

WALTER HOVING HOME, INC.  
DBA HOVING HOME

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Walter Hoving Home, Inc.  
dba Hoving Home  
Garrison, New York

### ***Opinion***

We have audited the accompanying financial statements of Walter Hoving Home, Inc., dba Hoving Home (Hoving Home), which comprise the statement of financial position as of September 30, 2022, 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 Hoving Home as of September 30, 2022, 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 Hoving 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.

### ***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 Hoving Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Hoving Home'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 Hoving Home'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.

***Report on Summarized Comparative Information***

We have previously audited Hoving Home's financial statements for the year ended September 30, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, reading "John Armstrong". The signature is written in a cursive, flowing style.

February 15, 2023  
Pasadena, California

WALTER HOVING HOME, INC.  
 DBA HOVING HOME  
 STATEMENT OF FINANCIAL POSITION  
 SEPTEMBER 30, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

		September 30,	
		2022	2021
ASSETS			
CURRENT ASSETS			
Cash	\$	153,994	\$ 257,356
Accounts receivable - net		20,200	8,279
Contributions receivable		197,522	726
Other receivables		350,791	-
Prepaid expenses		178,993	147,796
Total current assets		901,500	414,157
PROPERTY AND EQUIPMENT - NET		4,947,974	4,326,384
TOTAL ASSETS	\$	5,849,474	\$ 4,740,541
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	202,508	\$ 137,226
Accrued expenses		338,073	148,515
Deferred revenue		35,925	14,914
Notes payable, current portion		62,110	50,435
Total current liabilities		638,616	351,090
LONG-TERM LIABILITIES			
Notes payable, less current portion		612,190	674,935
TOTAL LIABILITIES		1,250,806	1,026,025
NET ASSETS			
Without donor restriction		4,363,781	3,491,011
With donor restriction		234,887	223,505
Total net assets		4,598,668	3,714,516
TOTAL LIABILITIES AND NET ASSETS	\$	5,849,474	\$ 4,740,541

The accompanying notes are an integral part of this statement.

WALTER HOVING HOME, INC.  
DBA HOVING HOME  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	September 30,			
	2022		2021	
	Without donor restriction	With donor restriction	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 2,777,593	\$ 1,385,521	\$ 4,163,114	\$ 3,058,147
Program service revenue	238,490	-	238,490	280,200
Net merchandise sales	19,875	-	19,875	18,523
Gain (loss) on disposition of assets	(4,295)	-	(4,295)	203
Loss on extinguishment of debt	(20,663)	-	(20,663)	-
Other income	518	-	518	979
Bad debts	(2,808)	-	(2,808)	(2,808)
Employee Retention Credit	350,791	-	350,791	-
Paycheck Protection Program grant	-	-	-	242,232
Net assets released from restriction:				
Time restrictions	1,699	(1,699)	-	-
Purpose restrictions	1,372,440	(1,372,440)	-	-
	<u>4,733,640</u>	<u>11,382</u>	<u>4,745,022</u>	<u>3,597,476</u>
Special events revenue	722,942	-	722,942	360,403
Special events expenses	<u>(210,409)</u>	<u>-</u>	<u>(210,409)</u>	<u>(94,287)</u>
Net revenue from special events	<u>512,533</u>	<u>-</u>	<u>512,533</u>	<u>266,116</u>
Total support and revenue	<u>5,246,173</u>	<u>11,382</u>	<u>5,257,555</u>	<u>3,863,592</u>
<b>EXPENSES</b>				
Program services	3,377,065	-	3,377,065	2,752,785
Management and general	380,673	-	380,673	337,860
Fundraising	<u>615,665</u>	<u>-</u>	<u>615,665</u>	<u>592,276</u>
Total expenses	<u>4,373,403</u>	<u>-</u>	<u>4,373,403</u>	<u>3,682,921</u>
CHANGE IN NET ASSETS	872,770	11,382	884,152	180,671
NET ASSETS AT BEGINNING OF YEAR	<u>3,491,011</u>	<u>223,505</u>	<u>3,714,516</u>	<u>3,533,845</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,363,781</u>	<u>\$ 234,887</u>	<u>\$ 4,598,668</u>	<u>\$ 3,714,516</u>

The accompanying notes are an integral part of this statement.

