has enacted Act 141 (the Act). The Act allows the Organization to elect a "total return" investment policy with regard to its endowments. Income is defined by the Act to mean a fixed percentage of the "value of the assets" held by the Organization, not less than 2 percent or more than 7 percent. The "value of the assets" for purposes of the Act, is the average fair value of the assets over a three-year period (or the average value of the assets over any shorter period in the cases of assets held less than three (3) years. This spending policy determines the funds available for organizational operating purposes. The Organization has chosen not to take a spending rate allocation from the Endowment Fund until the fund reaches its predetermined funding goal.

NOTE 12 - RESTRICTED ENDOWMENT FUNDS (CONTINUED)

The Board of Trustees of the Organization reviews the endowment funds as well as operating reserve funds annually and establishes the spending rate to be used for each fiscal year. The approved spending rate for each of the years ended June 30, 2023 and 2022 was 4% of the average market value of the endowment funds for the preceding three years. The full return on the investments of the endowment fund and the donor-restricted operating reserve fund is calculated and recorded as investment income with donor restrictions. From this amount, the Organization releases funds from investment income with donor restrictions to investment income without donor restrictions as needed. The amount released is limited to the established spending rate for the fiscal year plus funds needed from the donor restricted operating reserve fund for expenditures that meet the restrictions established by the donor. Any unreleased spending rate funds remain in net assets with donor restrictions to be used to support operations in subsequent years.

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment and spending policies that attempt to provide a relatively predictable and growing stream of annual distributions in support of the Organization while preserving the long-term, real purchasing power of assets. An additional purpose of the endowment fund is to provide a source of funds for a time when the Organization may face a financial emergency, subject to any funds being utilized in such a manner being consistent with the original donor restrictions. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's current asset allocation targets a strategic composition of 57.5% equities, 37.5% fixed income and 5% cash equivalents, each with an acceptable range of variation.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The earnings on the endowment net assets are included in net assets with donor restrictions and released as used in operations in accordance with the spending rate policy.

NOTE 12 - RESTRICTED ENDOWMENT FUNDS (CONTINUED)

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY (CONTINUED)

The Organization's endowment fund had the following activity:

	June 30,	
	2023	2022
Endowment net assets, beginning of year	$ 20,740,721	$ 22,358,338
Investment return		
Investment income	425,919	500,382
Net appreciation (depreciation) (realized and unrealized)	1,227,443	(2,812,735)
Total Investment Return	1,653,362	(2,312,353)
Contributions	326,000	1,001,000
Appropriation of endowment assets for expenditure	(254,134)	(306,264)
Changes in Endowment Net Assets	71,866	694,736
Endowment Net Assets, End of Year	$ 22,465,949	$ 20,740,721

The endowment consisted entirely of donor-restricted funds as of June 30, 2023 and 2022, of which $6,728,156 is restricted in perpetuity.

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has no underwater endowment funds as June 30, 2023 and 2022.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Organization has entered into several arrangements with various limited partnerships and other non-profit corporations as well as a community development corporation to develop affordable community housing and shelter programs. This is done by providing various loans, short-term advances and services to manage, support and develop the properties.

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

Certain officers of Project HOME serve on the Board of Directors of these entities, none of which meet the requirements to be included in the accompanying consolidated financial statements. For some of the properties, Project HOME owns 100% of the stock of the general partners, which are included in the consolidated financial statements. These subsidiaries own .01% of the interest in and are the general partners of several limited partnerships (LPs). The investments in these LPs are accounted for under the equity method. These investments are not recoverable and therefore, the capital contributions in these LPs are expensed and included in housing development expenses on the statements of activities and changes in net assets in the year that they are contributed. In addition, Project HOME has helped finance some of these projects through loans payable, which are expected to be forgiven, rather than repaid, at the end of the applicable compliance period as disclosed in Note 9.

The Organization had related party balances and activity as of and for the year ended June 30, as follows:

June 30, 2023

Entity	Accounts Receivable (a)	Notes Receivable (b)	Interest and Fees Receivable (b)	Interest Income (b)	Management and Maintenance Fees (c)	Supportive Service Fees (c)	Developer Fees (c)
Project HOME Community Development Corporation	$ 52,120	$ --	$ --	$ --	$ 331,127	$ --	$ --
115 East Huntingdon Limited Partnership	1,873,949	6,360,692	682,177	--	65,212	10,000	344,093
810 Arch Limited Partnership	89,211	4,032,504	2,994,559	449,415	426,566	68,948	--
1212 Ludlow Limited Partnership	105,903	677,750	353,067	24,873	344,331	--	--
1301 North 8th Limited Partnership	19,005	1,000,000	215,142	74,164	106,624	--	--
1315 North 8th Limited Partnership	8,605	26,554	17,786	--	114,349	--	--
1415 Fairmount Limited Partnership	61,839	850,000	751,169	94,371	232,372	45,224	--
1850 North Croskey Development Corporation	32,381	--	--	--	67,094	--	--
1920 East Orleans Limited Partnership	44,908	300,000	101,379	--	127,297	--	--
1929 Sansom Limited Partnership	556,965	--	--	--	511,710	--	--
2415 North Broad Limited Partnership	75,432	3,190,143	1,190,654	174,647	349,444	50,130	--
Mpower Development Corp	4,371	--	--	--	70,245	--	--
RJD 15 Limited Partnership (d)	25,000	1,000,000	98,951	--	238,172	--	--
KP 15 Limited Partnership (e)	--	700,000	--	--	--	--	240,000
Other	164,045	--	--	--	--	--	--
	$ 3,113,734	$ 18,137,643	$6,404,884	$817,470	$ 2,984,543	$ 174,302	$ 584,093

