

HOMES NOT BORDERS, INC.

FINANCIAL STATEMENTS

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Homes Not Borders, Inc.

Opinion

We have audited the accompanying financial statements of Homes Not Borders, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets 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 Homes Not Borders, Inc. as of December 31, 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 Homes Not Borders, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Homes Not Borders, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Homes Not Borders, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Homes Not Borders, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ryan + Wetmore, PC

Bethesda, MD
June 1, 2023

HOMES NOT BORDERS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	110,877
Investments, at fair value		256,668
Pledges receivable, net of allowance for doubtful accounts of \$0		44,131
Grants receivable, net of allowane for doubtful accounts of \$0		20,000
Prepaid expenses		3,480
Inventory, lower of cost or net realizable value		76,853

Total current assets 512,009

PROPERTY AND EQUIPMENT, at cost

Vehicles		<u>54,000</u>
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Total property and equipment 54,000

Less: accumulated depreciation 14,400

Net property and equipment 39,600

OTHER ASSETS

Security deposit		2,500
Right of use asset		<u>101,051</u>

Total other assets 103,551

\$ 655,160

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Credit card payable	\$ 5,334
Short term lease liability	26,389
Accrued payroll	3,155
Accrued expenses	<u>751</u>
Total current liabilities	<u>35,629</u>
LONG-TERM LIABILITIES	
Long term lease liability	<u>76,290</u>
Total long-term liabilities	<u>76,290</u>
Total liabilities	<u>111,919</u>
NET ASSETS	
Without donor restrictions	434,572
With donor restrictions	<u>108,669</u>
Total net assets	<u>543,241</u>
	<u><u>\$ 655,160</u></u>

The Notes to Financial Statements are an integral part of these statements.

HOMES NOT BORDERS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grants and contributions of cash	\$ 479,020	\$ 172,766	\$ 651,786
Sales of products	1,504	-	1,504
Contributions of nonfinancial assets	1,115,116	-	1,115,116
Contributed services	10,050	-	10,050
Net assets released from donor restrictions	183,910	(183,910)	-
Total revenue	1,789,600	(11,144)	1,778,456
Expenses			
Program services	1,787,341	-	1,787,341
Supporting services			
Management and general	162,091	-	162,091
Fundraising	41,571	-	41,571
Total supporting services	203,662	-	203,662
Total operating expenses	1,991,003	-	1,991,003
Nonoperating investment loss, net	30,361	-	30,361
Change in net assets	(231,764)	(11,144)	(242,908)
Net assets at beginning of year	736,323	49,826	786,149
Prior period adjustment	(69,987)	69,987	-
Net assets at beginning of year, restated	666,336	119,813	786,149
Net assets at end of year	\$ 434,572	\$ 108,669	\$ 543,241

The Notes to Financial Statements are an integral part of these statements.

HOMES NOT BORDERS, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash flows from operating activities	
Change in net assets	\$ (242,908)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation and amortization	10,800
Unrealized loss on investments	41,824
Realized loss on investments	15,334
(Increase) Decrease in:	
Pledges receivable	(17,200)
Grants receivable	(20,000)
Prepaid expenses	2,214
Inventory	(15,279)
Right of use asset	(101,051)
Increase (Decrease) in:	
Credit card payable	5,334
Accrued payroll, taxes, and benefits	3,155
Accrued expenses	(6,705)
Lease liability	97,820
Net cash used in operating activities	<u>(226,662)</u>
Cash flows from investing activities	
Purchases of investments	(581,309)
Proceeds from sale of investments	<u>267,483</u>
Net cash used in investing activities	<u>(313,826)</u>
Net decrease in cash and cash equivalents	(540,488)
Cash and cash equivalents, beginning of year	<u>651,365</u>
Cash and cash equivalents, end of year	<u><u>\$ 110,877</u></u>

No interest or income taxes were paid during the year ended December 31, 2022.

The Notes to Financial Statements are an integral part of these statements.

HOMES NOT BORDERS

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022**

	Program	Supporting			Total expenses
		Management and General	Fundraising	Supporting subtotal	
Artisan supplies	\$ 23,733	\$ -	\$ 845	\$ 845	\$ 24,578
Automobile	15,157	-	-	-	15,157
Depreciation	-	10,800	-	10,800	10,800
Employment Assistance	18,466	-	-	-	18,466
Insurance	12,138	5,602	934	6,536	18,674
Marketing and fundraising	1,261	-	14,496	14,496	15,757
Meals & entertainment	4,940	1,012	-	1,012	5,952
Office software and fees	4,564	6,682	2,085	8,767	13,331
Professional fees	-	14,370	5,068	19,438	19,438
Rent	44,442	11,110	-	11,110	55,552
Set up supplies	1,402,087	-	-	-	1,402,087
Staffing	249,186	108,662	18,111	126,773	375,959
Taxes	-	319	32	351	351
Training	3,477	1,562	-	1,562	5,039
Utilities	7,889	1,972	-	1,972	9,861
	<u>\$ 1,787,340</u>	<u>\$ 162,091</u>	<u>\$ 41,571</u>	<u>\$ 203,662</u>	<u>\$ 1,991,002</u>

