

PROJECT HOME AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

PROJECT HOME AND SUBSIDIARIES

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Independent Auditors' Report

The Board of Trustees of
Project HOME and Subsidiaries

Opinion

We have audited the consolidated financial statements of Project HOME (the "Organization") and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statement 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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 ("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 the Organization 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 the Organization as of and for the year ended June 30, 2024, were audited by Marcum LLP, whose report dated December 17, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

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

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

CBIZ CPAs P.C.

Philadelphia, Pennsylvania
December 18, 2025

PROJECT HOME AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	2025	2024
Assets		
Current Assets		
Cash	\$ 6,216,347	\$ 5,498,768
Restricted cash, current portion	293,118	395,526
Accounts receivable, net of allowance for credit losses of \$142,671 in 2025 and \$908,232 in 2024	1,381,066	1,639,612
Grants receivable, net of allowance of \$31,381 in 2025 and \$7,871 in 2024	4,238,710	6,774,399
Accounts receivable, related parties	2,017,709	3,058,609
Pledges receivable, current portion	7,422,963	13,915,632
Other current assets	1,322,054	1,551,131
Total Current Assets	22,891,967	32,833,677
Restricted cash, net of current portion	460,369	458,100
Investments	76,569,700	65,330,373
Investments, replacement and operating reserves	18,546,881	19,409,898
Replacement and cash reserves	401,504	387,463
Deposits	70,193	73,499
Pledges receivable, net of current portion and discounts	12,228,688	13,592,521
Notes receivable, related parties	20,840,407	19,247,470
Interest and fees receivable, related parties, net of current portion and allowance	8,227,251	7,945,813
Construction-in-progress	987,218	940,663
Land, property and equipment, net of accumulated depreciation	27,761,523	28,353,644
Operating right-of-use assets, net	10,484,974	11,058,808
Total Non-Current Assets	176,578,708	166,798,252
Total Assets	\$ 199,470,675	\$ 199,631,929

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

PROJECT HOME AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2025 AND 2024

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,590,593	\$ 5,132,699
Deferred revenue	624,768	250,680
Notes payable, current portion	1,000,000	--
Operating lease liabilities, current portion	449,664	499,462
Total Current Liabilities	<u>7,665,025</u>	<u>5,882,841</u>
Notes payable, net of current portion	12,166,357	13,166,357
Operating lease liabilities, net of current portion	11,565,854	12,012,281
Total Long-Term Liabilities	<u>23,732,211</u>	<u>25,178,638</u>
Total Liabilities	<u>31,397,236</u>	<u>31,061,479</u>
Net Assets		
Without donor restrictions		
Undesignated	64,897,633	59,002,544
Designated	23,191,551	24,052,361
	88,089,184	83,054,905
With donor restrictions	79,984,255	85,515,545
Total Net Assets	<u>168,073,439</u>	<u>168,570,450</u>
Total Liabilities and Net Assets	<u>\$ 199,470,675</u>	<u>\$ 199,631,929</u>

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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operations			
Revenue, Gains and Other Support			
Contracts, government funding	\$ 16,953,057	\$ --	\$ 16,953,057
Contributions and grants	5,939,231	7,305,264	13,244,495
Donated property, goods and services	1,668,856	--	1,668,856
Medicaid/Medicare, net	5,432,337	--	5,432,337
Program income and fees, related parties	4,187,301	--	4,187,301
Program income and fees, other	5,715,746	--	5,715,746
Investment income, net	6,799,229	2,281,427	9,080,656
Special events	579,787	--	579,787
Net assets released from restrictions - satisfaction of program restrictions	10,729,253	(10,729,253)	--
Total Revenue, Gains and Other Support	58,004,797	(1,142,562)	56,862,235
Expenses			
Program Services			
Supportive housing operations	13,729,358	--	13,729,358
Outreach services	3,339,716	--	3,339,716
Health services	12,675,491	--	12,675,491
Education, employment, and neighborhood services	2,357,804	--	2,357,804
Real estate and asset management	958,345	--	958,345
Property management services	12,267,536	--	12,267,536
Total Program Services	\$ 45,328,250	\$ --	\$ 45,328,250

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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Supporting Services			
Management and general	\$ 5,585,103	\$ --	\$ 5,585,103
People and culture	1,803,260		1,803,260
Development and communication	<u>2,735,297</u>	<u>--</u>	<u>2,735,297</u>
Total Supporting Services	<u>10,123,660</u>	<u>--</u>	<u>10,123,660</u>
Total Expenses	<u>55,451,910</u>	<u>--</u>	<u>55,451,910</u>
Changes in Net Assets From Operations	<u>2,552,887</u>	<u>(1,142,562)</u>	<u>1,410,325</u>
Nonoperating Revenue			
Loss on disposal of fixed asset	<u>(108,492)</u>	<u>--</u>	<u>(108,492)</u>
Nonoperating Expenses			
Housing development expenses	<u>2,026,790</u>	<u>--</u>	<u>2,026,790</u>
Capital Acquisitions and Financing			
Revenue and support for capital acquisitions and financing	227,946	--	227,946
Net assets released from restrictions for capital acquisition and financing	3,382,283	(3,382,283)	--
Net assets released from restrictions for plant acquisitions	<u>1,006,445</u>	<u>(1,006,445)</u>	<u>--</u>
Changes in Net Assets From Capital Acquisitions and Financing	<u>4,616,674</u>	<u>(4,388,728)</u>	<u>227,946</u>
Changes in Net Assets	5,034,279	(5,531,290)	(497,011)
Net Assets, Beginning of Year	<u>83,054,905</u>	<u>85,515,545</u>	<u>168,570,450</u>
Net Assets, End of Year	<u>\$ 88,089,184</u>	<u>\$ 79,984,255</u>	<u>\$ 168,073,439</u>

