



Combined Financial Statements,
Supplemental Information
and
Independent Auditors' Report

June 30, 2021 and 2020

Horizons for Homeless Children and Affiliate

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DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Horizons for Homeless Children

We have audited the accompanying combined financial statements of Horizons for Homeless Children and its Affiliate (collectively, the Agency), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Horizons for Homeless Children and its Affiliate as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules of combining statement of financial position and combining statement of activities on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Daniel Dennis & Company LLP

October 25, 2021

Horizons for Homeless Children and Affiliate
Combined Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
<i>Assets</i>		
<i>Current Assets</i>		
Cash and restricted cash	\$ 4,009,258	\$ 4,033,243
Restricted certificates of deposit	6,169,249	6,119,553
Investments	204,107	18,922
Contracts and grants receivable	529,885	712,084
Pledges receivable, net	1,965,230	2,278,836
Prepaid expenses and other	191,768	233,030
Total current assets	<u>13,069,497</u>	<u>13,395,668</u>
<i>Property and Equipment, net</i>	<u>10,398,523</u>	<u>1,476,196</u>
<i>Other Assets</i>		
Note receivable	13,553,300	13,553,300
Investment in limited liability company	3,883,547	3,684,885
Pledges receivable, net	1,315,010	2,776,339
Deposits	27,317	27,317
Total other assets	<u>18,779,174</u>	<u>20,041,841</u>
Total assets	<u>\$ 42,247,194</u>	<u>\$ 34,913,705</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable	\$ 185,638	\$ 215,705
Accounts payable - construction	61,960	575,207
Accrued expenses	669,646	327,482
Accrued interest	1,631	12,549
Deferred revenue	243,224	158,492
Deferred lease	236,343	-
Current portion of note payable	3,729,264	3,349,896
Total current liabilities	<u>5,127,706</u>	<u>4,639,331</u>
<i>Long-term Liabilities</i>		
Note payable, net of unamortized debt issuance costs	<u>2,634,750</u>	<u>587,933</u>
Total liabilities	<u>7,762,456</u>	<u>5,227,264</u>
<i>Net Assets</i>		
Without donor restrictions:		
Operating	9,947,946	1,705,320
Property and equipment	10,336,563	900,989
Board designated	11,116,012	11,116,012
Total net assets without donor restrictions	31,400,521	13,722,321
With donor restrictions	<u>3,084,217</u>	<u>15,964,120</u>
Total net assets	<u>34,484,738</u>	<u>29,686,441</u>
Total liabilities and net assets	<u>\$ 42,247,194</u>	<u>\$ 34,913,705</u>

See accompanying notes to the combined financial statements.

Horizons for Homeless Children and Affiliate

Combined Statements of Activities

For the Year Ended June 30, 2021

Revenues	<i>WITHOUT DONOR</i>	<i>WITH DONOR</i>	
	<u>RESTRICTION</u>	<u>RESTRICTION</u>	<u>TOTAL</u>
<i>Program revenues:</i>			
Contracts, grants and vouchers	\$ 4,015,080	\$ -	\$ 4,015,080
Donated professional services	144,528	-	144,528
Total program revenues	<u>4,159,608</u>	<u>-</u>	<u>4,159,608</u>
<i>Fundraising revenues:</i>			
Contributions	4,732,913	125,000	4,857,913
Capital campaign contributions	3,205,475	175,000	3,380,475
Special events	1,760,663	-	1,760,663
Net assets released from restrictions	13,179,903	(13,179,903)	-
Total fundraising revenues	<u>22,878,954</u>	<u>(12,879,903)</u>	<u>9,999,051</u>
<i>Interest income on notes receivable</i>	<u>745,160</u>	<u>-</u>	<u>745,160</u>
Total revenues	<u>27,783,722</u>	<u>(12,879,903)</u>	<u>14,903,819</u>
Expenses			
<i>Program services:</i>			
Early education centers	6,704,895	-	6,704,895
Playspace	887,246	-	887,246
Training and technical assistance	139,454	-	139,454
Evaluation	76,603	-	76,603
Policy and advocacy	154,448	-	154,448
Total program services	<u>7,962,646</u>	<u>-</u>	<u>7,962,646</u>
<i>Supporting services:</i>			
Fundraising	1,237,631	-	1,237,631
Marketing/communications	433,404	-	433,404
General and administrative	880,864	-	880,864
Total supporting services	<u>2,551,899</u>	<u>-</u>	<u>2,551,899</u>
Total expenses	<u>10,514,545</u>	<u>-</u>	<u>10,514,545</u>
Changes in net assets from operations	<u>17,269,177</u>	<u>(12,879,903)</u>	<u>4,389,274</u>
Non-operating activity			
Forgiveness of debt	1,176,929	-	1,176,929
Interest and dividends on investments	88,286	-	88,286
Net realized and unrealized loss on investments	(856,192)	-	(856,192)
Total non-operating revenues	<u>409,023</u>	<u>-</u>	<u>409,023</u>
Changes in net assets	<u>17,678,200</u>	<u>(12,879,903)</u>	<u>4,798,297</u>
Net assets, beginning of year	<u>13,722,321</u>	<u>15,964,120</u>	<u>29,686,441</u>
Net assets, end of year	<u>\$ 31,400,521</u>	<u>\$ 3,084,217</u>	<u>\$ 34,484,738</u>

See accompanying notes to the combined financial statements.

