

HOPE COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hope Communities, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Hope Communities, Inc. and Subsidiaries (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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.

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 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 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:

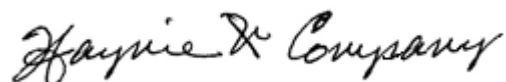
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
April 23, 2025

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Financial Position
For the Years Ended December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash	\$ 3,276,163	\$ 3,774,190
Restricted cash	2,013,805	1,885,831
Accounts receivable, net of allowance of \$23,462 and \$31,780, respectively	197,729	126,092
Promises to give	25,750	50,000
Prepaid expenses	90,419	77,008
Total current assets	5,603,866	5,913,121
Long-Term assets:		
Property and equipment, net	10,082,892	10,464,926
Total long-term assets	10,082,892	10,464,926
Total assets	\$ 15,686,758	\$ 16,378,047
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 615,441	\$ 601,005
Deferred revenue	-	50,168
Refundable security deposits	191,070	191,486
Current portion of long-term debt	155,771	1,940,094
Total current liabilities	962,282	2,782,753
Long-Term liabilities:		
Accrued expenses	-	104,800
Long-term debt, net of current portion and unamortized loan costs of \$45,655 and \$20,921, respectively	8,105,048	6,450,635
Total long-term liabilities	8,105,048	6,555,435
Total liabilities	9,067,330	9,338,188
NET ASSETS		
Noncontrolling interests	(377)	(355)
Without donor restrictions	5,913,730	5,994,587
With donor restrictions	706,074	1,045,627
Total net assets	6,619,428	7,039,859
Total liabilities and net assets	\$ 15,686,758	\$ 16,378,047

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

Hope Communities, Inc. and Subsidiaries

Consolidated Statements of Activities For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support						
Rental income	\$ 3,323,598	\$ -	\$ 3,323,598	\$ 3,146,263	\$ -	\$ 3,146,263
Contributions and grants	1,311,202	354,920	1,666,122	460,776	539,064	999,840
In-kind contributions	492,718	-	492,718	296,827	-	296,827
Interest income	117,356	-	117,356	72,729	-	72,729
Other income	226,396	-	226,396	150,471	-	150,471
Net assets released from restriction	694,473	(694,473)	-	791,060	(791,060)	-
Total revenue, gains and other support	<u>6,165,743</u>	<u>(339,553)</u>	<u>5,826,190</u>	<u>4,918,126</u>	<u>(251,996)</u>	<u>4,666,130</u>
Expenses						
Affordable housing	3,529,943	-	3,529,943	3,402,568	-	3,402,568
Resident services	1,829,323	-	1,829,323	1,441,547	-	1,441,547
Housing Development	17,423	-	17,423	30,159	-	30,159
Total program services	5,376,689	-	5,376,689	4,874,274	-	4,874,274
Administrative	595,217	-	595,217	511,819	-	511,819
Fundraising	274,715	-	274,715	224,377	-	224,377
Total expenses	<u>6,246,621</u>	<u>-</u>	<u>6,246,621</u>	<u>5,610,470</u>	<u>-</u>	<u>5,610,470</u>
Change in net assets	<u>\$ (80,878)</u>	<u>\$ (339,553)</u>	<u>\$ (420,431)</u>	<u>\$ (692,344)</u>	<u>\$ (251,996)</u>	<u>\$ (944,340)</u>
Change in net assets attributable to noncontrolling interest	(22)	-	(22)	(19)	-	(19)
Change in net assets attributable to Hope	(80,856)	(339,553)	(420,409)	(692,325)	(251,996)	(944,321)

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

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2024 and 2023

	Net Assets Attributable to Hope		Net Assets Attributable to Noncontrolling Interests		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Balance December 31, 2022	\$ 6,686,912	\$ 1,297,623	\$ (336)	\$ 6,686,576	\$ 1,297,623	
Change in net assets	<u>(692,325)</u>	<u>(251,996)</u>	<u>(19)</u>	<u>(692,344)</u>	<u>(251,996)</u>	
Balance December 31, 2023	\$ 5,994,587	\$ 1,045,627	\$ (355)	\$ 5,994,232	\$ 1,045,627	
Change in net assets	<u>(80,856)</u>	<u>(339,553)</u>	<u>(22)</u>	<u>(80,878)</u>	<u>(339,553)</u>	
Balance December 31, 2024	<u>\$ 5,913,731</u>	<u>\$ 706,074</u>	<u>\$ (377)</u>	<u>\$ 5,913,354</u>	<u>\$ 706,074</u>	