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operations			
Revenue, Gains and Other Support			
Contracts, government funding	\$ 14,751,656	\$ --	\$ 14,751,656
Contributions and grants	4,732,825	14,179,264	18,912,089
Donated property, goods and services	1,065,040	--	1,065,040
Medicaid/Medicare, net	5,824,282	--	5,824,282
Program income and fees, related parties	4,426,759	--	4,426,759
Program income and fees, other	4,931,407	--	4,931,407
Investment income, net	6,763,191	1,375,282	8,138,473
Special events	2,815,142	3,541,000	6,356,142
Net assets released from restrictions - satisfaction of program restrictions	8,613,890	(8,613,890)	--
Total Revenue, Gains and Other Support	53,924,192	10,481,656	64,405,848
Expenses			
Program Services			
Supportive housing operations	10,823,874	--	10,823,874
Outreach services	3,212,883	--	3,212,883
Health services	12,129,708	--	12,129,708
Education, employment, and neighborhood services	2,063,877	--	2,063,877
Real estate and asset management	1,001,323	--	1,001,323
Property management services	10,410,208	--	10,410,208
Total Program Services	\$ 39,641,873	\$ --	\$ 39,641,873

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Supporting services			
Management and general administrative services	\$ 5,541,934	\$ --	\$ 5,541,934
People and culture	\$ 1,726,445	--	1,726,445
Development and communication	3,401,311	--	3,401,311
Total Supporting Services	<u>10,669,690</u>	<u>--</u>	<u>10,669,690</u>
Total Expenses	<u>50,311,563</u>	<u>--</u>	<u>50,311,563</u>
Changes in Net Assets From Operations	<u>3,612,629</u>	<u>10,481,656</u>	<u>14,094,285</u>
Nonoperating Revenue			
Gain from insurance claim for loss of fixed asset	<u>21,240</u>	<u>--</u>	<u>21,240</u>
Nonoperating Expenses			
Housing development expenses	<u>2,701,372</u>	<u>--</u>	<u>2,701,372</u>
Capital Acquisitions and Financing			
Revenue and support for capital acquisitions and financing	134,605	--	134,605
Donated property for capital and plant acquisitions	3,112,874	--	3,112,874
Net assets released from restrictions for capital acquisition and financing	3,436,757	(3,436,757)	--
Net assets released from restrictions for plant acquisitions	<u>1,944,397</u>	<u>(1,944,397)</u>	<u>--</u>
Changes in Net Assets From Capital Acquisitions and Financing	<u>8,628,633</u>	<u>(5,381,154)</u>	<u>3,247,479</u>
Changes in Net Assets	9,561,130	5,100,502	14,661,632
Net Assets, Beginning of Year	<u>73,493,775</u>	<u>80,415,043</u>	<u>153,908,818</u>
Net Assets, End of Year	<u>\$ 83,054,905</u>	<u>\$ 85,515,545</u>	<u>\$ 168,570,450</u>

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, 2025

	Program Services							Supporting Services				
	Supportive Housing Operations	Outreach Services	Health Services	Education, Employment, and Neighborhood Services	Real Estate and Asset Management	Property Management Services	Total Program Services	Management and General Administrative Services	People and Culture	Development and Communication	Total Supporting Services	Total Expenses
Salaries	\$ 8,572,890	\$ 1,949,552	\$ 5,034,102	\$ 1,232,438	\$ 679,238	\$ 2,514,990	\$ 19,983,210	\$ 3,649,048	\$ 937,774	\$ 1,357,354	\$ 5,944,176	\$ 25,927,386
Payroll taxes and fringe benefits	1,965,427	442,875	1,201,771	292,592	130,388	587,148	4,620,201	781,222	232,146	316,802	1,330,170	5,950,371
Occupancy	1,128,493	512,265	524,580	16,492	104	2,549,248	4,731,182	258,828	47,418	59,363	365,609	5,096,791
Other program expenses	340,666	66,946	2,379,679	91,127	3,711	229,929	3,112,058	63,467	99,736	10,117	173,320	3,285,378
Rent subsidy	--	--	--	--	--	2,895,298	2,895,298	--	--	--	--	2,895,298
Professional fees	65,126	61,124	762,679	164,368	107,796	296,245	1,457,338	248,219	108,089	151,328	507,636	1,964,974
Equipment rentals and maintenance	363,452	76,355	726,950	99,059	18,942	74,841	1,359,599	339,834	76,007	103,864	519,705	1,879,304
General expenses	394,523	55,402	456,313	58,004	9,169	242,014	1,215,425	126,713	238,862	203,800	569,375	1,784,800
Credit losses	144,814	--	1,236,515	--	--	2,705	1,384,034	24,619	--	10,000	34,619	1,418,653
Supplies	226,196	40,523	222,618	58,201	945	30,418	578,901	11,978	17,236	8,377	37,591	616,492
Interest expense	--	--	--	--	--	548,355	548,355	9,594	128	--	9,722	558,077
Fundraising	--	--	--	--	--	--	--	33,422	--	509,437	542,859	542,859
Food expenses	221,636	69,571	5,367	213,504	--	(69)	510,009	6	--	--	6	510,015
Communication expenses	181,617	41,782	76,492	22,256	8,052	10,143	340,342	16,594	9,241	4,855	30,690	371,032
Education fund	--	--	--	107,369	--	--	107,369	--	--	--	--	107,369
Total Expenses Before Depreciation and amortization	13,604,840	3,316,395	12,627,066	2,355,410	958,345	9,981,265	42,843,321	5,563,544	1,766,637	2,735,297	10,065,478	52,908,799
Depreciation and amortization	124,518	23,321	48,425	2,394	--	2,286,271	2,484,929	21,559	36,623	--	58,182	2,543,111
Total Expenses	\$ 13,729,358	\$ 3,339,716	\$ 12,675,491	\$ 2,357,804	\$ 958,345	\$ 12,267,536	\$ 45,328,250	\$ 5,585,103	\$ 1,803,260	\$ 2,735,297	\$ 10,123,660	\$ 55,451,910