Horizons for Homeless Children and Affiliate
Combined Statements of Activities – *continued*
For the Year Ended June 30, 2020

Revenues	<i>WITHOUT DONOR</i>	<i>WITH DONOR</i>	
	<u><i>RESTRICTION</i></u>	<u><i>RESTRICTION</i></u>	<u><i>TOTAL</i></u>
<i>Program revenues:</i>			
Contracts, grants and vouchers	\$ 4,072,536	\$ -	\$ 4,072,536
Donated professional services	113,735	-	113,735
Total program revenues	<u>4,186,271</u>	<u>-</u>	<u>4,186,271</u>
<i>Fundraising revenues:</i>			
Contributions	3,813,301	116,992	3,930,293
Capital campaign contributions	-	3,860,387	3,860,387
Special events	1,697,232	-	1,697,232
Net assets released from restrictions	462,172	(462,172)	-
Total fundraising revenues	<u>5,972,705</u>	<u>3,515,207</u>	<u>9,487,912</u>
<i>Interest income on notes receivable</i>	<u>745,160</u>	<u>-</u>	<u>745,160</u>
Total revenues	<u>10,904,136</u>	<u>3,515,207</u>	<u>14,419,343</u>
Expenses			
<i>Program services:</i>			
Early education centers	5,563,946	-	5,563,946
Playspace	882,219	-	882,219
Training and technical assistance	211,369	-	211,369
Evaluation	51,685	-	51,685
Policy and advocacy	160,457	-	160,457
Total program services	<u>6,869,676</u>	<u>-</u>	<u>6,869,676</u>
<i>Supporting services:</i>			
Fundraising	1,157,305	-	1,157,305
Marketing/communications	411,223	-	411,223
General and administrative	1,094,056	-	1,094,056
Total supporting services	<u>2,662,584</u>	<u>-</u>	<u>2,662,584</u>
Total expenses	<u>9,532,260</u>	<u>-</u>	<u>9,532,260</u>
Changes in net assets from operations	<u>1,371,876</u>	<u>3,515,207</u>	<u>4,887,083</u>
Non-operating activity			
Forgiveness of debt	-	-	-
Interest and dividends	101,674	-	101,674
Net realized and unrealized loss on investments	(75,650)	-	(75,650)
Total non-operating revenues	<u>26,024</u>	<u>-</u>	<u>26,024</u>
Changes in net assets	<u>1,397,900</u>	<u>3,515,207</u>	<u>4,913,107</u>
Net assets, beginning of year	<u>12,324,421</u>	<u>12,448,913</u>	<u>24,773,334</u>
Net assets, end of year	<u>\$ 13,722,321</u>	<u>\$ 15,964,120</u>	<u>\$ 29,686,441</u>

See accompanying notes to the combined financial statements.

Horizons for Homeless Children and Affiliate
Combined Statements Functional Expenses
For the Year Ended June 30, 2021

	PROGRAM SERVICES					SUPPORTING SERVICES				TOTAL
	EARLY EDUCATION CENTERS	PLAYSPACE	TRAINING AND TECHNICAL ASSISTANCE		EVALUATION	POLICY AND ADVOCACY	TOTAL PROGRAM SERVICE	MARKETING/ COMMUNI- AND ADMINIS- TRATIVE		
			FUND- RAISING	COMMUNI- CATIONS				ADMINIS- TRATIVE		
EXPENSES:										
Salaries and related expenses:										
Salaries	\$ 3,773,042	\$ 602,259	\$ 95,168	\$ 37,987	\$ 71,339	\$ 4,579,795	\$ 710,142	\$ 253,291	\$ 514,434	\$ 6,057,662
Employee benefits	395,609	78,453	6,068	5,033	9,481	494,644	79,439	33,744	44,440	652,267
Payroll taxes	313,306	49,875	7,126	2,356	3,561	376,224	54,256	18,749	35,940	485,169
Total salaries and related expenses	4,481,957	730,587	108,362	45,376	84,381	5,450,663	843,837	305,784	594,814	7,195,098
Occupancy	1,301,502	60,515	17,366	18,532	1,547	1,399,462	97,867	36,367	108,067	1,641,763
Interest	76,123	1,399	-	905	-	78,427	3,785	1,564	12,989	96,765
Services and professional fees	155,811	25,594	4,590	8,322	58,190	252,507	51,870	73,950	54,441	432,768
Supplies	226,859	25,257	158	82	16	252,372	2,775	187	1,777	257,111
Major fundraising events	-	-	-	-	-	-	77,230	-	-	77,230
Office	36,927	12,298	956	525	9,337	60,043	95,248	4,709	25,905	185,905
Donated professional services	87,187	8,477	1,211	605	605	98,085	7,266	3,633	13,320	122,304
Miscellaneous	164,010	6,846	720	360	347	172,283	45,913	3,452	48,602	270,250
Depreciation	139,372	3,619	202	1,856	18	145,067	7,968	3,270	13,242	169,547
Transportation	25	5,398	-	-	-	5,423	15	-	135	5,573
Training and meetings	35,122	7,256	5,889	40	7	48,314	3,857	488	7,572	60,231
Total expenses	\$ 6,704,895	\$ 887,246	\$ 139,454	\$ 76,603	\$ 154,448	\$ 7,962,646	\$ 1,237,631	\$ 433,404	\$ 880,864	\$ 10,514,545

See accompanying notes to the combined financial statements.