WALTER HOVING HOME, INC.  
 DBA HOVING HOME  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	September 30,				
	2022				2021
	Program services	Management and general	Fundraising	Total	Total
PERSONNEL EXPENSES					
Salaries	\$ 972,797	\$ 219,222	\$ 178,118	\$ 1,370,137	\$ 1,210,358
Payroll taxes and employee benefits	274,669	32,119	44,366	351,154	311,829
Total personnel expenses	1,247,466	251,341	222,484	1,721,291	1,522,187
OTHER EXPENSES					
Conferences, conventions and meetings	10,600	3,755	1,955	16,310	11,849
Dues, memberships and subscriptions	6,269	8,445	501	15,215	12,257
Equipment rental and maintenance	22,627	1,525	1,271	25,423	25,357
Fundraising expenses	2,291	-	265,986	268,277	223,181
Grants and other assistance	27,057	-	-	27,057	12,728
Information technology	27,596	7,017	22,445	57,058	51,588
Insurance	154,816	4,698	2,610	162,124	141,798
Interest	36,331	371	371	37,073	42,552
Medical, wellness and ladies' needs	292,825	-	-	292,825	199,646
Merchant charges	2,309	2,694	33,486	38,489	34,877
Occupancy and residential	552,873	11,166	11,648	575,687	436,838
Postage and shipping	3,273	9,189	126	12,588	10,539
Professional fees	64,291	48,971	11,449	124,711	89,266
Program outreach and intake	79,076	-	-	79,076	15,268
Supplies	386,750	7,016	3,057	396,823	342,100
Taxes, permits and licenses	33,722	1,725	11,844	47,291	43,474
Telephone and telecommunications	52,445	11,819	9,603	73,867	74,536
Training and development	49,025	3,095	7,074	59,194	90,657
Travel and transportation	28,112	1,735	4,859	34,706	26,379
Vehicle expenses	80,173	1,623	797	82,593	58,254
Total other expenses	1,912,461	124,844	389,082	2,426,387	1,943,144
Depreciation and amortization	217,138	4,488	4,099	225,725	217,590
TOTAL EXPENSES	\$ 3,377,065	\$ 380,673	\$ 615,665	\$ 4,373,403	\$ 3,682,921

The accompanying notes are an integral part of this statement.

WALTER HOVING HOME, INC.  
 DBA HOVING HOME  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 884,152	\$ 180,671
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization expense	225,725	217,590
Amortized interest	2,823	-
(Gain) loss on disposition of assets	4,295	(203)
Loss on extinguishment of debt	20,663	-
Donated stock	(12,632)	(19,187)
Donated assets	(165,964)	(12,000)
Paycheck Protection Program grant	-	(242,232)
Expenses paid through escrow	968	-
Changes in operating assets and liabilities:		
Accounts receivable	(11,921)	9,238
Contributions receivable	(196,796)	65,661
Other receivables	(350,791)	-
Prepaid expenses	(31,197)	(53,527)
Accounts payable	65,282	56,586
Accrued expenses	189,558	16,103
Deferred revenue	21,011	14,914
CASH PROVIDED BY OPERATING ACTIVITIES	645,176	233,614
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	12,632	19,187
Proceeds from sale of fixed assets	705	2,000
Purchase of fixed assets	(687,622)	(116,852)
CASH USED FOR INVESTING ACTIVITIES	(674,285)	(95,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capitalized loan fees	(24,773)	-
Principal payments on notes payable	(49,480)	(47,707)
CASH USED FOR FINANCING ACTIVITIES	(74,253)	(47,707)
NET INCREASE (DECREASE) IN CASH	(103,362)	90,242
CASH AT BEGINNING OF PERIOD	257,356	167,114
CASH AT END OF PERIOD	\$ 153,994	\$ 257,356
SUPPLEMENTARY SCHEDULE:		
CASH PAID FOR INTEREST	\$ 34,249	\$ 42,855
CASH PAID FOR INCOME TAXES	\$ -	\$ -
DEBT REFINANCED THROUGH ESCROW	\$ 725,461	\$ -
LOAN FEES PAID THROUGH ESCROW	\$ 8,210	\$ -

The accompanying notes are an integral part of this statement.

