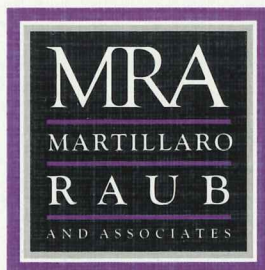


**HOMEAID COLORADO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022**



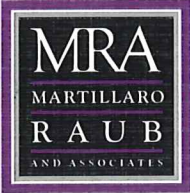
Certified Public Accountants

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HOMEAID COLORADO
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Colorado Community Shelter Providers, Inc. dba HomeAid Colorado
Lakewood, Colorado

Opinion

We have audited the accompanying financial statements of Colorado Community Shelter Providers, Inc, dba HomeAid Colorado (a Colorado nonprofit organization), which comprise the statements of financial position as of December, 31 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeAid Colorado as of December 31, 2022 and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HomeAid Colorado and to meet our ethical responsibilities in accordance with 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.

Change in Accounting Principle

The Company adopted FASB Accounting Standards Update 2016-02, Leases (Topic 842) effective December 15, 2021, using the modified retrospective approach which does not require prior periods to be restated.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 HomeAid Colorado's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HomeAid Colorado'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 HomeAid Colorado'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.

Martillaro Raub and Associates

Martillaro Raub and Associates
Wheat Ridge, Colorado
June 5, 2023

HOMEAID COLORADO
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	2022
Assets	
Cash and cash equivalents	\$ 370,632
Contributions receivable	31,600
Prepaid expense	44,841
Investments (Note 3)	875,077
Net property and equipment (Note 4)	21,596
Right of use asset, operating leases (Note 11)	7,681
Total assets	\$ 1,351,427
 Liabilities and net assets	
Liabilities	
Accounts payable	\$ 838
Payroll liabilities	13,720
Deferred revenue	10,000
Lease liability for operating leases, current portion (Note 11)	7,805
Total liabilities	\$ 32,363
 Net assets	
Without donor restrictions	1,069,064
With donor restrictions (Note 2)	250,000
Total net assets	1,319,064
Total liabilities and net assets	\$ 1,351,427

See Accompanying Notes and Independent Auditor's Report

HOMEAID COLORADO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2022</u> <u>Total</u>
Revenues and Other Support:			
Contributions	\$ 683,031		\$ 683,031
Special event income	319,921		319,921
Less: direct event expense	(89,400)		(89,400)
Foundations	60,100		60,100
Gain (loss) on investment	(70,197)		(70,197)
Program fees	36,733		36,733
In-kind (Note 6)	436,818		436,818
Net assets released from restrictions	-		-
Total revenue and other support	1,377,006	-	1,377,006
Expenses:			
Program services	1,257,932		1,257,932
Supporting services			
Management and general	86,119		86,119
Fund-raising	29,549		29,549
Total expense	1,373,600	-	1,373,600
Change in net assets	3,406	-	3,406
Net assets, beginning of year	1,065,658	250,000	1,315,658
Net assets, end of year	\$ 1,069,064	\$ 250,000	\$ 1,319,064

See Accompanying Notes and Independent Auditor's Report

HOMEAID COLORADO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022			
	Supporting Services			
	Shelter Development Program	Management and General	Fund- raising	Total
	\$	\$	\$	\$
Salaries	171,822	21,478	21,478	214,778
Payroll taxes and benefits	39,126	7,087	4,876	51,089
Shelter development	576,329	-	-	576,329
In-kind construction materials	392,140	-	-	392,140
Advertising	3,819	-	-	3,819
Rent	22,836	2,979	2,854	28,669
Accounting and audit	-	11,088	-	11,088
Workforce development	15,547	-	-	15,547
Contract services	-	12,938	-	12,938
Insurance	-	2,232	-	2,232
Bank fees	-	22,800	-	22,800
Meetings	3,566	-	-	3,566
Dues and subscriptions	2,882	3,437	-	6,319
Travel	5,703	-	-	5,703
Telephone	2,378	297	297	2,972
Licenses and permits	-	10	-	10
Supplies	44	1,423	44	1,511
Equipment	-	180	-	180
In-kind legal	13,847	-	-	13,847
Gifts and honorariums	410	-	-	410
Printing	86	-	-	86
Repairs	-	110	-	110
Interest	-	60	-	60
	1,250,535	86,119	29,549	1,366,203
Depreciation	7,397	-	-	7,397
	\$ 1,257,932	\$ 86,119	\$ 29,549	\$ 1,373,600