Horizons for Homeless Children and Affiliate
Combined Statements Functional Expenses – *continued*
For the Year Ended June 30, 2020

	PROGRAM SERVICES						SUPPORTING SERVICES			TOTAL	
	EARLY EDUCATION CENTERS	PLAYSPACE	TRAINING AND TECHNICAL ASSISTANCE		EVALUATION	POLICY AND ADVOCACY		TOTAL PROGRAM SERVICE	GENERAL AND ADMINIS- TRATIVE		
			FUND- RAISING	MARKETING/ COMMUNI- CATIONS		ADMINIS- TRATIVE					
EXPENSES:											
Salaries and related expenses:											
Salaries	\$ 3,473,584	\$ 563,652	\$ 113,622	\$ 28,933	\$ 50,575	\$ 4,230,366	\$ 633,464	\$ 213,515	\$ 488,449	\$ 5,565,794	
Employee benefits	449,735	69,910	14,070	1,970	2,419	538,104	61,235	15,794	33,830	648,963	
Payroll taxes	341,400	55,255	10,814	2,674	6,467	416,610	57,187	19,699	40,192	533,688	
Total salaries and related expenses	4,264,719	688,817	138,506	33,577	59,461	5,185,080	751,886	249,008	562,471	6,748,445	
Occupancy	648,729	47,904	20,439	10,664	1,778	729,514	62,311	23,276	71,871	886,972	
Interest	136,359	21,621	5,180	1,267	3,932	168,359	28,363	10,078	28,869	235,669	
Services and professional fees	116,017	31,729	4,584	4,546	84,233	241,109	46,899	106,472	291,060	685,540	
Supplies	202,000	18,146	617	298	49	221,110	3,274	646	4,417	229,447	
Major fundraising events	-	-	-	-	-	-	156,657	-	-	156,657	
Office	38,173	15,730	1,243	612	10,875	66,633	91,444	18,222	28,656	204,955	
Donated professional services	-	-	-	-	-	-	-	-	19,239	19,239	
Miscellaneous	96,489	36,019	904	1	-	133,413	8,634	2,571	13,927	158,545	
Depreciation	46,610	6,299	1,380	720	120	55,129	4,199	191	3,359	62,878	
Transportation	1,544	9,833	308	-	9	11,694	1,750	-	2,756	16,200	
Training and meetings	13,306	6,121	38,208	-	-	57,635	1,888	759	67,431	127,713	
Total expenses	\$ 5,563,946	\$ 882,219	\$ 211,369	\$ 51,685	\$ 160,457	\$ 6,869,676	\$ 1,157,305	\$ 411,223	\$ 1,094,056	\$ 9,532,260	

See accompanying notes to the combined financial statements.

Horizons for Homeless Children and Affiliate
Combined Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
<i>Cash Flows from Operating Activities</i>		
Changes in net assets	\$ 4,798,297	\$ 4,913,107
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	169,547	62,878
Net unrealized and realized loss on investments	856,192	75,650
Donated stock	321,234	(124,362)
Donated capitalized services and furniture	(27,900)	(94,496)
Contributions restricted for capital campaign	(250,000)	(666,564)
Debt forgiveness	(1,176,929)	-
Discount on pledges receivable	151,449	87,437
Changes in operating assets and liabilities		
Contracts and grants receivable	182,199	(145,613)
Pledges receivable, net	1,623,486	1,407,711
Prepaid expenses and other	41,262	34,163
Accounts payable	(543,314)	86,871
Accrued expenses	342,164	(77,318)
Accrued interest	(10,918)	(14,083)
Due from related party	-	75,000
Deferred revenue	(10,918)	158,492
Deferred lease	236,343	-
Net cash provided by operating activities	<u>6,702,194</u>	<u>5,778,873</u>
<i>Cash Flows from Investing Activities</i>		
Proceeds on sales and maturities of investments	145,672	136,476
Equity contributions made	(1,072,656)	(2,817,509)
Purchase of restricted certificates of deposit, net	(49,696)	(62,972)
Acquisition of property and equipment	<u>(9,577,221)</u>	<u>(452,033)</u>
Net cash used in investing activities	<u>(10,553,901)</u>	<u>(3,196,038)</u>
<i>Cash Flows from Financing Activities</i>		
Proceeds from notes payable	11,059,361	3,572,268
Payments on notes payable	(7,481,639)	(5,572,000)
Contributions restricted for capital campaign	<u>250,000</u>	<u>666,564</u>
Net cash provided by/(used in) financing activities	<u>3,827,722</u>	<u>(1,333,168)</u>
Net change in cash and restricted cash	(23,985)	1,249,667
Cash and restricted cash, beginning of year	<u>4,033,243</u>	<u>2,783,576</u>
Cash and restricted cash, end of year	<u>\$ 4,009,258</u>	<u>\$ 4,033,243</u>
<i>Supplemental Disclosure of Cash Flow Information</i>		
Capitalized interest	<u>\$ 145,316</u>	<u>\$ -</u>
Interest paid	<u>\$ 227,607</u>	<u>\$ 224,360</u>
<i>Supplemental schedule of non-cash investing and financing activities</i>		
Capital expenditures included in accounts/construction payable	<u>\$ 61,960</u>	<u>\$ 575,207</u>

See accompanying notes to the combined financial statements.

Horizons for Homeless Children and Affiliate

Notes to the Combined Financial Statements

June 30, 2021 and 2020

1. *Nature of Operations*

The accompanying combined financial statements reflect the financial activity of Horizons for Homeless Children and its Affiliate, HHC QALICB, Inc., collectively referred to as the Agency. All inter-affiliate balances and transactions have been eliminated in the combined financial statements.

Horizons for Homeless Children (Horizons) works to improve the lives of young homeless children and to help their families succeed by providing high quality early education, opportunities for play, and comprehensive family support services. Horizons provides customized play and education that children who have experienced the traumas of homelessness need in order to overcome the effects of trauma and to be ready for school.