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, 2024

	Program Services							Supporting Services				
	Supportive Housing Operations	Outreach Services	Health Services	Education, Employment, and Neighborhood Services	Real Estate and Asset Management	Property Management Services	Total Program Services	Management and General Administrative Services	People and Culture	Development and Communication	Total Supporting Services	Total Expenses
Salaries	\$ 6,839,179	\$ 1,857,623	\$ 5,675,158	\$ 1,092,422	\$ 616,419	\$ 2,379,414	\$ 18,460,215	\$ 3,524,539	\$ 872,633	\$ 1,324,080	\$ 5,721,252	\$ 24,181,467
Payroll taxes and fringe benefits	1,552,015	419,166	1,230,361	251,738	115,093	547,975	4,116,348	676,636	209,178	299,828	1,185,642	5,301,990
Occupancy	641,050	538,394	480,906	5,545	--	1,960,658	3,626,553	69,241	75,404	57,770	202,415	3,828,968
Rent subsidy	1,436	4,400	--	--	--	2,478,597	2,484,433	--	--	--	--	2,484,433
Other program expenses	379,993	56,833	1,318,360	89,824	2,477	136,601	1,984,088	212,922	48,979	17,820	279,721	2,263,809
Professional fees	70,743	9,983	603,223	111,164	233,490	429,017	1,457,620	391,203	256,985	138,853	787,041	2,244,661
Credit losses	56,074	7,062	1,650,637	7,682	1,117	5,097	1,727,669	9,557	930	166	10,653	1,738,322
General expenses	278,596	77,188	298,780	47,162	8,997	47,753	758,476	364,581	129,055	192,640	686,276	1,444,752
Equipment rentals and maintenance	359,795	66,313	399,026	103,417	15,028	86,749	1,030,328	148,492	78,209	161,022	387,723	1,418,051
Fundraising	--	--	1,255	--	--	--	1,255	--	--	1,197,683	1,197,683	1,198,938
Supplies	116,590	46,542	347,260	54,822	980	56,220	622,414	16,992	12,998	6,951	36,941	659,355
Interest expense	--	--	--	--	--	548,355	548,355	13,309	115	--	13,424	561,779
Food expenses	202,613	60,927	6,583	196,778	--	--	466,901	--	--	--	--	466,901
Communication expenses	171,034	37,893	75,473	19,554	7,722	18,700	330,376	14,894	10,954	4,498	30,346	360,722
Education fund	--	--	--	78,475	--	--	78,475	--	--	--	--	78,475
Total Expenses Before Depreciation and amortization	10,669,118	3,182,324	12,087,022	2,058,583	1,001,323	8,695,136	37,693,506	5,442,366	1,695,440	3,401,311	10,539,117	48,232,623
Depreciation and amortization	154,756	30,559	42,686	5,294	--	1,715,072	1,948,367	99,568	31,005	--	130,573	2,078,940
Total Expenses	\$ 10,823,874	\$ 3,212,883	\$ 12,129,708	\$ 2,063,877	\$ 1,001,323	\$ 10,410,208	\$ 39,641,873	\$ 5,541,934	\$ 1,726,445	\$ 3,401,311	\$ 10,669,690	\$ 50,311,563

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, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Changes in net assets	\$ (497,011)	\$ 14,661,632
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	2,543,111	1,993,968
(Decrease) increase in pledges receivable discount	(650,517)	119,808
Write-off of uncollectible pledges receivable	10,000	--
Loss on disposal of fixed asset	108,492	--
Gain from insurance claim for loss of fixed asset	--	(21,240)
Credit loss expense	1,408,652	1,738,322
Net realized and unrealized gains on investments	(4,753,335)	(5,036,995)
Contributed securities	(2,868,950)	(5,256,366)
Amortization of operating right-of-use assets	573,834	645,195
Accretion of operating lease liability	396,749	433,680
Contributions restricted for long-term purposes	(2,438,095)	(4,064,630)
Contributions restricted for endowment	(5,611,551)	(2,305,320)
Changes in operating assets and liabilities		
Accounts receivable	(978,882)	(1,134,846)
Grants receivable	2,364,465	374,698
Accounts receivable, related parties	1,040,900	55,125
Pledges receivable	8,497,019	(1,839,124)
Other current assets	229,077	(765,960)
Deposits	3,306	(368)
Interest and fees receivable, related parties	(281,438)	(1,540,929)
Accounts payable and accrued expenses	457,893	1,363,187
Deferred revenue	374,088	(191,257)
Operating lease liabilities	(892,974)	(982,133)
Net Cash Provided by Operating Activities	<u>(965,167)</u>	<u>(1,753,553)</u>
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	12,437,070	4,418,797
Purchase of investments	(15,191,094)	(5,205,968)
Collection of notes receivable, related parties	35,433	73,981
Issuance of notes receivable, related parties, net	(1,628,370)	(1,183,808)
Insurance claim proceeds	--	53,859
Purchase of land, property and equipment and construction-in-progress	(2,106,037)	(5,555,286)
Net Cash Used in Investing Activities	<u>\$ (6,452,998)</u>	<u>\$ (7,398,425)</u>