The Notes to Financial Statements are an integral part of these statements.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 1 Summary of significant accounting policies

The accounting policies relative to the carrying value of property, equipment, inventory, and pledges receivable are indicated in the captions on the statements of financial position. Other significant accounting policies are as follows:

Organization

Homes Not Borders, Inc. (the Organization) was incorporated in the State of Maryland in 2019. Homes Not Borders, Inc. is a non-profit organization local to the D.C. Metro area and focuses on assisting with the resettlement of refugees.

Basis of accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Basis of presentation

Homes Not Borders, Inc. reports information regarding its financial position and activities to the following two classes of net assets in accordance with Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*:

Net assets without donor restrictions: Net assets without donor restrictions result from revenues derived from unrestricted contributions, grants, and other inflows of assets, the benefits of which are not limited by donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions results from revenues derived from contributions, grants, and other inflows of assets, the benefits of which are limited by donor-imposed restrictions that expire either with the passage of time or the fulfillment of a specific programmatic purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restriction and are reported in the statement of activities as net assets released from restriction. When the restrictions on contributions are met in the same time period that the contribution is received, the contribution is reported in the statement of activities as with donor restrictions and as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents are considered to be cash and temporary investments with original maturities of three months or less.

HOMES NOT BORDERS, INC.

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022**

Note 1 Summary of significant accounting policies (continued)

Credit and financial risk

Substantially all of the promises to give are derived from donors. All of these promises are made on an unsecured basis. Historically, Homes Not Borders, Inc. has not incurred significant credit related losses.

Homes Not Borders, Inc. maintains its cash in bank deposit accounts, which generally do not exceed federally insured limits. Homes Not Borders, Inc. has not experienced any losses in such accounts. Homes Not Borders, Inc. believes it is not exposed to any significant financial risk on cash.

Grants receivable

Grants receivable are stated at their net realizable value. The allowance method is used to determine the uncollectible amounts. The allowance is based on prior years' experience and management's analysis of subsequent collections. If actual collection experience changes, revisions to the allowance may be required.

For the year ended December 31, 2022, there was one outstanding grant receivable from Prince George's County Council in the amount of \$20,000.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue. An allowance is made for uncollectible pledges based upon management's judgement and an analysis of the credit worthiness of the donors, past collection experience, and other relevant factors.

Inventory

The Organization holds inventory which consists of furniture and household goods. These items are obtained primarily from donations. The value of the inventory is based on historical averages which have been derived from retail sale prices of items in the various categories.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 1 Summary of significant accounting policies (continued)

Property and equipment

The Organization capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives. Depreciation expense for the year ended December 31, 2022 was \$10,800. The estimated useful lives of property and equipment are as follows:

Vehicles	5 years
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Revenue recognition

Grant revenue is recognized as revenue in the year in which it is received. Contribution revenue is recognized at the earlier of receipt of cash or an unconditional promise to give. Donations of supplies, property and equipment are recorded at their estimated fair value at the date of donation. Unconditional promises to give are recognized as revenues in the period received as assets, decreases in liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services

The financial statements reflect \$10,050 for contributed services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 1 Summary of significant accounting policies (continued)

Leases

Under ASU 2016-02 – *Leases*, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (the underlying asset) for a period of time in exchange for consideration. The Company has recognized lease assets and liabilities, with certain exceptions, on the statements of financial position. Both financing leases and operating leases create an asset (right-of-use or ROU asset) and a liability measured at the present value of the lease payments that are reflected in the accompanying statements of financial position. Short-term leases with terms of one year or less, that do not include an option to purchase the underlying asset, are not included in the measurement of lease assets and liabilities. The Company does not have any existing leases that are classified as financing leases.

During 2022, the Company adopted Accounting Standards Update (“ASU”) 2016-02 – Leases (Topic 842). Topic 842 establishes the principles that lessees and lessors shall report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease by increasing transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet. As permitted by ASU 2016-02, the Company elected to apply the provisions retrospectively as of the date of adoption January 1, 2022. There was no impact to beginning retained earnings at January 1, 2022.