Horizons is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Horizons is also exempt from state income taxes. Donors may deduct contributions made to Horizons within the IRC regulations.

HHC QALICB, Inc. was formed in July 2018 as a supporting organization to Horizons, within the meaning of Section 509(a)(3) of the IRC, and will be operated at all times exclusively for the benefit of Horizons. HHC QALICB, Inc. is exempt from income taxes under section 501(c)(3) of the IRC and is also exempt from state income taxes. Management of Horizons are members of the board of directors of HHC QALICB, Inc. and therefore Horizons controls HHC QALICB, Inc.

Program services rendered by the Agency are summarized as follows:

Early Education Centers

The Agency operates one of Massachusetts top ranked early education programs, which starts children along the path toward success at school. The Agency's early education program is designed to address the unique challenges and trauma that children experiencing homelessness face. In addition to early education, the center operates and facilitates the Agency's Family Partnership Program. When children are enrolled at the centers, their parents are as well and each one works closely with a family advocate to define a long-term vision for their family and actionable goals to carry them forward toward economic self-sufficiency. Through this program, the Agency creates a partnership with families by recognizing that parents are the greatest factor in their child's success, the Agency staff provide support, encouragement and practical guidance for getting families' lives back on track.

Playspace

The Agency provides children in shelters play experiences that let them be kids for a few hours each week. Through the playspace program, the Agency builds playrooms, coordinate activities and work with staff in more than 90 shelters across Massachusetts.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

1. Nature of Operations – continued

Training and Technical Assistance

Through the training and technical assistance program, Agency staff members receive hands on training that is specific to early education for homeless children and required to be in compliance with state regulations. In addition, each teacher is coached, trained and monitored by an expert in the field.

Evaluation

The evaluation program is a key program in the Agency's goal of undertaking a more formal process to design, evaluate, and utilize information gained to improve outcomes for children and families who participate in the Agency's programs. This program will be instrumental to the Agency's focus on influencing public policy regarding early childhood education and child and family homelessness.

Policy and Advocacy

The Agency's policy and advocacy work represents a key strategy in the Agency's mission to improve the lives of homeless children and families in Massachusetts. Through the lens of early childhood development, the Agency engages with legislators at the state and federal levels, as well as with other community organizations to advocate for holistic approaches that increase access to high-quality child care, as well as stable, affordable housing opportunities for families across Massachusetts.

2. Significant Accounting Policies

Basis of Accounting

The Agency prepares its combined financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

Cash, Cash Equivalents and Restricted Cash

For the purposes of the combined statement of financial position and the combined statement of cash flows, the Agency considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2021 and 2020. The following table provides a reconciliation of cash and restricted cash reported within the combined statements of financial position to the sum of the corresponding amounts within the combined statements of cash flows at June 30,:

	<i>2021</i>	<i>2020</i>
Cash	\$ 2,758,844	\$ 3,085,312
Restricted cash (see Note 8)	<u>1,250,414</u>	<u>947,931</u>
Total	<u>\$ 4,009,258</u>	<u>\$ 4,033,243</u>

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

2. Significant Accounting Policies – continued

Classification of Net Assets

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

Net assets without donor restrictions - includes all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same fiscal year as the contribution is made. Net assets without donor restriction denoted as property and equipment represent equity in such property and equipment.

Net assets without donor restrictions designated by the Board represent funds set aside by internal Board action. These include funds set aside to fund long-term planning and related projects and future operating deficits. Effective for fiscal year 2020, the board voted to designate an additional \$1,397,900 of unrestricted net assets. Board designated net assets at June 30, 2021 and 2020, was \$11,116,012 and \$11,116,012, respectively.

Net assets with donor restrictions – includes net assets subject to donor-imposed restrictions. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Revenue Recognition

Contracts and grants are recorded over the period covered by the contract or grant as services are provided and costs are incurred. State vouchers for services are recorded as revenue as services are provided. Grants and contributions without donor restrictions are recorded when cash, securities or an unconditional promise to give is received.

The Agency recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met (see Note 5). Intentions to give are not included as support until collected or formally promised and legally enforceable (see Note 5). Gifts of non-cash assets are recorded at their fair value at the date of contribution, as determined by the donor or the Agency.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

2. *Significant Accounting Policies – continued*

Revenue Recognition – continued

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Agency recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Agency recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

A portion of the Agency's revenue is derived from cost-reimbursable and unit rate contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures or provided services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under contracts and grants.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the combined financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (see Note 12).

Pledges Receivable

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Contracts and Grants Receivable

Contracts and grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of agencies and donors to meet their obligations. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2021 and 2020, management deemed that no allowance for doubtful accounts was necessary on contracts and grants receivable.

Note Receivable

The note receivable is carried at its unpaid principal balance. Management believes the note receivable is collectible, therefore there is no allowance for the loan losses. Interest on loan is recognized over the term of the loan using the simple-interest method on principal amounts outstanding.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

2. Significant Accounting Policies – continued

Investments

Investments are recorded at fair value. Investment income includes interest and dividends and is recorded when earned. Realized gains and losses from investment transactions and changes in fair value (unrealized gains and losses) of investments are recorded as incurred. Investments are not insured and are subject to ongoing market fluctuations.

The Agency has an investment in a liability company in which the Agency's ownership percentage is approximately 36%. This investment is recorded on the equity method of accounting. Under the equity method, the investment is carried at cost and adjusted for the Agency's share of income, losses, additional investments and cash distributions from the entity. The Agency ceases recognition of losses for financial statement purposes once the cost of the investment is reduced to zero. Changes in the value of the investment, which are other than temporary, are recognized as necessary.