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

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets attributable to Hope	\$ (420,409)	\$ (944,321)
Change in net assets attributable to noncontrolling interest	(22)	(19)
Change in net assets	(420,431)	(944,340)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	609,677	599,186
Changes in		
Accounts receivable	(71,637)	(11,804)
Promises to give	24,250	291,626
Prepaid expenses	(13,411)	(15,956)
Accounts payable and accrued expenses	(90,364)	183,119
Deferred revenue	(50,168)	(27,465)
Refundable security deposits	(416)	(1,365)
Net cash from operating activities	(12,500)	73,001
Cash Flows from Investing Activities		
Purchase of fixed assets	(222,410)	(183,295)
Net cash from investing activities	(222,410)	(183,295)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(135,143)	(250,099)
Net cash from financing activities	(135,143)	(250,099)
Net Change in Cash and Restricted Cash	(370,053)	(360,393)
Cash and Restricted Cash at Beginning of the Year	5,660,021	6,020,414
Cash and Restricted Cash at End of the Year	<u>\$ 5,289,968</u>	<u>\$ 5,660,021</u>
Cash paid for interest	<u>\$ 318,672</u>	<u>\$ 318,610</u>
Balance sheet accounts included in Cash and Restricted Cash:		
Cash	\$ 3,276,163	\$ 3,774,190
Restricted Cash	2,013,805	1,885,831
	<u>\$ 5,289,968</u>	<u>\$ 5,660,021</u>

The accompanying notes are an integral part of these statements.

Hope Communities, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

For the Years Ended December 31, 2024 and 2023

	2024						
	Affordable Housing	Resident Services	Housing Development	Total Program			Total
				Services	Administrative	Fundraising	
Salaries and benefits	\$ 803,277	\$ 987,413	\$ 17,423	\$ 1,808,113	\$ 148,777	\$ 235,294	\$ 2,192,184
Operating and maintenance	702,528	-	-	702,528	87,893	-	790,421
Administrative expenses	105,373	-	-	105,373	40,713	-	146,086
Legal and professional fees	75,989	-	-	75,989	38,450	-	114,439
Advertising, Marketing, and Fundraising	2,828	-	-	2,828	-	39,421	42,249
Utilities	312,575	-	-	312,575	21,090	-	333,665
Insurance & taxes	389,808	-	-	389,808	99,710	-	489,518
Resident programs	850	841,910	-	842,760	-	-	842,760
Interest expense	324,169	-	-	324,169	45,820	-	369,989
Repairs	123,954	-	-	123,954	33,278	-	157,232
Supplies	83,243	-	-	83,243	5,761	-	89,004
Credit losses	62,398	-	-	62,398	6,091	-	68,489
Total before depreciation and amortization	\$ 2,986,992	\$ 1,829,323	\$ 17,423	\$ 4,833,738	\$ 527,583	\$ 274,715	\$ 5,636,036
Depreciation and amortization	542,951	-	-	542,951	67,634	-	610,585
Total expenses	\$ 3,529,943	\$ 1,829,323	\$ 17,423	\$ 5,376,689	\$ 595,217	\$ 274,715	\$ 6,246,621

	2023						
	Affordable Housing	Resident Services	Housing Development	Total Program			Total
				Services	Administrative	Fundraising	
Salaries and benefits	\$ 797,775	\$ 877,921	\$ 30,159	\$ 1,705,855	\$ 107,780	\$ 201,661	\$ 2,015,296
Operating and maintenance	692,737	-	-	692,737	36,524	-	729,261
Administrative expenses	83,780	-	-	83,780	80,201	-	163,981
Legal and professional fees	46,627	-	-	46,627	49,130	-	95,757
Advertising, Marketing, and Fundraising	1,048	-	-	1,048	-	22,716	23,764
Utilities	310,025	-	-	310,025	20,767	-	330,792
Insurance & taxes	364,418	-	-	364,418	102,029	-	466,447
Resident programs	-	563,626	-	563,626	-	-	563,626
Interest expense	337,020	-	-	337,020	47,754	-	384,774
Repairs	137,730	-	-	137,730	-	-	137,730
Supplies	75,930	-	-	75,930	-	-	75,930
Credit losses	23,926	-	-	23,926	-	-	23,926
Total before depreciation and amortization	\$ 2,871,016	\$ 1,441,547	\$ 30,159	\$ 4,342,722	\$ 444,185	\$ 224,377	\$ 5,011,284
Depreciation and amortization	531,552	-	-	531,552	67,634	-	599,186
Total expenses	\$ 3,402,568	\$ 1,441,547	\$ 30,159	\$ 4,874,274	\$ 511,819	\$ 224,377	\$ 5,610,470