WALTER HOVING HOME, INC.  
DBA HOVING HOME  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NATURE OF ORGANIZATION

Walter Hoving Home, Inc., dba Hoving Home (the Organization), a 24-hour residential recovery center located in Garrison, New York; Las Vegas, Nevada; Oxford, New Jersey; Pasadena, California; and Rose Hill, North Carolina, is a non-profit organization serving women ages 17 and over by providing help in overcoming life-controlling problems, including addiction, abuse, and survivors of sex trafficking. The spiritually-based program is focused on rebuilding broken lives in a safe and structured atmosphere of warmth, trust, support and love. The Organization provides the environment for complete restoration – teaching and empowering women to make choices that lead to a thriving, healthy and productive life as they re-enter society.

The Organization is funded primarily from private sources – individual donors, private foundations, etc. – and neither solicits nor receives any government funding for its programs. Since the founding of the Organization over 50 years ago, women have been able to participate in the Organization's programs of restoration regardless of their ability to pay for the services provided. This differentiates the Organization from most other organizations offering residential recovery fee-based programs in that no one is turned away from the Hoving Home because they lack the funds to cover the costs of the program.

Generous contributions from its donors enable the Organization to provide a comprehensive twelve-month program – which consists of five phases and embodies a holistic and individualized approach to care, recovery and restoration – and to achieve a higher success rate than other recovery programs for women. The Hoving Home also provides a program for mothers with young children where mothers can participate in the recovery and restoration programs while having a safe and loving environment to raise their children and with much-needed support.

LIQUIDITY

The following table reflects the Organization's financial assets as of September 30, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or restricted by donors. The Organization evaluates future liquidity requirements based on expected future expenditures along with capital projects. In addition, the Organization is able to utilize up to \$250,000 of short-term borrowings through a line of credit, if necessary (see LINE OF CREDIT). The Organization continues to develop its fundraising resources to increase revenues, diversify the funding base and ensure long-term sustainability.

Financial assets:

Cash	\$	153,994
Accounts receivable - net		20,200
Contributions receivable		197,522
Other receivables		350,791
Less amounts unavailable for general expenditure within one year due to:		
Purpose restriction by donor		(27,061)
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>695,446</u>

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). A summary of significant accounting policies is described below:



WALTER HOVING HOME, INC.  
DBA HOVING HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

SIGNIFICANT ACCOUNTING POLICIES (continued)

**BASIS OF ACCOUNTING**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction, as described below:

Without donor restriction includes funds which are expendable for the support of the Organization's operations.

With donor restriction includes funds that have been restricted by donors for specific purposes, for use according to specific timetables, or both. These include both contributions that have already been received as well as those pledged to the Organization to be received in future years.

As of September 30, 2022, \$27,061 was subject to a purpose restriction for the purchase of property and equipment at the Nevada and New Jersey locations, and \$207,826 was subject to time restrictions.

**CASH**

Liquid assets having a maturity of three months or less are included as cash.

**FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles require that items recorded at fair value be valued as level one, two or three based on the various inputs and methodologies used to value the holdings as summarized below:

Level 1 - quoted prices and active markets for identical holdings

Level 2 - significant observable market-based inputs, other than Level 1 quoted prices, or unobservable inputs that are based on comparable market data

Level 3 - significant observable inputs that are not based on comparable market data

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts is recorded based on management's experience. At September 30, 2022, the allowance for doubtful accounts was \$5,617.

**CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of amounts pledged to the Organization. These receivables are considered fully collectible; accordingly, no allowance for doubtful accounts has been recorded at September 30, 2022.

**OTHER RECEIVABLES**

The Organization filed amended payroll tax returns to claim the Employee Retention Credit. The balance of other receivables consist of the anticipated refunds from these returns.