Certificates of deposit are investments that are not debt or equity securities and are recorded at cost.

Fair Value Measurement

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

2. Significant Accounting Policies – continued

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Additions with a cost or fair value of less than \$1,000 are expensed. Donated property and equipment are recorded at fair value at the time of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	Lesser of lease term or useful life
Playground	15 years
Website, furniture, fixtures and equipment	3 - 7 years

Functional Allocation of Expenses

The combined statements of activities reflect expenses on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services functions. Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or cost category.

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs related. Amortization of debt issuance costs is reported as a component of interest expense.

Tax Positions

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. Unrelated business income, of which there was none for the fiscal years ended June 30, 2021 and 2020, would be subject to Federal and state income taxes. Consequently, the accompanying combined financial statements do not reflect any provision for income taxes. As of June 30, 2021, the Agency has evaluated the tax position taken in its previously filed returns and those expected to be taken in its fiscal year 2021 returns and believe they are *more-likely-than-not* of being sustained if examined by Federal or state tax authorities. The Agency's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years (fiscal years 2018 - 2020).

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

3. Investments

The following is a description of the valuation methodologies used for assets measured at fair value.

Common Stock

Value is based upon estimated fair value, as reported by the third party fund manager. The fund manager utilizes the quoted prices for the underlying holdings as its basis for fair value measurement.

The investment portfolio at fair value as of June 30, 2021 and 2020, is as follows:

<i>Description</i>	<i>2021</i>	
	<i>Level 1</i>	<i>Total</i>
Common stock	<u>\$ 204,107</u>	<u>\$ 204,107</u>
<i>2020</i>		
<i>Description</i>	<i>Level 1</i>	<i>Total</i>
Common stock	<u>\$ 18,922</u>	<u>\$ 18,922</u>

Investment in Limited Liability Company

During fiscal year 2017, Horizons became a member of Horizons Watermark LLC (HWLLC). HWLLC was created to acquire and develop land located in Roxbury, Massachusetts. Horizon’s share of interest in HWLLC is equal to Horizon’s percentage interest as defined by HWLLC’s operating agreement. The percentage interest is determined from time to time and is equal to Horizon’s share of the net rentable square footage, which is estimated to be 35.9%. As a result, the investment is recorded on the equity basis. During fiscal year 2018, in accordance with the operating agreement, Horizons contributed its required equity contribution of \$3,000,000. Horizons additional capital, as required by the operating agreement, is equal to 50% of the predevelopment and land purchase costs. Any additional capital required thereafter will be based on Horizons percentage interest as defined by the operating agreement. During fiscal year 2019, Horizons assigned and contributed all of its interest in HWLLC to its Affiliate, HHC QALICB, Inc. as a grant.

During fiscal year 2021 and 2020, Horizons granted HHC QALICB, Inc. approximately \$1.1 million and \$2.7 million, respectively, for HHC QALICB, Inc.’s equity contribution to HW LLC. The grant activity between Horizons and HHC QALICB, Inc. has been eliminated in the combined financial statements.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

3. Investments – Continued

At June 30, 2021 and 2020, the Agency's capital balance was \$3,883,547 and \$3,684,885, respectively. The following summarizes the financial information of HWLLC as of and for the years ended June 30, 2021 and 2020:

	<i>2021</i>	<i>2020</i>
Total assets	\$ 63,670,529	\$ 59,118,259
Total liabilities	<u>55,751,783</u>	<u>51,474,860</u>
Net assets	<u>\$ 7,918,746</u>	<u>\$ 7,643,399</u>
Revenue	\$ 1,215,197	\$ 125,232
Expenses	<u>3,145,385</u>	<u>341,100</u>
Net loss	<u>\$ (1,930,188)</u>	<u>\$ (215,868)</u>
Agency's equity in net assets	<u>\$ 3,883,547</u>	<u>\$ 3,684,885</u>

4. Pledges Receivable

Approximately 73% and 67% of the Agency's pledges receivable at June 30, 2021 and 2020, were from four donors. As of June 30, 2021 and 2020, approximately 11%, of the Agency's pledges receivable were from members of the Board of Directors.

Pledges receivable are expected to be collected as follows as of June 30:

	<i>2021</i>	<i>2020</i>
Unconditional promises to be collected in:		
One year or less	\$ 2,039,202	\$ 2,352,808
One to five years	1,771,005	3,187,783
Greater than five years	<u>-</u>	<u>200,000</u>
Total pledges receivable	3,810,207	5,740,591
Less - discount (rate of 3.70% and 1.01%, respectively)	(455,995)	(607,444)
Less - allowance	<u>(73,972)</u>	<u>(73,972)</u>
Net pledges receivable	<u>\$ 3,280,240</u>	<u>\$ 5,059,175</u>

The allowance for doubtful accounts is based on collection experience and other circumstances that may affect the ability of donors to meet their obligations. It is the Agency's policy to charge off uncollectible promises to give when management determines the receivable will not be collected.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

5. Conditional Grant and Intentions to Give

During fiscal year June 30, 2021 and 2020, the Agency solicited funds from many of its large annual fund donors under a capital campaign for the Agency’s buildout relating to its investment in HWLLC (See Note 3). In order to preserve the funding of continuing operations, the Agency asked donors to submit promise cards indicating the donations the donors intend to give for future periods. The promise cards are for budgetary purposes only and do not represent legally enforceable promises to give, and donors may rescind the promise to give at any time. The promise cards clearly indicate that the information provided is a gift intention. These promises to give do not meet the criteria for revenue recognition; therefore, they are not reflected as contributions in the combined statements of activities until the promises to give are legally enforceable or collected. The total gift intentions at June 30, 2021 and 2020 totaled approximately \$3,400,000 and \$4,500,000, respectively.