The accompanying notes are an integral part of these statements.

Hope Communities, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

1. Nature of Operations

Hope Communities, Inc. and subsidiaries (“Hope” or the “Organization”) was incorporated as a Colorado nonprofit corporation on August 14, 1980. Hope’s vision is a community in which everyone has a safe place to call home and the resources they need to thrive. The mission of Hope is to strengthen communities and provide pathways to economic and personal opportunity through affordable housing, educational programs and support services.

The Organization offers case management, programs and resources to support residents and people in need from surrounding neighborhoods gain the skills and resources they need to attain economic mobility and reach personal life goals.

2025 Strategic Goals for the Organization include:

Service-enriched Affordable Housing

- Successfully complete re-syndication and transfer of ownership for Welton Homes at the Point and Minute Spot.
- Address deferred maintenance and ensure current properties are in good condition and meet the needs of the organization and our clients.
- Identify and act on plans to increase Hope’s affordable housing inventory.
- Assess and implement changes to properties to increase energy efficiency and respond to city requirements for electrification.

Programs to Advance Economic Security and Opportunity

- Continue to grow and institutionalize Hope’s housing stability program.
- Provide holistic, client-informed programming to address basic needs, employment, and access to benefits that are linguistically and culturally aligned with our client base.
- Consistently offer customized youth programs at Hope properties to foster academic success, wellness, critical thinking skills, and resiliency.
- Define and create a product to showcase the unique and highly effective program model used by Hope Communities. Strategize the best ways to share the model with other agencies, nonprofits, and communities. Use that model as a foundation for a multi-phased plan of growth that can be utilized for organizational planning and long-term funding opportunities.

Community Integration

- Maintain a strong cultural navigator program, to support health, education, and integration in the community for refugee, asylee, immigrant, and humanitarian parolee clients. Assess the extent of services the organization can provide for the influx of migrant populations, along with funding avenues to pay for those services.
- Continue and grow opportunities for immigrant clients to participate in civic engagement and neighborhood discussions.

Financial Viability

- Focus on access to healthcare, wellness and resiliency services for all clients.
- Ensure access to basic needs, as well as programs and services to improve family health and well-being. Continue a strong, culturally appropriate food distribution program.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

1. Nature of Operations (continued)

Organizational Capacity

- Strengthen the fundraising arm of the organization to fully support programs, services, capital needs, and administrative operations.
- Maintain strong financials from the properties that will require exceptional occupancy, low delinquencies, and monitored expenditures.
- Hire and retain quality staff. Provide an inclusive, supportive, and empowering environment for employees to foster pride, opportunity, and retention. Endeavor to hire staff who are reflective of the people we serve.
- Strengthen relationships and leverage resources from community partners to extend program reach – for adults, youth, housing stability, and refugee programs – whenever possible.
- Invest in essential technology infrastructure to support the mission and create efficiencies for staff.
- Continue to work across the organization to strengthen the demonstration of our commitment to equity, inclusion, and belonging. Identify and demonstrate new strategies to enhance equitable access to opportunity.
- Ensure a strong and vibrant board of directors to provide policy, fiduciary oversight, and engagement with prospective donors and other means of support for the organization.
- Increase the number of volunteers regularly engaged with the organization, with emphasis on extending the reach and impact of staff expertise.
- Enhance awareness of the work and impact of the organization in the community.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Hope and its wholly and majority-owned subsidiaries. The consolidated financial statements also include certain properties owned and managed by Hope.