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, 2025 AND 2024

	2025	2024
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	\$ 2,438,095	\$ 4,064,630
Contributions restricted for endowment	<u>5,611,551</u>	<u>2,305,320</u>
Net Cash Provided by Financing Activities	<u>8,049,646</u>	<u>6,369,950</u>
Net Increase (Decrease) in Cash and Restricted Cash	631,481	(2,782,028)
Cash and Restricted Cash, Beginning of Year	<u>6,739,857</u>	<u>9,521,885</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 7,371,338</u></u>	<u><u>\$ 6,739,857</u></u>
Reconciliation of Cash and Restricted Cash, Beginning of Year		
Cash	\$ 5,498,768	\$ 8,483,952
Restricted - Residents' security deposits	31,188	33,094
Restricted - Residents' escrow	134,038	130,438
Restricted - Employees' flexible spending accounts	25,000	49,469
Restricted - 401k custodian account	9,968	--
Restricted - Unemployment insurance custodian account	195,332	--
Restricted - Note payable collateral	322,583	322,553
Restricted - Supportive services escrow RJD	135,517	132,980
Replacement and cash reserves	<u>387,463</u>	<u>369,399</u>
Cash and Restricted Cash, Beginning of Year	<u><u>\$ 6,739,857</u></u>	<u><u>\$ 9,521,885</u></u>
Reconciliation of Cash and Restricted Cash, End of Year		
Cash	\$ 6,216,347	\$ 5,498,768
Restricted - Residents' security deposits	33,784	31,188
Restricted - Residents' escrow	--	134,038
Restricted - Employees' flexible spending accounts	--	25,000
Restricted - 401k custodian account	12,450	9,968
Restricted - Unemployment insurance custodian account	243,472	195,332
Restricted - Pay card custodian account	3,412	--
Restricted - Note payable collateral	322,635	322,583
Restricted - Supportive services escrow RJD	137,734	135,517
Replacement and cash reserves	<u>401,504</u>	<u>387,463</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 7,371,338</u></u>	<u><u>\$ 6,739,857</u></u>

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

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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

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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES AND SUPPORT (CONTINUED)

Program Income and Fees

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 \$5,742,691 and \$5,863,851 for the years ended June 30, 2025 and 2024, respectively. Revenues from pharmacy sales are recognized at a point in time and was \$4,160,356 and \$3,494,315 for the years ended June 30, 2025 and 2024, respectively. Cost of goods sold related to pharmacy sales was \$1,469,280 and \$1,255,621 for the years ended June 30, 2025 and 2024, respectively, and are included in other program expenses on the statement of functional expenses.

Medicare/Medicaid

The Organization recognizes revenues in the period in which the health care services are provided at a point in time 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 Organization'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.

Contracts, Government Funding

The Organization receives funds on a cost reimbursement basis as well as based on fixed rates as established in the contracts from governmental entities. 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 the Organization must invoice the agencies for costs incurred under the grant. The Organization is not entitled to the funds if the costs are not incurred. Such conditional contributions have barriers in the contracts that require the Organization to incur qualifying expense for certain programs. The Organization recognizes revenue when the conditions are met. As of June 30, 2025 and 2024, the outstanding amount of governmental funding received in which conditions have not been met and therefore, revenue not recognized is \$615,284 and \$245,133, respectively, and is included in deferred revenue on the statements of financial position.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES AND SUPPORT (CONTINUED)

Contributions and Grants

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. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

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 until the event is held.

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.

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

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions (CONTINUED)

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

Contributed nonfinancial assets include donated professional services, food, use of space and facilities and property and equipment which are recorded at the respective fair market value of the goods or services received at the date of donation. 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

Restricted cash, current portion, includes \$293,118 and \$395,526 as of June 30, 2025 and 2024, respectively, for residents' security deposits and savings, benefits custodian accounts and employees' flexible spending accounts.

For the years ended June 30, 2025 and 2024, 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 \$322,635 and \$322,583, as of June 30, 2025 and 2024, respectively, will remain on deposit with the bank until the terms of the note have been met. In addition, the Organization has 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 includes \$137,734 and \$135,517 as of June 30, 2025 and 2024, respectively.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPLACEMENT, OPERATING AND CASH RESERVES

As of June 30, 2025 and 2024, the Organization has designated reserves of \$18,948,385 and \$19,797,361, respectively, for future operations as well as building and equipment replacements. These reserves are comprised of a combination of money market funds and other investments.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable are recorded at the amount the Organization expects to collect. The allowance estimate is derived from a review of the Organization's historical losses based on the loss rate methodology. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segments have remained constant since inception.

The Organization's policy is to write off accounts receivable when management determines that the balance is uncollectible. Management considers factors including the age of the receivable, financial condition of the debtor and historical collection experience. Accounts receivable are written off by reducing the allowance for credit losses. Recoveries of previously written-off receivables are recorded as income when received. As of July 1, 2023, accounts receivable was \$2,971,358 and the allowance for credit losses was \$735,999.

The Organization had the following activity for its allowance for credit losses for accounts receivable for the years ended June 30, 2025 and 2024:

	June 30,	
	2025	2024
Beginning balance	\$ 908,232	\$ 735,999
Provision for expected credit losses, returns, and chargebacks	469,424	1,910,555
Recoveries	173,667	--
Write-offs	<u>(1,408,652)</u>	<u>(1,738,322)</u>
Ending balance	<u>\$ 142,671</u>	<u>\$ 908,232</u>

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS RECEIVABLE

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on experience, 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 grant terms. It is the Organization's policy to charge off uncollectible balances when management determines the receivable will not be collected. The allowance for doubtful accounts at June 30, 2025 and 2024 was \$31,381 and \$7,871, 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. 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 5.09%.