During fiscal year June 30, 2020, the Agency received a conditional grant of \$1,000,000 from the Commonwealth of Massachusetts, which has not been recognized in the combined statement of activities because the conditions have not yet been met. One of the conditions requires the Agency to enter into a Land Use Restriction for the property, which the Agency has not completed.

The Agency also received multi-year unit rate contracts of approximately \$2,000,000 and \$2,900,000, respectively, that have not been recognized at June 30, 2021 and 2020 since the performance obligations have not been met.

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	<i>2021</i>	<i>2020</i>
Leasehold improvements	\$ 8,243,426	\$ 2,032,188
Playground	867,065	-
Furniture, fixtures and equipment	1,448,189	601,407
Website	88,486	88,486
Development in process	<u>-</u>	<u>1,466,806</u>
Total property and equipment	10,647,166	4,188,887
Less - accumulated depreciation	<u>(248,643)</u>	<u>(2,712,691)</u>
Net property and equipment	<u><u>\$ 10,398,523</u></u>	<u><u>\$ 1,476,196</u></u>

Included in property and equipment as of June 30, 2020 are approximately \$2,600,000 of fully depreciated assets which were still being utilized by the Agency. During the year ended June 30, 2021, the Agency disposed of these assets when the Agency occupied its new space and no gain or loss was recognized.

Depreciation expense was \$169,547 and \$62,878 for the years ended June 30, 2021 and 2020, respectively.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

7. *Note Receivable*

The Agency entered into a promissory note receivable agreement with TNT-HW 1 NMTC Fund, LLC (TNT) dated September 24, 2018, in the amount of \$13,553,300, which bears interest at 5.498% per annum. The note matures in June 2039 and is secured by the pledge agreement. In addition, the note agreement contains various covenants as required in the pledge agreement. Interest only payments are required through December 2028. Commencing in January 2029, quarterly payments of principal and interest are due. For both of the years ended June 30, 2021 and 2020, the Agency earned interest of \$745,160. As of June 30, 2021 and 2020, TNT owes the Agency \$13,553,300.

8. *Restricted Certificates of Deposit and Cash*

The Agency entered into a pledge and assignment agreement with Eastern Bank dated September 24, 2018. In accordance with the agreement, the Agency's certificates of deposit and certain cash accounts are pledged as collateral against the note payable. These balances are reported as restricted on the combined statement of financial position.

9. *Notes Payable*

Eastern Bank

The Agency entered into a promissory note agreement with Eastern Bank dated September 24, 2018 in the amount of \$12,527,510, which bears interest at a rate of 5.32% per annum and matures in September 2022. The note requires payments of principal based on anticipated collections of pledges as defined in the note agreement. Payments of interest are due monthly. This note is secured by the following; (a) leasehold mortgage, security agreement and assignment of leases and rents (b) pledge and security agreement on the Agency's note receivable entered into during September 2018 and (c) all of the Agency's assets and capital campaign pledges listed in the loan and security agreement, excluding grants designated to support the day-to-day operations or restricted for non-capital purposes. In addition, the note agreement contains various covenants as required in the loan and security agreement. During fiscal year 2021, the loan was repaid in full. At June 30, 2020, the outstanding principal balance was \$2,830,510.

The Agency entered into a promissory note agreement with Eastern Bank dated September 24, 2018 in the amount of \$6,500,000, which bears interest at a fixed rate at the prevailing same-term FHLB Index plus a margin of 2.35%. During fiscal year 2021, the loan amount was increased to \$11,000,000. Subsequent to year end, the loan amount was reduced to \$10,500,000. The note matures in September 2028 and is secured by the following; (a) leasehold mortgage, security agreement and assignment of leases and rents (b) pledge and security agreement on the Agency's note receivable entered into during September 2018 and (c) all of the Agency's assets and capital campaign pledges listed in the loan and security agreement, excluding grants designated to support the day-to-day operations or restricted for non-capital purposes. In addition, the note agreement contains various covenants as required in the loan and security agreement. As of June 30, 2021 and 2020, the outstanding principal balance on the loan was \$6,408,232 and \$0, respectively. During fiscal year 2021 and 2020, the Agency capitalized interest totaling \$145,316 and \$0, respectively.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

9. Note Payable – continued

Payroll Protection Program Loan

The Agency entered into a promissory note agreement with Eastern Bank dated April 15, 2020 in the amount of \$1,176,929, which bears interest at a rate of 1% per annum and matures in April 2022 under the Small Business Administration’s Payroll Protection Program. The note has no repayment terms for six months and beginning in November 2020, principal and interest payment of \$65,904 are due monthly. During fiscal year 2021, the loan entire loan was forgiven. The outstanding balance at June 30, 2020 was \$1,176,929.

Notes payable are shown net of unamortized debt issuance costs of \$44,218 and \$69,610, as of June 30, 2021 and 2020, respectively. Debt issuance costs of \$110,263 are being amortized using the straight line method. For the fiscal years ended June 30, 2021 and 2020, amortization expense was \$25,392 and \$25,391, respectively, and was included in interest expense in the combined statement of functional expenses. Accumulated amortization at June 30, 2021 and 2020 was \$66,045 and \$40,653, respectively.