Advertising policy

Advertising costs are expensed as incurred. Total advertising costs were \$0 for the year ended December 31, 2022.

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

Subsequent events

In preparing these financial statements, Homes Not Borders, Inc. has evaluated events and transactions for potential recognition or disclosure through June 1, 2023, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Note 2 Concentration of credit risk

Homes Not Borders, Inc. maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2022 the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. At December 31, 2022 Homes Not Borders, Inc. had \$0 of uninsured funds.

Note 3 Availability of financial assets

The following reflects Homes Not Borders Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year end	\$ 110,877
Investments	256,668
Pledges receivable, net of allowance for doubtful accounts of \$0	44,131
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor restrictions	<u>108,669</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 303,007</u>

Note 4 Fair value measurements

The Company measures fair value based on the price that the Company would receive upon selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. Various inputs are used in determining the fair value of assets or liabilities. Inputs are classified into a three-tier hierarchy, summarized as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Other significant observable inputs
- Level 3 – Significant unobservable inputs

When Level 1 inputs are not available, the Company measures fair value using valuation techniques that maximize the use of relevant observable inputs (Level 2) and minimizes the use of unobservable inputs (Level 3).

The carrying amounts reflected in the balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the respective fair values due to the short maturities of those instruments.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 4 Fair value measurements (continued)

Fair values of assets and liabilities measured on a recurring basis as of December 31, 2022 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Bond funds	\$ 34,095	\$ 34,095	\$ -	\$ -
Equity funds	59,001	59,001	-	-
Exchange traded funds	<u>163,572</u>	<u>163,572</u>	<u>-</u>	<u>-</u>
	<u>\$ 256,668</u>	<u>\$ 256,668</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 Marketable equity securities

The cost and fair value of marketable equity securities at December 31, 2022 is as follows:

	Cost	Net unrealized gains (losses)	Fair Market Value
Marketable equity securities:			
Bond funds	\$ 37,921	\$ (3,826)	\$ 34,095
Equity funds	64,015	(5,014)	59,001
Exchange traded funds	<u>176,924</u>	<u>(13,352)</u>	<u>163,572</u>
	<u>\$ 278,860</u>	<u>\$ (22,192)</u>	<u>\$ 256,668</u>

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 6 Inventory

Inventory items are categorized into furniture, bedding, and kitchen/other items, and are stated at the lower of cost or net realizable value. As of December 31, 2022, inventory was comprised of the following categories:

	<u>12/31/2022</u>
Furniture	\$ 13,329
Bedding	27,356
Kitchen/Other Items	<u>36,168</u>
Total inventory	<u>\$ 76,853</u>

Note 7 Operating lease

During 2022, the Company adopted the new Accounting Standard Update (ASU) 2016-02, Leases (Topic 842) for leases. The new standard defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (the underlying asset) for a period of time in exchange for consideration.

Under the new standard, the Company has recognized lease assets and liabilities, with certain exceptions, on the statements of financial position. Both financing leases and operating leases create an asset (right-of-use or ROU asset) and a liability measured at the present value of the lease payments that are reflected in the accompanying statements of financial position. Short-term leases with terms of one year or less, that do not include an option to purchase the underlying asset, are not included in the measurement of lease assets and liabilities.

The Company assessed whether any expired or existing contracts are or contain leases. The lease classification was also assessed to determine whether there were any expired or existing leases classified as operating leases. The Company does not have any existing leases that were classified as capital leases, and accordingly, does not have any leases that will now be classified as financing leases.

The Company made an accounting policy election, as a non-public business entity, to use a risk-free discount rate, commensurate with the term of the lease, to determine the present value of the lease payments for each lease agreement. In addition, the Company does not separate the non-lease components contained in "full service" leases for office space.

Operating leases

The Organization entered into a new lease agreement on June 16, 2021 for office space in Hyattsville, MD. The lease agreement requires lease payments of \$2,200 per month through June 30, 2022, when it will increase by 3% each year. Per the agreement, the leasing period will end on August 31, 2026.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Note 7 Operating lease (continued)

The organization also entered into a sublease with Star Beer USA No 2. Inc for use of the warehouse that is managed by Star Beer USA for \$2,100 plus utilities each month. This sublease began September 1, 2021 and ended November 31, 2021, with option to continue on a month-to-month basis, which Homes Not Borders, Inc. has done for the entirety of 2022.

Total rent expense for office space totaled \$55,552 for the year ended December 31, 2022.

The following is a schedule off future minimum rental payments required under real estate operating lease agreements:

	Gross Lease
2023	\$ 27,600
2024	28,428
2025	29,281
2026	19,958
2027	-
2028 and beyond	-
	<hr/>
Total undiscounted cash flows	105,267
Less: present value discount	(2,588)
Total lease liabilities	<u>\$ 102,679</u>

The ROU asset is reported in the accompanying balance sheet and totaled \$127,910 as of December 31, 2022.