NOTES RECEIVABLE, RELATED PARTIES

Notes receivable, related parties represent loans provided to related entities to fund predevelopment and development costs for various housing projects (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).

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

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.

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	15 to 20 years
Leasehold improvements	5 to 15 years
Furniture and equipment	3 to 5 years
Software	3 years
Vehicles	5 years

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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025 and 2024.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATIONS

Certain 2024 amounts have been reclassified to conform to the 2025 presentation. These reclassifications have no effect on the previously reported changes in net assets.

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, 2025	As of June 30, 2024
Cash	\$ 6,216,347	\$ 5,498,768
Accounts receivable	1,381,066	1,639,612
Grants receivable	4,238,710	6,774,399
Accounts receivable, related parties	2,017,709	3,058,609
Pledges receivable, current portion	12,422,963	13,915,632
Interest and fees receivable, related parties, current portion	--	930,584
Investments	<u>95,116,581</u>	<u>84,740,271</u>
Total Financial Assets Available Within One Year	<u>121,393,376</u>	<u>116,557,875</u>
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with purpose restrictions	(63,515,671)	(62,989,549)
Restricted by donor in perpetuity	(9,239,897)	(8,933,476)
Board and management designated funds	<u>(23,191,551)</u>	<u>(24,052,361)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 25,446,257</u>	<u>\$ 20,582,489</u>

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 2026.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 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 \$4,000,000, all of which was unused and available to draw upon as of June 30, 2025.

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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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 Organization uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of private equity funds, credit funds and real estate funds, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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 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.

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. There were no transfers during the years ended June 30, 2025 and 2024.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 15,236,276	\$ --	\$ --	\$ 15,236,276
United States Government and agency obligations	--	5,749,585	--	5,749,585
Corporate bonds	--	9,150,561	--	9,150,561
Exchange traded funds	38,550,252	--	--	38,550,252
Mutual funds	<u>23,343,277</u>	<u>--</u>	<u>--</u>	<u>23,343,277</u>
Total Investment in the Fair Value Hierarchy	<u>77,129,805</u>	<u>14,900,146</u>	<u>--</u>	<u>92,029,951</u>
At NAV	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,086,630</u>
Total Investment Assets at Fair Value	<u>\$ 77,129,805</u>	<u>\$ 14,900,146</u>	<u>\$ --</u>	<u>\$ 95,116,581</u>
	Investment Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 13,088,909	\$ --	\$ --	\$ 13,088,909
United States Government and agency obligations	--	7,447,004	--	7,447,004
Corporate bonds	--	6,901,329	--	6,901,329
Exchange traded funds	34,105,248	--	--	34,105,248
Mutual funds	<u>22,366,231</u>	<u>--</u>	<u>--</u>	<u>22,366,231</u>
Total Investment in the Fair Value Hierarchy	<u>69,560,388</u>	<u>14,348,333</u>	<u>--</u>	<u>83,908,721</u>
At NAV	<u>--</u>	<u>--</u>	<u>--</u>	<u>831,550</u>
Total Investment Assets at Fair Value	<u>\$ 69,560,388</u>	<u>\$ 14,348,333</u>	<u>\$ --</u>	<u>\$ 84,740,271</u>

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2025:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	2	\$ 1,676,938	\$ 393,087	Quarterly, Illiquid	30days, None
Credit fund	1	1,043,835	--	Quarterly	30 days
Real estate fund	1	347,314	452,500	Limited (1)	None
Community foundation	1	<u>18,652</u>	<u>--</u>	Illiquid	None
		<u>\$ 3,086,740</u>	<u>\$ 845,587</u>		

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2024:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity fund	1	\$ 502,052	\$ 393,087	Illiquid	None
Real estate fund	1	311,145	452,500	Limited (1)	None
Community foundation	1	<u>18,353</u>	<u>--</u>	Illiquid	None
		<u>\$ 831,550</u>	<u>\$ 845,587</u>		

(1) The liquidity of certain investments is limited until the original capital commitment has been met.

Private Equity Funds – Funds focused on growth in equity, buyout opportunities, or distressed debt. These investments are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund. The terms of these investments range from three to seven years.

Credit Fund - The Company seeks to meet its investment objective by primarily investing in private debt opportunities, including first lien loans (which may include “unitranche” loans and “last out” first lien loans, which are loans that are second priority behind “first out” first lien loans), second lien loans, unsecured and mezzanine loans, bonds and preferred equity, as well as certain equity co-investments.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Real Estate Fund – Fund focused on real estate assets primarily located in the United States. These investments are not redeemable. Instead, distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 2 to 10 years.

Community Foundation – The fund is an endowment consisting of cash, securities, or other assets to provide income for the maintenance of the foundation. The investment strategy is to diversify investments to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. The investment goals for all investment funds of the Foundation, including both trust and corporate assets, are to: (1) meet payout requirements of endowment funds, (2) provide sufficient liquidity to meet distribution requirements, (3) earn a total return of 5% in excess of inflation as measured by the Consumer Price Index over a five-year time horizon, and (4) earn competitive returns relative to capital market.