Maturity of the notes payable for the next five years and thereafter is as follows:

Fiscal Year Ended June 30,	
2022	\$ 3,729,264
2023	1,779,793
2024	<u>899,175</u>
Total	<u>\$ 6,408,232</u>

10. Line of Credit

The Agency has available a \$900,000 revolving line of credit with BlueHub Loan Fund Inc. expiring on October 1, 2021 secured by the Agency’s assets. Borrowings are due on demand and interest is payable monthly at 6.5%. There was no outstanding balance as of June 30, 2021 and 2020.

11. Lease Agreements

The Agency leases equipment and space under various operating leases expiring through December, 2043. The initial terms of these lease agreements are from two to twenty-five years. The facility leases require the Agency to maintain certain insurance coverage and pay for its proportionate share of real estate taxes and operating expenses. Rent expense under the facility leases was approximately \$1,200,000 and \$607,000 for the years ended June 30, 2021 and 2020, respectively.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

11. Lease Agreements – continued

Future minimum lease payments under these agreements for the next five years and thereafter are as follows:

<i>June 30,</i>	<i>Amount</i>
2022	\$ 785,500
2023	830,000
2024	851,000
2025	878,500
2026	906,000
Thereafter	<u>22,830,000</u>
Total	<u>\$ 27,081,000</u>

12. Donated Goods and Services

Volunteers and other organizations contribute services to the Agency in support of various aspects of its programs. These services are reflected in the accompanying combined financial statements based upon the estimated value assigned to them by the donating volunteers, agencies, or by management. The value of donated professional services provided for the years ended June 30, 2021 and 2020, was \$144,528 and \$113,735, respectively. For the years ended June 30, 2021 and 2020, the Agency capitalized \$0 and \$94,496, respectively, of the total donated professional services in development in process.

The Agency receives services of volunteers to fulfill various aspects of its programs. In addition, the Agency receives certain goods which are used in various aspects of its programs. The value of these goods and services is not reflected in the accompanying financial statements, since these donations do not meet the criteria for recognition under standards pertaining to ASC Topic, *Accounting for Contributions Received*.

13. Pension Plan

The Agency has a defined contribution pension plan covering all employees. Participation in the plan is voluntary and contributions are limited by the IRC. The Agency made discretionary matching contributions of \$31,126 and \$25,121 to the plan for the years ended June 30, 2021 and 2020, respectively.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

14. Concentration of Credit Risk

Approximately 25% and 40%, respectively, of contracts and grants receivable at June 30, 2021 and 2020, are due from two not-for-profit organizations and approximately 74% and 50%, respectively, are due from the Commonwealth of Massachusetts and the City of Boston.

The Agency maintains its cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at the banks up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Agency has not experienced any losses in these accounts. The Agency believes it is not exposed to any significant credit risk on its operating cash balance.

15. Related Parties

On occasion, the Agency transacts with individuals or entities that have a family or business relationship with members of the Agency's Board of Directors or management. During the years ended June 30, 2021 and 2020, pro-bono legal services received from such related parties was valued at \$116,628 and \$113,735, respectively (see Note 12). In addition, a portion of the Agency's pledges receivable were from members of the Board of Directors (see Note 4)

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following uses at June 30:

	<i>2021</i>	<i>2020</i>
Purpose and time restrictions:		
Pledges for capital projects	\$ 3,075,207	\$ 15,875,731
Community Children Centers	45,838	100,000
Library	100,000	-
Time restrictions:		
Pledges for operations	289,667	566,333
Purpose restrictions:		
Training and Technical Assistance program	29,500	29,500
Less - present value discount	<u>(455,995)</u>	<u>(607,444)</u>
Total	<u>\$ 3,084,217</u>	<u>\$ 15,964,120</u>

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

16. Net Assets with Donor Restrictions – continued

Net assets released from net assets with donor restrictions during fiscal years 2021 and 2020 comprised of:

	<i>2021</i>	<i>2020</i>
Purpose and time restrictions:		
Community Children Centers	\$ 79,162	\$ 100,000
Pledges for capital projects	12,845,811	-
Time restrictions:		
Operations	-	25,000
Pledges - operations	254,930	277,000
Purpose restrictions for:		
Training and Technical Assistance	-	50,500
Young professionals group	-	9,672
Total	\$ 13,179,903	\$ 462,172

17. Contingencies

Litigation

In the ordinary course of the Agency's business, the Agency is, from time-to-time, involved in disputes concerning individuals' employment with the Agency and/or litigation with outside parties. The Agency denies any wrongdoing in these cases and is taking the appropriate legal steps in defense of these disputes. It is the Agency's opinion that any potential settlement would not be material to the accompanying June 30, 2021 combined financial statements.

Government Contracts

The Agency receives a portion of its funding from the Commonwealth of Massachusetts and the Federal government under unit-rate contracts. Payments to the Agency are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency as of June 30, 2021 and 2020, or on the changes in its net assets for the years then ended.

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Agency's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or may limit the childcare services we provide. Operating functions may be changed to address these issues. Changes to the operating environment may increase operating costs. The future effects of these issues cannot be reasonably estimated.

Horizons for Homeless Children and Affiliate
Notes to the Combined Financial Statements – *continued*
June 30, 2021 and 2020

18. Commitments

The Agency entered into a guarantee agreement dated September 24, 2018 which the Agency guarantees completion and payment of the of all project costs associated with the project development relating to HWLLC (see Note 3).