**INVESTMENTS**

Investments are reported as follows:

Investments in marketable debt securities, mutual funds, government securities and equity securities with readily determinable fair market values, are reported at fair value.

WALTER HOVING HOME, INC.  
DBA HOVING HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS (continued)

Donated investments are recorded at market value on the date received and thereafter, are carried in accordance with the above provisions.

No investments were held by the Organization as of September 30, 2022.

PROPERTY AND EQUIPMENT

Property and equipment are reported at cost. Depreciation is computed on a straight-line basis over estimated useful lives of 5 to 50 years. Maintenance and repairs are charged against revenue in the year expenses are incurred, and renewals and betterments exceeding \$3,000 are capitalized.

LOAN FEES

Costs incurred with obtaining financing through banks are capitalized and amortized as a component of interest expense over the lives of the respective financing arrangements using the straight-line method. In accordance with GAAP, these costs are reflected as a direct deduction from the face amount of the related debt obligations. GAAP requires that the effective interest method be used to amortize the costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method.

Loan fees as of September 30, 2022 are reflected net of accumulated amortization of \$2,061 (see NOTES PAYABLE). Amortized interest expense for the year ended September 30, 2022 was \$2,823.

REVENUE RECOGNITION

*Contributions*

Contributions are recorded when cash or unconditional promises-to-give have been received, or when ownership of donated assets is transferred to the Organization. The Organization records contributions as with donor restriction if donors restrict their use for a specific purpose or for use according to a specific time schedule, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions. It is the Organization's policy to record contributions with donor restriction that are received and expended in the same accounting period as contributions with donor restriction and as net assets released from restrictions.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is acquired.

Noncash contributions (gifts-in-kind) are recorded at fair market value upon receipt, when the contributions are significant in amount and when there is a reasonable basis for valuation.

*Program Service Revenue and Merchandise Sales* The Organization recognizes revenue from program fees and other various program activities at a point in time. Revenue is recognized when control of the goods is passed to the consumer or services are rendered. Fee and sales related revenues are recognized when an agreement for services to be provided is entered or title of goods provided have been transferred. Program fees received but not earned are classified as deferred revenue.

WALTER HOVING HOME, INC.  
DBA HOVING HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONTRIBUTED SERVICES

Generally accepted accounting principles require the value of donated services be recorded if those donated services create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of the Organization. However, since the above requirements were not met, the value of the contributed services has not been recorded in the financial statements.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, office and occupancy expenses, which are allocated on a basis of time and efforts.

INCOME TAXES

The Organization operates as a non-profit corporation under section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes; accordingly, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting.

ACCOUNTS RECEIVABLE AND CONTRACT LIABILITIES

Opening and closing balances of accounts receivable and deferred revenue consist of the following as of September 30, 2022:

Accounts receivable - gross, beginning of year	\$	<u>11,087</u>
Accounts receivable - gross, end of year	\$	<u>25,817</u>
		<u>Deferred revenue</u>
Balance as of September 30, 2021	\$	14,914
Previously deferred revenue recognized		(14,914)
Amounts collected with remaining performance obligations		<u>35,925</u>
Balance as of September 30, 2022	\$	<u>35,925</u>

WALTER HOVING HOME, INC.  
 DBA HOVING HOME  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

PROPERTY AND EQUIPMENT

At September 30, 2022, property and equipment consisted of:

Land	\$ 1,385,496
Land improvements	75,292
Buildings	6,338,521
Furniture and fixtures	832,931
Automobiles	537,915
Water treatment system	672,699
Artwork	<u>469,250</u>
Total	10,312,104
Less accumulated depreciation	<u>(5,364,130)</u>
Total property and equipment - net	<u>4,947,974</u>
Less debt secured by property and equipment	<u>(705,222)</u>
Net investment in property and equipment	<u><u>\$ 4,242,752</u></u>

Depreciation expense for the year ended September 30, 2022 was \$225,725.

LINE OF CREDIT

The Organization has a line of credit with Valley National Bank for up to \$250,000. The line bears interest at the bank's prime rate and renews annually. Collateral consists of property located in Oxford, New Jersey. There was no outstanding balance on the line of credit as of September 30, 2022.