NOTE 5 - INVESTMENT INCOME

Investment income consists of the following:

	2025	2024
Investment income		
Interest and dividends	\$ 3,532,118	\$ 2,641,410
Net realized and unrealized gains	<u>4,753,335</u>	<u>5,036,995</u>
	8,285,453	7,678,405
Interest earned on notes receivable, related parties and cash operating accounts	1,137,071	936,711
Less: investment management fees	<u>(341,868)</u>	<u>(476,643)</u>
Total Investment Income	<u>\$ 9,080,656</u>	<u>\$ 8,138,473</u>

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 6 - PLEDGES RECEIVABLE

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

	June 30,	
	2025	2024
Receivable in less than one year - gross	\$ 7,422,963	\$ 13,915,632
Receivable in one to five years - gross	12,842,700	14,897,050
Receivable in more than five years	1,085,000	1,045,000
Less total discounts to net present value	<u>(1,699,012)</u>	<u>(2,349,529)</u>
Net Receivable in One to Five Years	<u>12,228,688</u>	<u>13,592,521</u>
Total Net Pledges Receivable	<u>\$ 19,651,651</u>	<u>\$ 27,508,153</u>

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES

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

	June 30,	
	2025	2024
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 \$24,839 and \$24,907 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$402,813 and \$377,974, respectively.		
(a)	\$ 677,750	\$ 677,750

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

	June 30,	
	2025	2024
<p>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 2052; total interest of \$98,323 and \$91,947 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$860,382 and \$762,059, respectively.</p>	600,000	600,000
<p>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 2052; total interest of \$9,213 and \$8,995 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$99,265 and \$90,052, respectively.</p>	250,000	250,000
<p>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 \$486,456 and \$455,841 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$3,912,876 and \$3,426,420, respectively. (b)</p>	3,532,504	3,532,504
<p>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 second-position lien; no principal payments due until the maturity date in June 2055.</p>	500,000	500,000

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

	June 30,	
	2025	2024
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 \$136,065 and \$132,469 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$1,098,360 and \$962,295, respectively. (c)	1,762,713	1,762,713
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 \$64,142 and \$61,249 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$486,218 and \$422,076, respectively. (c)	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 April 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

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

	June 30,	
	2025	2024
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 \$84,011 and \$79,092 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$378,245 and \$294,234, respectively. (d)	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. (e)	6,794,500	6,794,500
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. (f)	964,567	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 August 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.	17,503	17,503

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES
(CONTINUED)

	June 30,	
	2025	2024
<p>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% compounded annually; total interest of \$27,614 and \$26,530 was accrued during the years ended June 30, 2025 and 2024, respectively; accrued interest as of June 30, 2025 and 2024 was \$54,144 and \$26,530, respectively. (g)</p>	700,000	700,000
<p>In May 2025, to assist with the rehabilitation and development of a 24 units of rental housing on behalf of 1850 North Croskey Development Corporation, a non-interest bearing note totaling \$1,236,925 was received; collateralized by a fifth-position lien; no principal or interest payments are due until the maturity date of May 2045. (h)</p>	483,484	--
<p>In May 2025, to assist with the rehabilitation and development of a 112 units of rental housing on behalf of Project H.O.M.E. Community Development Corporation, a non-interest bearing note totaling \$2,237,353 was received; collateralized by a ninth-position lien; no principal or interest payments are due until the maturity date of May 2045. (h)</p>	<u>1,144,886</u>	<u> </u> --
Total Long-Term Notes Receivable, Related Parties	<u>\$20,840,407</u>	<u>\$19,247,470</u>

- (a) 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 April 2039.
- (b) 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 2044.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 7 - NOTES RECEIVABLE, RELATED PARTIES (CONTINUED)

- (c) 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 April 2048.
- (d) 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.
- (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 July 2063.
- (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 December 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 June 2065.
- (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 May 2045.

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

Land, property and equipment consists of the following:

	June 30,	
	2025	2024
Land	\$ 1,666,233	\$ 1,666,233
Land improvements	1,286,333	1,286,333
Building and building improvements	30,793,906	30,777,706
Leasehold improvements	8,044,835	6,929,132
Furniture and equipment	2,297,644	2,046,499
Software	519,999	401,833
Vehicles	814,990	561,855
	<u>45,423,940</u>	<u>43,669,591</u>
Less accumulated depreciation	<u>(17,662,417)</u>	<u>(15,315,947)</u>
	<u>\$ 27,761,523</u>	<u>\$ 28,353,644</u>

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 8 - LAND, PROPERTY AND EQUIPMENT, AND CONSTRUCTION-IN-PROGRESS (CONTINUED)

Construction-in-progress of \$987,218 and \$940,663 as of June 30, 2025 and 2024, 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, 2025, there were dispositions of leasehold improvements in the amount of \$305,132 and related accumulated depreciation of \$196,640. During the year ended June 30, 2024, there were dispositions of property or equipment in the amount of \$4,987,460 and related accumulated depreciation of \$4,947,053.

Depreciation expense was \$2,543,111 and \$1,993,968 for the years ended June 30, 2025 and 2024, respectively.

NOTE 9 - NOTES PAYABLE

Notes payable consists of various loans entered into as follows:

	June 30,	
	2025	2024
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 2026, 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

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 9 - NOTES PAYABLE (CONTINUED)

	June 30,	
	2025	2024
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 in November 2026; collateralized by a second mortgage on the property. (a)	250,000	250,000
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 in December 2028; collateralized by a second mortgage on the property. (a)	250,000	250,000
Non-interest bearing 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 in November 2030; collateralized by a second mortgage on the property. (a)	500,000	500,000
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 in August 2032; collateralized by a second mortgage on the property. (a)	500,000	500,000

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 9 - NOTES PAYABLE (CONTINUED)

	June 30,	
	2025	2024
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 the completion of the project in May 2035; collateralized by a third mortgage on the property. (a)	300,000	300,000
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 project in December 2037; collateralized by a fourth mortgage on the property. (a)	<u>750,000</u>	<u>750,000</u>
Total Long-Term Notes Payable	<u>13,166,357</u>	<u>13,166,357</u>
Less: Current portion	<u>(1,000,000)</u>	<u>--</u>
Total Long-Term Notes Payable (b)	<u>\$12,166,357</u>	<u>\$13,166,357</u>