Wholly Owned Subsidiaries

- Kittyhawk, LLC (limited liability company)
- Hope Neighborhood Center, LLC (limited liability company)
- Hope Development, LLC (limited liability company)
- Carolton Corporation (for-profit corporation)
- The Gardens of Hope, LLC (limited liability company)
- Minute Spot, LLC (limited liability company)
- Welton Homes, LLC (limited liability company)
- Westerly Creek Homes, LLC (limited liability company)
- Denver Revitalization Partnership VIII, Ltd. (limited liability partnership)
- Kittyhawk/Canterbury Renovation LLLP (99.995% interest by Westerly Creek Homes, LLC)

All significant intercompany accounts and transactions have been eliminated in consolidation.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations. Hope is required to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of Hope's board of directors.

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 Hope or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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 statements of activities.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization defines cash and cash equivalents as all cash on hand, demand deposits, and certificates of deposit accounts with an original maturity of three months or less. Cash consists of bank deposits in federally insured accounts. The Organization's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended December 31, 2024 and 2023.

Restricted Cash

Certain cash balances are restricted to fund capital expenditures and/or maintenance for certain properties, debt service, operating reserves restricted by investors and security deposits paid by tenants.

Promises to Give

Promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. As of December 31, 2024 and 2023, promises to give amounted to \$25,750 and \$50,000, respectively. These contributions are expected to be realized in one year or less and are classified as net assets with donor restrictions in the statement of activities.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable and the Allowance for Credit Losses

Accounts receivable are stated at unpaid balances which is reduced by an allowance for credit losses that reflects the Organization's best estimate of the amounts that will not be collected. This allowance is primarily a calculation of ninety-five percent of outstanding receivables from former tenants. Rents are charged as of the first of the month and are receivables until they are collected. Receivables are considered late as of the ninth of the month. Late fees are assessed differently per property with some being a flat rate and some a per diem rate. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable will not be collected.

Notes Receivable

Notes receivable are stated at their unpaid principal amount, less an allowance for uncollectible notes. Hope provides for losses on notes receivable using the allowance method. The allowance is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated over the estimated useful life of each asset. Annual depreciation is primarily computed using straight-line basis over the estimated useful life of 40 years for buildings and between five and 15 years for building improvements, furniture, and equipment.

Other Assets

Fees paid to the state housing agency in connection with the ongoing compliance monitoring for certain residential properties are amortized over a period of 15 years. These fees were fully amortized in 2022.

Fees paid in connection with obtaining permanent financing are capitalized and amortized over the term of the respective debt.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. Hope's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Revenue Recognition

Hope recognizes revenue when a tenant satisfies a performance obligation by transferring control of goods or services to a tenant. Revenue is measured in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services and excludes any incentives and amounts collected on behalf of a third party. Rental revenue is recognized as rents become due from tenants.

Rent payments received in advance are recognized as deferred revenue until earned. Tenant security deposits collected are recognized as revenue when forfeited. All leases between the Organization and the tenants of the property are operating leases.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

2. Summary of Significant Accounting Policies (continued)

Contributions and Grants

Contributions and grants of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions and grants received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are originally restricted by the donor and for which the restriction is met in the same period are recorded as revenue without donor restrictions.

Contributions of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Impairment of Long-Lived Assets

Hope has reviewed long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows, recorded amounts of the assets will be reduced to their fair value. There was no asset impairment for the years ended December 31, 2024 and 2023.

Noncontrolling Interest

Noncontrolling interest represents noncontrolling interest in Hope's majority-owned entity by other investors.

Income Taxes

Hope is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Hope is subject to federal income tax on any unrelated business taxable income. Hope files tax returns in the U.S. federal jurisdiction. Hope has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Tax years that remain subject to examination are years 2021 and forward.

Hope's for-profit subsidiaries are subject to federal and state income taxes at the applicable corporate rates.

Hope's majority-owned entity is not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Therefore, taxable income or loss is reported to the individual member/partner for inclusion in their respective tax return and no provision for federal and state income taxes has been included in the accompanying consolidated financial statements.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund-raising categories. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

Reclassifications

Certain prior year amounts have been adjusted to conform to the current year presentation. These reclassifications did not have an impact on the Organization's change in net assets.