There was no interest expense on the line of credit for the year ended September 30, 2022.

NOTES PAYABLE

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Note payable secured by property; bearing interest at 4.125% per annum; monthly payments of \$7,507, including principal and interest due monthly; maturing March 2032	\$ <u>62,110</u>	\$ <u>643,112</u>	\$ <u>705,222</u>
Less: unamortized debt issuance costs			<u>(30,922)</u>
			<u><u>\$ 674,300</u></u>

WALTER HOVING HOME, INC.  
 DBA HOVING HOME  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

NOTES PAYABLE (continued)

At September 30, 2022, future maturities were as follows:

2023	\$	62,110
2024		64,721
2025		67,442
2026		70,278
2027		73,232
Thereafter		<u>336,517</u>
	\$	<u><u>674,300</u></u>

Interest expense for notes payable for the year ended September 30, 2022 was \$37,072, and is included in interest and bank fees expense is reflected on the Statement of Activities.

NONCASH TRANSACTIONS

GIFTS-IN-KIND

During the year ended September 30, 2022, the Organization received noncash donations, the fair value of which is included in contribution income and valued at level 2 on a non-recurring basis.

Noncash donations consisted of the following:

Stock	\$	12,632
Property and equipment		165,964
Program supplies		439,416
Services		<u>67,628</u>
	\$	<u><u>685,640</u></u>

LEASE COMMITMENTS

The Organization leases property and equipment under non-cancellable operating leases expiring through September 2027. Total monthly payments range from \$134 to \$1,961.

At September 30, 2022, future required minimum lease payments were as follows:

2023	\$	58,123
2024		33,943
2025		28,687
2026		10,904
2027		<u>3,766</u>
	\$	<u><u>135,423</u></u>

Lease expense for the year ended September 30, 2022 was \$63,792, which is included in various natural expense categories within the Statement of Functional Expenses.

WALTER HOVING HOME, INC.  
DBA HOVING HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

PENSION AND RETIREMENT PLAN

The Organization has a money purchase pension plan; however, no contributions were made to the plan during the year ended September 30, 2022.

The Organization has a 401(k) contribution plan. Employees are eligible to make elective deferrals beginning on the date of hire. The Organization's matching contribution is discretionary. The Organization made matching contributions totaling \$10,537 to this plan during the year ended September 30, 2022, which are included in payroll taxes and benefits in the Statement of Functional Expenses.

RELATED PARTY TRANSACTIONS

During the year ended September 30, 2022, the Organization paid a Board member's construction company \$146,677 for project management services, which were capitalized and included in fixed assets. As of September 30, 2022, \$1,708 was owed to this company, and is included in accounts payable.

During the year ended September 30, 2022, the Organization paid a Board member's fire inspection company \$1,050 for services provided during the year. No amounts were owed to the company as of September 30, 2022.

During the year ended September 30, 2022, the Organization received \$631,934 in contributions from members of its Board of Directors.

CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits at financial institutions and investments in marketable securities. At times, balances in the Organization's cash and investment accounts may exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits.

During the year ended September 30, 2022, one donor provided 16% of total contribution revenue.

RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global, national, and local markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its operations and financial results. The Organization is taking appropriate actions to mitigate the negative impact; however, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of the date these financial statements were available to be issued.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date at which these financial statements were available to be issued, and determined the following require disclosure.

WALTER HOVING HOME, INC.  
DBA HOVING HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

SUBSEQUENT EVENTS (continued)

In November 2022, the Organization was awarded a grant in the amount of \$1,500,000 from the Federal Home Loan Bank of New York through its Affordable Housing Program. The Organization plans to utilize these funds to renovate its facilities in Garrison, New York.

In March 2023, the Organization expanded its operations into Massachusetts. The Organization entered into an agreement to lease real property located in Fall River, Massachusetts. Pursuant to the lease agreement, the lease term is two years from the commencement date of March 1, 2023. Annual lease payments under the lease are \$60,000.