During the year ended December 31, 2022, the Organization had the following cash and non-cash activities associated with their lease:

Cash paid for amounts include in the measurement of lease liabilities	
Operating cash flows from operating leases:	\$ 26,796
Non-cash investing and financing activities	
Additions to ROU assets obtained from new operating lease liabilities:	\$ 127,910

Because the Organization generally does not have access to the rate implicit in the lease, they utilize their risk-free rate as the discount rate. The discount rate associated with the operating leases as of December 31, 2022 is 1.37%. As of December 31, 2022, there are 3.67 years remaining on the lease term.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 8 Contributions of nonfinancial assets

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. All contributions of nonfinancial assets were either utilized for program and administrative purposes during the year or held in inventory for future use. Contributions of nonfinancial assets are recorded at fair value on the date of their donation. For the year ended December 31, 2022, the contributions of nonfinancial assets consisted of:

	<u>12/31/2022</u>
Set up supplies (furniture, household goods, etc.)	\$ 1,115,116
Moving help & bookkeeping services	<u>10,050</u>
Total contributions of nonfinancial assets	<u>\$ 1,125,166</u>

Note 10 Pledges receivable

Pledges receivable totaled \$44,131 for the year ended December 31, 2022. The entire balance was evaluated by management as collectible within one year and is classified as current on the statement of financial position.

Note 11 Income taxes

Homes Not Borders, Inc. has received a determination letter from the IRS that grants an exemption from income taxes under Section 501(c)(3) of the IRC except for any income that may be a result of unrelated business transactions. Additionally, the IRS has classified Homes Not Borders, Inc. as an organization other than a private foundation.

Homes Not Borders, Inc. has adopted the provisions of FASB *Accounting Standards codification* (ASC) 740-10-50-15, *Accounting for Uncertainty in Income Taxes* – an interpretation of FASB statement 109 in accounting for uncertain tax positions. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than to that the position will be sustained. Homes Not Borders, Inc. does not believe that there are any material uncertain tax positions and accordingly it will not recognize any liability for unrecognized tax benefits. Homes Not Borders, Inc. has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Homes Not Borders, Inc. has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The taxable years 2020 through 2021 are open tax years subject to examination. For the years ended December 31, 2022, no interest or penalties were recorded or included in the statements of activities.

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 12 Net assets with donor restrictions:

The Organization received grants with restricted purposes and ran campaigns to raise funds for specific initiatives as part of their mission to support refugee resettlement. During the year ended December 31, 2022, the Organization received \$172,766 in grants and donations restricted for specific programs and initiatives. The Organization also had \$119,813 of restricted assets from prior years' donations. During the year ended December 31, 2022, the Organization spent \$183,910 in accordance with the donor restrictions. Funds received during the year were restricted for the following purposes: artisan program support, resettlement of Ukrainian refugees, hiring part-time Family Service Assistant, purchase of beds and other supplies, and supporting job training.

Homes Not Borders, Inc.'s net assets with donor restrictions available to be spent at December 31, 2022 included the following:

	12/31/22
Subject to expenditure for specified purpose:	
State Farm	\$ 10,842
Family Service Assistant – Matching Grant	5,831
HNB Stock Up 2023	51,888
Moving Up Fund	40,108
Total net assets with donor restrictions	\$ 108,669

Note 13 Concentration of revenue

The Organization received a significant portion of its revenue (approximately 94% during this period) from individual donations and grants. During the year ended December 31, 2022, no donors or grantors made up more than 10% of total receipts by the organization.

	Revenue	Percent of revenue
Grants & Contributions	\$ 651,786	37%
Contributions of nonfinancial assets	1,115,116	63%
Contributed services	10,050	0%
Sales of products	1,504	0%
Total revenue	\$ 1,778,456	100%

HOMES NOT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Note 14 Commitments and contingencies

In December 2019, a novel strain of coronavirus was reported in China. In the first several months of 2020, the virus and resulting disease, COVID-19, has spread to the United States and throughout the world. The spread of the virus has caused business disruption throughout the economy. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

Note 15 Prior period adjustment

During the 2022 audit, the Company indicated that were restricted assets relating to 2021 donations raised as part of the Moving Up Fund campaign. These donations were specifically raised to create a fund to support refugees receiving job training. A prior period adjustment was made to move \$69,987 from net assets without donor restrictions to net assets with donor restrictions. The adjustment is shown on the statement of activities and changes in net assets.