See Accompanying Notes and Independent Auditor's Report

**HOMEAID COLORADO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
Cash Flows From Operating Activities:	
Increase (Decrease) in net assets	\$ 3,406
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation	7,397
ROU asset operating lease	124
Reinvested Dividends	(19,505)
(Gain) Loss on sale of investments	4,273
Unrealized (Appreciation) Depreciation on Investments	79,572
(Increase) Decrease in:	
Accounts receivable, Net	(22,267)
Prepaid expense	(32,271)
Increase (Decrease) in:	
Trade accounts payable	(2,628)
Deferred revenue	10,000
Payroll and other accrued liabilities	(843)
	27,258
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	\$ 27,258
Cash Flows From Investing Activities:	
Purchase of investments	\$ (324,844)
Proceeds from sale of investments	330,701
Purchases of property and equipment	(3,861)
	1,996
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	\$ 1,996
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 29,254
Cash and Cash Equivalents at the Beginning of the Year	\$ 341,377
	370,632
Cash and Cash Equivalents at the End of the Year	\$ 370,632

See Accompanying Notes and Independent Auditor's Report

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Colorado Community Shelter Providers, Inc., dba HomeAid Colorado (the Organization) was incorporated in the State of Colorado in 1999, and is an exempt organization under the provisions of Internal Revenue Code Section 501(c)(3). The Organization was formed for the purpose of renovating and building shelters for non-profit organizations for their use in providing housing, counseling, education and other programs to those experiencing or at risk of homelessness across Colorado. The organization maximizes their relationships within the building industry to perform work on construction type projects and solicits in-kind contributions of materials and labor. The organization also provides outreach efforts such as an annual diaper drive and a collection of essential personal items which are distributed to non-profit organizations assisting those in need in Colorado. The Organization is primarily supported by in-kind contributions, and donations.

BASIS OF PRESENTATION

HomeAid Colorado has elected the accrual basis of accounting for recording transactions and for financial reporting purposes. Accordingly, these financial statements reflect all significant receivables, payables, and other accruals. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flow, the Organization considers all highly liquid investments with maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of cash on hand, cash deposited in demand deposit accounts or money market accounts that are not restricted.

Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Capitalization and Depreciation

Property and equipment consists of capital expenditures recorded at historical cost or fair market value at the date of receipt. The Organization follows the policy of capitalizing major renewals, additions, and improvements and charges routine maintenance and repairs to expense as incurred. Personal property with a cost in excess of \$2,000 and useful life greater than a year is capitalized. The cost of property retired or otherwise disposed of is removed from the asset accounts, along with the related accumulated depreciation thereon, and the net gain or loss is credited or charged to revenue or expense. Depreciation is determined by using the straight-line method over useful lives from 3 to 5 years.

Contributions

Contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donated property, marketable securities, and other non-cash donations are recorded as contributions at their fair market value at the date of the donation. Unconditional Promises to Give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Advertising

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2022 was \$3,371.

Functional Reporting of Expenses

For the year ended December 31, 2022, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Occupancy is allocated based on square footage. All other expenses are directly assigned or allocated to the functional are benefited

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 statements of financial position. In addition, management's estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

HomeAid Colorado is exempt from Federal and State income taxes under the provision of Internal Revenue Code §501(c)(3) and therefore no provision for income taxes is reflected in the enclosed financial statements.

The Organization files information returns in the U.S. Federal jurisdiction and the State of Colorado. The Organization is no longer subject to examinations by tax authorities for years before 2018. As of December 31, 2022, the Organization feels reasonably certain that all tax positions have a high probability of being upheld by the taxing authorities. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization recognized no such penalties or interest for the periods ending December 31, 2022.