Subsequent Events

The Organization has evaluated all events or transactions that occurred after December 31, 2024, through April 23, 2025, the date the consolidated financial statements were available to be issued. During this period, the Organization was not aware of any material recognizable subsequent events.

3. Deferred Revenue

In 2022, Gardens of Hope, LLC. suffered a fire casualty on the building. Insurance covered the replacement of the impacted assets, less a deductible of \$10,000. During 2022, the Organization received \$77,633. In 2024 the Organization received an additional \$25,076 in insurance monies for repairs. During 2024, the additional costs incurred toward this project were \$149,525. In 2024, the project was completed and the Organization recognized income of \$102,079, included in other income and a capital asset addition of \$176,990

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

4. Liquidity and Availability

The following represents Hope's financial assets available within one year of the balance sheet date for general expenditures:

	2024	2023
Financial assets at period end:		
Cash & cash equivalents	\$ 3,276,163	\$ 3,774,190
Accounts receivable	197,729	126,092
Promises to give	25,750	50,000
Total financial assets	3,499,642	3,950,282
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	(706,074)	(1,045,627)
Net financial assets after donor-imposed restrictions	2,793,568	2,904,655
Board designations:		
Housing development funds	(209,272)	(220,898)
Operating reserves	(957,997)	(924,181)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,626,299	\$ 1,759,576

The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization's board designated operating reserves can be made available to meet operating needs if necessary.

The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining enough reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Board designated housing development funds are savings to be used for pre-development activities related to the acquisition, renovation, and/or construction of affordable housing. The Board operating reserves, initially established as a safeguard after the Organization experienced severe hardship, may be used for true emergency situations when cash is depleted and expenditures cannot be prevented, reduced or deferred.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

5. Restricted Cash

As of December 31, 2024 and 2023, restricted cash consists of cash for the following purposes:

	<u>2024</u>	<u>2023</u>
Capital expenditures and maintenance	\$ 1,300,133	\$ 1,194,287
Operating reserves restricted by investors	209,179	207,182
Security deposits paid by tenants	193,830	188,649
Debt service and escrow	310,663	295,713
Total	<u>\$ 2,013,805</u>	<u>\$ 1,885,831</u>

6. Property and Equipment

Property and equipment at December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,696,845	\$ 1,696,845
Buildings and building improvements	18,791,098	18,813,624
Furniture, fixtures, and equipment	1,260,015	1,069,585
Vehicles	22,793	22,793
Total property and equipment	\$ 21,770,751	\$ 21,602,847
Less: accumulated depreciation	<u>(11,687,859)</u>	<u>(11,137,921)</u>
Net property and equipment	<u>\$ 10,082,892</u>	<u>\$ 10,464,926</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$604,440, and \$593,953, respectively.

7. Advances from Funding Sources

Hope has various interest-free loan agreements, which are payable in annual installments equal to 50% of surplus cash flow. In addition, certain notes are to be deferred and forgiven upon maturity provided certain obligations are met. These advances are included in long-term debt on the balance sheet. In 2024, a modification agreement was made between the City and County of Denver and Denver Revitalization Partners VIII, Ltd. (DRP VIII) stating that the expiration date of the 1% note that matured on March 1, 2024, was extended to March 1, 2049. The note therefore is classified as long-term debt on the Organization's statement of financial position as of December 31, 2024 and 2023.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

7. Advances from Funding Sources (continued)

Advances from funding sources at December 31, 2024 and 2023 consist of the following:

	2024	2023
Note payable to the City and County of Denver (CCOD) by Minute Spot, LLC; payable in annual installments equal to 50% of Minute Spot's available annual surplus cash; outstanding principal due June 1, 2027; secured by a deed of trust.	\$ 906,450	\$ 906,450
Note payable to the CCOD by KittyHawk, LLC; payable in annual installments equal to 50% of KittyHawk's net cash flow; outstanding principal due September 2, 2029; secured by a deed of trust.	160,930	247,426
Note payable to the CCOD by KittyHawk, LLC; deferred and forgiven on September 2, 2029, provided that the use of four rental units have remained rental housing affordable to low-income residents living with AIDS and provided that KittyHawk is in compliance with the terms of the note discussed above; secured by a deed of trust.	240,000	240,000
Note payable to the CCOD by Denver Revitalization Partners VIII, Ltd. (DRP VIII has been converted into a performance-based loan, which is forgivable on March 1, 2049, contingent upon the maintenance of affordability restrictions. This loan is secured by a deed of trust.	<u>524,157</u>	<u>419,200</u>
Total advances from funding sources	<u>\$ 1,831,537</u>	<u>\$ 1,813,076</u>