(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 for each of the years ended June 30, 2025 and 2024, 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
2026	\$ 1,000,000
2027	1,194,671
2028	--
2029	250,000
2030	--
Thereafter	<u>10,721,686</u>
	<u>\$ 13,166,357</u> (b)

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 9 - NOTES PAYABLE (CONTINUED)

The Organization had available a \$2,000,000 revolving bank line-of-credit, which renewed for an additional year on June 30, 2025. In September 2025, the line-of-credit was amended and increased to \$4,000,000 and expires on June 30, 2026. The line-of-credit is secured by certain assets of the Organization. There is no outstanding balance on this line-of-credit as of June 30, 2025 and 2024. The line-of-credit bears interest at the bank's prime rate (7.50% and 8.50% as of June 30, 2025 and 2024, 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, 2025 and 2024 was \$4,744,670 and \$4,742,463, respectively.

OTHER DESIGNATED FUNDS

Management has designated certain funds for future capital improvements to the Organization's facilities. The designated balance at June 30, 2025 and 2024 was \$18,446,881 and \$19,309,898, respectively.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	2025	2024
Housing and support services	\$ 17,493,339	\$ 12,697,798
Education and employment services	7,518,312	7,242,570
Health services	19,598,114	22,749,902
General operating reserve and other	1,997,615	2,391,763
Fundraising and communications	--	3,622,714
Plant acquisitions	6,081,518	2,854,093
Capital acquisitions and financing	18,055,460	25,023,229
Education & Employment - held in perpetuity	6,728,156	6,728,156
Future operations – held in perpetuity	2,511,741	2,205,320
	<u>\$ 79,984,255</u>	<u>\$ 85,515,545</u>

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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,	
	2025	2024
Net assets released for operations:		
Housing and support services	\$ 3,271,050	\$ 2,745,625
Outreach services	289,690	414,400
Education and employment services	2,448,265	2,183,846
Health services	3,277,391	2,007,685
General operating reserve and other	1,090,799	995,259
Fundraising and communications	352,058	267,075
Plant acquisitions	1,006,445	1,944,397
Capital acquisitions and financing	<u>3,382,283</u>	<u>3,436,757</u>
	<u>\$ 15,117,981</u>	<u>\$ 13,995,044</u>

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 in perpetuity until the fund reaches its predetermined funding goal.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025 and 2024 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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 12 - RESTRICTED ENDOWMENT FUNDS (CONTINUED)

The Organization's endowment fund had the following activity:

	June 30,	
	2025	2024
Endowment net assets, beginning of year	<u>\$ 25,538,589</u>	<u>\$ 22,465,949</u>
Investment return		
Investment income	816,219	333,004
Net appreciation (realized and unrealized)	<u>1,465,208</u>	<u>1,042,278</u>
Total Investment Return	<u>2,281,427</u>	<u>1,375,282</u>
Contributions	5,611,551	2,305,320
Appropriation of endowment assets for expenditure	<u>(994,760)</u>	<u>(607,962)</u>
Changes in Endowment Net Assets	<u>4,616,791</u>	<u>1,697,358</u>
Endowment Net Assets, End of Year	<u>\$ 32,436,807</u>	<u>\$ 25,538,589</u>

The endowment consisted entirely of donor-restricted funds as of June 30, 2025 and 2024, of which \$9,239,897 and \$8,933,476, respectively, 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, 2025 and 2024.

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.

PROJECT HOME AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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:

Entity	June 30, 2025						
	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	\$ 73,250	\$ 1,144,886	\$ --	\$ --	\$ 514,223	\$ --	\$ --
115 East Huntingdon Limited Partnership (d)	213,285	7,544,500	126,392	--	210,377	6,667	--
810 Arch Limited Partnership	74,873	4,032,504	3,912,876	486,456	615,689	102,609	--
1212 Ludlow Limited Partnership	174,680	677,750	402,813	24,839	429,716	--	--
1301 North 8th Limited Partnership	23,203	1,000,000	378,245	84,011	74,344	--	--
1315 North 8th Limited Partnership	47,646	17,503	--	--	63,415	--	--
1415 Fairmount Limited Partnership	65,368	850,000	959,647	107,536	355,137	22,375	--
1850 North Croskey Development Corporation	80,615	483,484	--	--	83,750	--	--
1920 East Orleans Limited Partnership	50,194	300,000	101,379	--	137,109	--	--
2415 North Broad Limited Partnership	64,727	3,125,213	1,584,578	200,207	388,082	29,158	--
Mpower Development Corp	11,338	--	--	--	64,441	--	--
RJD 15 Limited Partnership	27,592	964,567	--	--	256,840	--	--
KP 15 Limited Partnership	98,844	700,000	791,321	27,614	519,322	87,550	226,496
Other (e)	<u>1,012,094</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>\$ 2,017,709</u>	<u>\$ 20,840,407</u>	<u>\$8,227,251</u>	<u>\$930,663</u>	<u>\$ 3,712,445</u>	<u>\$248,359</u>	<u>\$ 226,496</u>