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as unrestricted support.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires, among other things, a lessee to recognize a liability representing future lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For operating leases, a lessee will be required to recognize at inception a right-of-use asset and a lease liability equal to the net present value of the lease payments, with lease expense recognized over the lease term on a straight-line basis. For leases with a term of twelve months or less, ASU 2016-02 allows a reporting entity to make an accounting policy election to not recognize a right-of-use asset and a lease liability, and to recognize lease expense on a straight-line basis.

For leases with a term of twelve months or less, ASU 2016-02 allows a reporting entity to make an accounting policy election to not recognize a right-of-use asset and a lease liability, and to recognize lease expense on a straight-line basis. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, for nonprofit organizations. Upon adoption, a reporting entity should apply the provisions of ASU 2016-02 at the beginning of the earliest period presented using a modified retrospective approach, which includes certain optional practical expedients that an entity may elect to apply. The Organization adopted this standard for the year ended December 31, 2022 using the modified retrospective approach. There were no significant changes at the end of 2022, therefore the cumulative effect of adoption is minimal and retained earnings is immaterially affected. The Organization elected a package of practical expedients permitted under the transition guidance, which among other things, allows the carryforward of historical lease classification.

2. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods at December 31, 2022:

	<u>2022</u>
Subject to expenditure for specified purpose:	
Boettcher Foundation - capital grant	\$ 250,000
Total purpose restriction	250,000
Total net assets with Donor Restrictions	<u>\$ 250,000</u>

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

The Organization's investments have readily determinable fair values and are stated at their fair market value. The differences between the acquisition cost and the fair market value of the investments, by category, at December 31, 2022 are as follows:

<u>Investment</u>	<u>Acquisition</u> <u>Cost</u>	<u>Fair Market</u> <u>Value</u>
Cash and cash equivalents	\$ 179,197	\$ 179,197
Equity securities	301,282	249,892
Fixed income	471,936	445,988
	<u>\$ 952,415</u>	<u>\$ 875,077</u>

Realized gains (losses) from the sales of investments are differentiated from unrealized gains (losses) resulting from the changes in fair market values throughout the year on the Statement of Activities herein. Interest and dividends from investments for the years ending December 31, 2022 were \$19,505, which is reflected in the Statement of Activities.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Office furniture	\$ 37,951
Computers	7,277
Less: accumulated depreciation	(23,632)
Net property and equipment	<u>\$ 21,596</u>

Depreciation expense for the year was \$7,397.

5. PENSION PLAN

The Organization has a simple IRA (IRA) covering all eligible employees. The Organization makes a contribution to the IRA each year, matching employee contributions at an amount equal to 3% of all participants' compensation. Total pension expense for the year was \$3,450.

6. IN-KIND CONTRIBUTIONS

Donated materials and services are reflected in the accompanying statements at their estimated values at date of receipt. The value of donated services and materials included in the financial statements and the corresponding expenses for the year are as follows:

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

6. IN-KIND CONTRIBUTIONS (Continued)

<u>Description</u>	<u>Amount</u>
Construction materials and services	\$ 392,140
Essential care items	23,461
Advertising	448
Professional fees	11,003
Legal	2,844
Special event supplies	6,922
Total	<u>\$ 436,818</u>

7. CONCENTRATIONS

HomeAid Colorado maintains cash in demand deposit accounts and short-term investments at various financial institutions. The cash and demand deposits held at each institution are fully insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 the Organization had \$129,611 of uninsured balances.

The Organization receives a significant amount of its in-kind contributions from a limited number of homebuilders, which makes the Organization vulnerable to the risk of a near-term financial impact. Although this risk exists, the Organization does not expect that contributions from these home builders will be lost.

8. RELATED PARTY TRANSACTIONS

The Organization is a chapter of HomeAid America Inc. During the year, the Organization paid \$6,733 of general liability insurance premiums payable to HomeAid America Inc. relating to premiums collected from care providers.