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

June 30, 2022

Entity	Accounts Receivable (a)	Notes Receivable (b)	Interest and Fees Receivable (b)	Interest Income (b)	Management and Maintenance Fees (c)	Supportive Service Fees (c)	Developer Fees (c)
Project HOME Community Development Corporation	$ 49,932	$ --	$ --	$ --	$ 333,436	$ --	$ --
115 East Huntingdon Limited Partnership	2,519,561	4,287,116	338,084	--	--	--	1,043,556
810 Arch Limited Partnership	53,190	4,032,504	2,545,145	397,603	478,688	20,374	--
1212 Ludlow Limited Partnership	41,624	677,750	462,161	24,874	352,155	--	--
1301 North 8th Limited Partnership	143,580	1,000,000	870,979	69,637	102,372	--	63,189
1315 North 8th Limited Partnership	17,041	--	17,786	--	153,577	--	--
1415 Fairmount Limited Partnership	50,231	850,000	656,798	88,368	262,419	9,645	--
1850 North Croskey Development Corporation	29,240	--	98,883	--	63,777	--	--
1920 East Orleans Limited Partnership	117,493	300,000	142,526	--	156,322	--	--
1929 Sansom Limited Partnership	1,242,542	2,866,156	477,023	--	520,266	142,767	--
2415 North Broad Limited Partnership	64,778	3,190,143	1,016,006	183,774	348,230	31,810	--
Mpower Development Corp	(41,596)	--	--	--	58,734	--	--
RJD 15 Limited Partnership (d)	77,802	1,000,000	459,348	--	224,038	--	242,148
Other	6,413	--	--	--	--	--	--
	$ 4,371,831	$ 18,203,669	$7,084,739	$764,256	$ 3,054,014	$ 204,596	$1,348,893

(a) Accounts receivable, related parties represents advances to related parties for operational purposes.

(b) See Note 7 for further details.

(c) The Organization receives management and maintenance fees for providing services to manage the properties for certain related parties. The Organization receives developer fees for services rendered in connection with the development and construction of certain projects on behalf of related parties. The Organization receives a supportive services fee for providing social and supportive services to residents for certain related parties. All of these fees are reported within program income and fees, related parties on the consolidated statements of activities and changes in net assets.

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Project HOME contributed $1,892,159 and $1,185,000 of capital to RJD General Partner, Inc., the General Partner of a related limited partnership through the purchase of shares of stock in February of 2022 and December of 2020, respectively. As a result, $1,892,159 is included in housing development expenses for the years ended June 30, 2022. RJD General Partner, Inc, in turn, made a capital contribution of these same amounts to RJ 15 Limited Partnership for the development and rehabilitation of 39 affordable rental units for low-income households.

(e) In June 2023, Project HOME contributed $372,218 of capital to KP 15 General Partner, Inc, the General Partner of a related limited partnership through the purchase of shares of stock. This amount is included in housing development expenses for the year ended June 30, 2023. KP 15 General Partner, Inc. made a general partner contribution of this same amount to KP 15 Limited Partnership for the acquisition, rehabilitation and development of 144 units of permanent rental housing.

NOTE 14 - DONATED PROPERTY, GOODS AND SERVICES

Donated property, food and services for the fiscal years ended June 30, 2023 and 2022, included in the consolidated Statements of Activities, were as follows:

	June 30,	
	2023	2022
Food	$ 55,134	$ --
Use of space and facilities	105,462	105,462
Legal and professional services	82,918	69,529
	$ 243,514	$ 174,991

Additionally, a substantial number of volunteers donate their time to the Organization for program services. No amounts have been included in the consolidated financial statements for such services since the volunteers' time does not meet the criteria necessary for financial statement recognition.

NOTE 15 - RETIREMENT PLANS

The Organization established a Deferred Compensation Plan under Internal Revenue Code Section 457(f). The purpose of the plan is to provide deferred compensation for the benefit of a select group of management and highly compensated employees of the Organization.

NOTE 15 - RETIREMENT PLANS (CONTINUED)

Distributions under this plan are paid in accordance with the plan's vesting schedule. The plan is being funded annually in a separate investment account. As of June 30, 2023 and 2022, an asset and liability for $642,194 and $487,169, respectively, is payable under the plan and reflected in investments and accounts payable and accrued expenses. For the year ended June 30, 2023 and 2022, the deferred compensation expense recognized was $205,030 and $137,700, respectively.