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

Entity	June 30, 2024						
	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	\$ 468,460	\$ --	\$ --	\$ --	\$ 503,457	\$ --	\$ --
115 East Huntingdon Limited Partnership (d)	264,759	7,544,500	650,338	--	177,352	10,000	--
810 Arch Limited Partnership	109,113	4,032,504	2,939,965	431,861	485,020	27,450	--
1212 Ludlow Limited Partnership	321,546	677,750	353,135	24,908	409,470	--	--
1301 North 8 th Limited Partnership	20,451	1,000,000	294,234	79,092	90,717	--	--
1315 North 8 th Limited Partnership	30,068	17,503	--	--	117,221	--	--
1415 Fairmount Limited Partnership	84,510	850,000	744,574	100,942	334,724	45,838	--
1850 North Croskey Development Corporation	109,840	--	--	--	66,959	--	--
1920 East Orleans Limited Partnership	57,397	300,000	101,379	--	123,826	--	--
2415 North Broad Limited Partnership	101,758	3,125,213	1,100,154	193,718	366,771	60,598	--
Mpower Development Corp	20,716	--	--	--	74,983	--	--
RJD 15 Limited Partnership	60,871	1,000,000	98,951	--	234,715	--	--
KP 15 Limited Partnership	1,094,700	700,000	732,499	26,530	479,156	85,000	733,504
Other	314,419	--	--	--	--	--	--
	<u>\$ 3,058,608</u>	<u>\$ 19,247,470</u>	<u>\$ 7,015,229</u>	<u>\$ 857,051</u>	<u>\$ 3,464,371</u>	<u>\$ 228,886</u>	<u>\$ 733,504</u>

- (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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

- (d) In July 2023, Project HOME contributed \$100,000 of capital to KRR Development Corporation, 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, 2024. KRR Development Corporation made a general partner contribution of this same amount to 115 East Huntingdon Limited Partnership for the acquisition, rehabilitation and development permanent rental housing.
- (e) This includes advances for construction projects expected to begin in the next fiscal year.

NOTE 14 - DONATED PROPERTY, GOODS AND SERVICES

Donated property, food and services for the fiscal years ended June 30, 2025 and 2024, included in the consolidated Statements of Activities, were as follows:

	June 30,	
	2025	2024
Food	\$204,012	\$180,135
Operating supplies	76,889	--
Use of space and facilities	1,253,712	625,022
Legal and professional services	134,243	259,884
Property and equipment	--	3,112,874
	<u>\$ 1,668,856</u>	<u>\$ 4,177,915</u>

Contributed food and operating supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of contribution. Contributed food and operating supplies are used in program services.

Contributed use of space and facilities is valued based on the estimated market value of the space provided based on comparable properties in the area. Contributed use of space and facilities are used for program, management and general, and fund-raising based on the square footage of the space used for each activities.

Contributed legal and professional services are provided by attorneys and professionals who advise the Organization on various administrative legal and other matters. Contributed services are used for management and general activities and are recognized at fair value based on current rates for similar legal and professional services.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 14 - DONATED PROPERTY, GOODS AND SERVICES (CONTINUED)

During the year ended June 30, 2024, the Organization received a donation of property and equipment to be used for housing services. The donated assets are capitalized based on the fair value of the property and equipment at the time of donation.

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(b) and 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.

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, 2025 and 2024, an asset and liability for \$766,153 and \$1,187,855, respectively, is payable under the plan and reflected in investments and accounts payable and accrued expenses. For the years ended June 30, 2025 and 2024, the deferred compensation expense recognized was \$181,741 and \$463,030, 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, 2025 and 2024. Pension expense incurred for the years ended June 30, 2025 and 2024 was \$716,910 and \$749,441, 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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 16 - LEASES (CONTINUED)

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, 2025 and 2024:

	2025	2024
Operating Right-of-Use Assets, Net	<u>\$ 10,484,974</u>	<u>\$ 11,058,808</u>
Operating lease liabilities, current portion	\$ 449,664	\$ 499,462
Operating lease liabilities, net of current portion	<u>11,565,854</u>	<u>12,012,281</u>
Total Operating Lease Liability	<u>\$ 12,015,518</u>	<u>\$ 12,511,743</u>

The components of operating lease costs are as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Operating lease cost		
Fixed rent expense	\$ 974,301	\$ 1,050,486

The following summarizes the cash flow information related to the operating leases for the years ended June 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ 892,974	\$ 982,133

Weighted average lease term and discount are as follows at June 30, 2025 and 2024:

	2025	2024
Weighted average remaining lease term - operating	17.82 years	18.60 years
Weighted average discount rate - operating	3.27 %	3.28 %

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 16 - LEASES (CONTINUED)

The maturities of the operating lease liabilities as of June 30, 2025 are as follows:

2026	\$ 839,717
2027	846,236
2028	771,791
2029	787,709
2030	803,978
Thereafter	<u>12,033,903</u>
Total Lease Payments	16,083,334
Less: Amount representing interest	<u>4,067,816</u>
Present Value of Future Minimum Lease Payments	12,015,518
Less: Current maturities	<u>499,664</u>
Long-term Lease Liability	<u><u>\$ 11,565,854</u></u>

NOTE 17 – SELF INSURANCE

The Organization is self-insured for dental coverage and for State Unemployment Compensation (SUTA).

There were 249 employees covered under the dental plan as of June 30, 2025. Project HOME incurred \$97,710 in administrative fees and dental claims for the year ended June 30, 2025. The plan caps each individual employee at \$1,000 per year and caps families at \$2,500 per family. The maximum insurance coverage for Project HOME is \$340,500 per plan year.

All employees are covered for SUTA. There were 469 employees at June 30, 2025. Project HOME incurred \$260,581 in administrative fees and claim deposits for the year ended June 30, 2025. The Organization has \$1,000,000 in coverage and a stop loss attachment point of \$704,770 for a total stop loss limit of \$1,704,770.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025, 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 40% and 32% of the Organization's revenue and support is from government contracts, including Medicaid and Medicare, for each of the years ended June 30, 2025 and 2024, respectively.

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.

PROJECT HOME AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2025, the Organization had approximately \$6,500,000 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 for each of the years ended June 30, 2025 and 2024.

NOTE 21 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 18, 2025, 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.