9. FAIR VALUE MEASUREMENTS

FASB ASC 820-10 requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. The following methods and assumptions were used by the Organization in estimating its fair value measurements.

Cash and cash equivalents: Fair value approximates carrying value due to the initial maturities of these instruments being three months or less.

Securities investments: Fair values for investment securities are based on quoted market prices.

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

9. FAIR VALUE MEASUREMENTS (Continued)

Accounts payable and accrued expenses: The carrying amounts reported in the balance sheet approximate fair value.

FASB ASC 820-10 provides a framework for measuring fair value under generally accepted accounting principles. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

It requires valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities. Inputs for the Organization consist of the fair values of mutual funds, bonds, and equity securities as based on quoted market prices.

- Level 2 Observable inputs other than quoted prices for identical assets.
The Organization does not have any investments valued at level 2.

- Level 3 Unobservable inputs for the asset or liability, where at least one significant input is unobservable. The determination of fair value requires significant management judgment or estimation. The Organization does not have any investments valued at level 3.

Assets itemized below were measured at fair value using the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair values of the Organization's investment assets at December 31, 2022, by category are as follows:

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

9. FAIR VALUE MEASUREMENTS (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 179,197	\$ -	\$ -	\$ 179,197
Equity securities	249,892	-	-	249,892
Fixed income	445,988	-	-	445,988
Total assets at fair value	<u>\$ 875,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,077</u>

10. AVAILABILITY AND LIQUIDY

The following represents the Organizations financial assets at December 31, 2022:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 370,632
Investments	875,077
Contributions receivable	<u>31,600</u>
Total financial assets	<u>1,277,309</u>
Less amounts not available for general operations within one year due to	
Donor purpose restrictions – Capital grant	<u>250,000</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,027,309</u>

11. LEASES

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, are not recorded on the balance sheet.

Other than the short-term leases, the Organization has one operating for a building for corporate offices. The Organization entered into this lease on July 27, 2020. The lease has remaining lease term of nineteen months.

The Organization leases its facility under a thirty six months lease term. The lease agreement contains rent escalation clauses, and/or landlord incentives. Rent expense for noncancelable operating lease with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term. The excess of straight-line rent expense over the scheduled payment amounts is netted in the operating lease asset.

HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS

11. LEASES (Continued)

The lease requires additional payments based on common area maintenance, which are expensed as incurred as variable lease costs and hence are not included in the lease payment used to calculate lease liability. The Organization does not separately account for the land portion of the lease involving land and building.

For the year ending December 31, 2022, rent expense for the commitment totaled \$28,669.

Upon the adoption of ASC 842 on January 1, 2022, the Organization recognized a right-of-use asset for operating leases, and an operating lease liability that represents the present value of the obligation to make payments over the remaining lease term. The building lease agreement is classified as an operating lease.

The Organization determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at commencement date. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities are recognized at the commencement date bases on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the Organization has the right to control the property. The Organization utilizes the incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the Organization's estimated rate of interest for a collateralized borrowing over a similar term as the lease term. Operating leases are expensed on a straight line basis over the lease term.

The Organization accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in leased payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of December 31:

	2022
Operating Leases	
Operating lease right-of-use-asset	\$ 7,681
Current portion-operating lease payable	\$ 7,805
Operating lease payable-net of current portion	<u>-</u>
Total finance lease liabilities	<u>\$ 7,805</u>

**HOMEAID COLORADO
NOTES TO FINANCIAL STATEMENTS**

11. LEASES (Continued)

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2022
Weighted Average Remaining Lease Term	
Operating lease	1.58 years
Weighted Average Discount Rate	
Operating lease	7.50%

As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate bases on the information available at the commencement date in determining the present value of lease payments.

The maturities of lease liabilities as of December 30, 2022 is as follows:

<u>Year Ended</u>	<u>Operating</u>
December 31, 2024	10,660
Total minimum lease payments	\$ 10,660
Less amounts representing interest	(2,855)
Present value of minimum lease payments	\$ 7,805

12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which could have a negative impact on the net income of the Organization, but any such potential impact is unknown at this time.