The Organization maintains a 401(k) retirement savings plan for all eligible employees as defined. Under the plan, employees may contribute a percentage of their eligible gross wages to the plan and the Organization matched 100% for each dollar up to 5% of each employee's salary for the fiscal years ended June 30, 2023 and 2022. Pension expense incurred for the years ended June 30, 2023 and 2022 was $540,626 and $534,540, respectively.

NOTE 16 - LEASES

The Organization has entered into multiple operating leases agreements for the rental of equipment and office and residential facilities expiring through December 2043, including some with related parties. The exercise of renewal options is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

While all of the agreements provide for minimum lease payments, some include payments adjusted for inflation or for variable common area maintenance charges. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease asset and liability. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the consolidated statements of financial position which include amounts for operating lease at June 30, 2023:

Operating Right-of-Use Assets, Net	$ 11,704,003
Operating lease liabilities, current portion	$ 524,289
Operating lease liabilities, net of current portion	12,535,907
Total Operating Lease Liability	$ 13,060,196

NOTE 16 - LEASES (CONTINUED)

The components of operating lease costs are as follows for the year ended June 30, 2026:

Operating lease cost	
Fixed rent expense	$ 1,035,458

The following summarizes the cash flow information related to the operating leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	$ 927,337

Weighted average lease term and discount are as follows at June 30, 2023:

Weighted average remaining lease term - operating	19.27 years
Weighted average discount rate - operating	3.25 %

The maturities of the operating lease liabilities as of June 30, 2023 are as follows:

2024	$ 932,531
2025	943,400
2026	843,220
2027	820,649
2028	770,828
Thereafter	13,629,309
Total Lease Payments	17,939,937
Less: Amount representing interest	4,879,741
Present Value of Future Minimum Lease Payments	13,060,196
Less: Current maturities	524,289
Long-term Lease Liability	$ 12,535,907

Rental expense, as previously defined under ASC 840, under all operating leases for the year ended June 30, 2022 was $1,255,038.

NOTE 16 - LEASES (CONTINUED)

The maturities of operating leases liabilities under ASC 840 as of June 30, 2022 were as follows:

Year Ending June 30,	Amount
2023	$ 1,068,557
2024	921,236
2025	925,691
2026	817,352
2027	788,325
Thereafter	14,374,124
	$ 18,895,285

NOTE 17 – SELF INSURANCE

The Organization has opted to not pay state unemployment insurance (SUI) taxes and, instead, is charged for its share of unemployment benefits actually paid by the State of Pennsylvania to former employees. The Corporation has contracted with a grantor trust, to supervise and administer funds and act as its representative. Provisions for expected future payments are accrued based on the Organization's experience and include amounts for claims filed and claims incurred but not reported. As of June 30, 2023 and 2022, no accrual was recorded as the assets held with the grantor trust were sufficient to cover all current existing and future estimated incurred but not reported claims. It is the Organization's policy to monitor the grantor trust assets and liabilities annually.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

In the course of its business operations, the Organization is involved in various legal matters, which are generally covered by insurance. As of June 30, 2023, management believes there is no exposure to such matters that, if decided adversely, would be material to the consolidated financial statements or would not be covered by insurance.

FUNDING SOURCES

Approximately 25% and 39% of the Organization's revenue and support, excluding forgiveness of debt, is from government contracts, including Medicaid and Medicare, for each of the years ended June 30, 2023 and 2022, respectively.

NOTE 18 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Until the financial information required by these government funding sources is accepted, costs billed for program services under these contracts are subject to review and possible disallowance. In management's opinion, such disallowance, if any, would not be material to the consolidated financial statements. Further, collection of receivables arising under these contracts is subject to the availability of funds from these funding sources.

GUARANTEES

In the ordinary course of its mission and operations, Project HOME provides various tax credit, operating deficit and construction completion guarantees as well as guarantees in the event of noncompliance for certain related entities described in Note 13. Management does not believe that any of these guarantees result in a liability for financial reporting purposes.

NOTE 19 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC). Each of these accounts is guaranteed by the FDIC up to $250,000. At times, during the year, these balances may exceed FDIC limits. At June 30, 2023, the Organization had approximately $9,000,000 of uninsured balances.

The Organization invests in various investment securities that 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 value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the consolidated statements of financial position. The Board of Trustees has implemented investment guidelines intended to mitigate the investments' risk. See Notes 2, 4 and 12 for investment information.

NOTE 20 - UNCERTAIN TAX POSITIONS

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organizations status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements. There are currently no examinations pending or in process. The Organization engaged in certain activities that did not contribute directly to its exempt purposes. Under the Internal Revenue Code, a corporate income tax is imposed on the net income generated by these unrelated business activities. The tax on unrelated business income was $0 and $970 for the years ended June 30, 2023 and 2022, respectively.

NOTE 21 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 20, 2023, which is the date the consolidated financial statements were available to be issued, and no material events were noted that would require adjustment to or disclosure in the consolidated financial statements.