19. Availability and Liquidity

Financial assets available for general expenditures within one year, and without donor or other restrictions limiting their use, as of June 30, 2021 and 2020 include the following:

	<i>2021</i>	<i>2020</i>
Unrestricted cash	\$ 2,709,344	\$ 3,000,640
Investments	204,107	18,922
Contracts and grants receivable	529,850	895,248
Unrestricted pledges due within one year	<u>237,001</u>	<u>237,001</u>
Total	<u>\$ 3,680,302</u>	<u>\$ 4,151,811</u>

As part of the Agency’s liquidity plan, the Agency maintains 75 days of operating cash on hand with the inclusion of the Agency’s \$900,000 line of credit.

The Agency also deposits required collateral funds for its note payable into certificates of deposit and money market accounts. Furthermore, the Agency’s pledges receivable for the capital campaign are restricted for the repayment of the principal on the Agency’s note payable.

20. Subsequent Events

Subsequent to year, the Agency amended its Eastern Bank Loan amount available to be drawn down from \$11,000,000 to \$10,500,000.

Subsequent events have been evaluated through October 25, 2021, which is the date the combined financial statements were available to be issued.

Supplementary Information

Horizons for Homeless Children and Affiliate
 Supplemental Schedule – Combining Statement of Financial Position
 June 30, 2021

	<i>Horizons for Homeless Children</i>	<i>HHC QALICB, Inc.</i>	<i>Total</i>
<i>Current Assets</i>			
Cash	\$ 4,009,258	\$ -	\$ 4,009,258
Restricted certificates of deposit	6,169,249	-	6,169,249
Investments	204,107	-	204,107
Contracts and grants receivable	529,885	-	529,885
Pledges receivable, net	1,965,230	-	1,965,230
Prepaid expenses and other	191,768	-	191,768
Total current assets	<u>13,069,497</u>	<u>-</u>	<u>13,069,497</u>
<i>Property and Equipment</i>			
Property and equipment, net	<u>10,398,523</u>	<u>-</u>	<u>10,398,523</u>
<i>Other Assets</i>			
Note receivable	13,553,300	-	13,553,300
Investment in limited liability company	-	3,883,547	3,883,547
Pledges receivable, net	1,315,010	-	1,315,010
Deposits	27,317	-	27,317
Total other assets	<u>14,895,627</u>	<u>3,883,547</u>	<u>18,779,174</u>
Total assets	<u>\$ 38,363,647</u>	<u>\$ 3,883,547</u>	<u>\$ 42,247,194</u>
<i>Current Liabilities</i>			
Accounts payable	\$ 185,638	\$ -	\$ 185,638
Accounts payable - construction	61,960	-	61,960
Accrued expenses	669,646	-	669,646
Accrued interest	1,631	-	1,631
Deferred revenue	243,224	-	243,224
Deferred lease	236,343	-	236,343
Note payable current portion	3,729,264	-	3,729,264
Total current liabilities	<u>5,127,706</u>	<u>-</u>	<u>5,127,706</u>
<i>Long-term Liabilities</i>			
Note payable, net of unamortized debt issuance costs	<u>2,634,750</u>	<u>-</u>	<u>2,634,750</u>
Total liabilities	7,762,456	-	7,762,456
<i>Net Assets</i>	<u>30,601,191</u>	<u>3,883,547</u>	<u>34,484,738</u>
Total liabilities and net assets	<u>\$ 38,363,647</u>	<u>\$ 3,883,547</u>	<u>\$ 42,247,194</u>

Horizons for Homeless Children and Affiliate
Supplemental Schedule – Combining Statement of Activities
For the Year Ended June 30, 2021

	<i>Horizons for Homeless Children</i>	<i>HHC QALICB, Inc.</i>	<i>Total</i>
Revenues			
<i>Program revenues:</i>			
Contracts, grants and vouchers	\$ 4,015,080	\$ -	\$ 4,015,080
Donated professional services	<u>144,528</u>	<u>-</u>	<u>144,528</u>
Total program revenues	<u>4,159,608</u>	<u>-</u>	<u>4,159,608</u>
<i>Fundraising revenues:</i>			
Contributions	4,857,913	-	4,857,913
Capital campaign contributions	3,380,475	-	3,380,475
Special events	<u>1,760,663</u>	<u>-</u>	<u>1,760,663</u>
Total fundraising revenues	<u>9,999,051</u>	<u>-</u>	<u>9,999,051</u>
<i>Interest income on notes receivable</i>	<u>745,160</u>	<u>-</u>	<u>745,160</u>
Total revenues	<u>14,903,819</u>	<u>-</u>	<u>14,903,819</u>
Expenses			
Program services	7,962,646	-	7,962,646
Supporting services	<u>2,551,899</u>	<u>-</u>	<u>2,551,899</u>
Total expenses	<u>10,514,545</u>	<u>-</u>	<u>10,514,545</u>
Changes in net assets from operations	<u>4,389,274</u>	<u>-</u>	<u>4,389,274</u>
Non-operating activity			
Forgiveness of debt	1,176,929	-	1,176,929
Contributions (to Affiliate)/from Horizons	(1,072,656)	1,072,656	-
Interest and dividends on investments	88,286	-	88,286
Net realized and unrealized gain/(loss) on investments	<u>17,802</u>	<u>(873,994)</u>	<u>(856,192)</u>
Total non-operating revenues	<u>210,361</u>	<u>198,662</u>	<u>409,023</u>
Changes in net assets	<u>4,599,635</u>	<u>198,662</u>	<u>4,798,297</u>
Net assets, beginning of year	<u>26,001,556</u>	<u>3,684,885</u>	<u>29,686,441</u>
Net assets, end of year	<u>\$ 30,601,191</u>	<u>\$ 3,883,547</u>	<u>\$ 34,484,738</u>