8. Long-Term Debt

At December 31, 2024 and 2023 long-term debt consists of the following:

	2024	2023
Colorado Housing and Finance Authority (CHFA) (A)	\$ 2,378,652	\$ 2,426,021
CHFA (B)	1,048,087	1,068,589
1st Bank (C)	1,810,240	1,793,287
CCOD (D)	390,564	432,045
CCOD (E)	199,557	211,557
1st Bank (F)	<u>647,837</u>	<u>667,075</u>
	6,474,937	6,598,574
Less: unamortized loan fees	(45,655)	(20,921)
Less: Current portion	<u>(155,771)</u>	<u>(1,940,094)</u>
Total long-term notes payable	<u>\$ 6,273,511</u>	<u>\$ 4,637,559</u>

(A) Note payable by Kittyhawk/Canterbury Renovation LLLP; due August 1, 2026; payable \$17,473 monthly, including interest at 6.75%; secured by deed of trust.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

8. Long-Term Debt (continued)

- (B) Note payable by Welton Homes, LLC; due February 1, 2024; payable \$7,639 monthly, including interest at 6.15%; secured by deed of trust. During 2024, a fourth loan modification agreement was made between Colorado Housing and Finance Authority and Welton Homes LLC, stating that the expiration date of this note is extended to February 1, 2026 and no monthly payments are due under the note from October 1, 2024 through September 30, 2025.
- (C) Note payable by Gardens of Hope, LLC; due March 15, 2034; payable \$11,983 monthly including interest at 6.65% with a balloon payment due on March 15, 2034 ; secured by deed of trust.
- (D) Note payable by Minute Spot, LLC; due January 1, 2016; \$4,515 monthly including interest at 3.00%; secured by deed of trust. Note amended to suspend payments from January 1, 2014 through December 31, 2015; and maturity extended to July 1, 2032.
- (E) Notes payable by Hope Development, LLC; due July 1, 2039; payable \$5,000 annually through 2019 and \$1,000 monthly through maturity; interest at 0%; unsecured. Note amended to suspend payments from January 1, 2020 through December 31, 2021. In 2022, monthly payments of \$1,000 resumed.
- (F) Note payable by Hope Neighborhood Center, LLC; due March 1, 2029; payable \$4,394 monthly including interest at 4.99% until March 1, 2026, after which time the rate changes to a variable rate based on the weekly average yield on U.S Treasury securities adjusted to a constant maturity of three years; secured by deed of trust.

Collective required principal payments of long-term debt at December 31, 2024:

	2024
2025	\$ 155,771
2026	3,470,085
2027	105,049
2028	109,036
2029	652,403
Thereafter	1,982,593
	\$ 6,474,937

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

9. Net Assets

Net assets with donor restrictions as of December 31, 2024 and 2023:

	2024	2023
Home Investment Partnership Program (HOME)	\$ 425,000	\$ 425,000
Colorado Health Foundation	-	459,313
Impact 100 Metro Denver	100,000	-
Colorado Health Foundation- Youth program support	40,000	70,000
Rose Community Foundation	-	20,000
Strear Family Foundation	22,500	20,000
Caring for Colorado	30,000	-
Colorado Health Foundation- Employee Wellness	5,000	14,775
Trailhead Institute	7,500	9,748
Mile High United Way	10,000	10,000
Denver Broncos Foundation	-	2,083
Neighborhood Development Collaborative	44,824	-
CHFA	15,000	-
KeyBank - Housing stability in LMI communities	-	8,333
Anonymous	-	2,000
Sam. S. Bloom Foundation	6,250	4,375
	\$ 706,074	\$ 1,045,627

10. Pension and Other Postretirement Plans

Hope has a defined contribution pension plan covering substantially all employees. In 2019 Hope implemented a matching contribution of one percent. The matching contribution was 4% in 2023 and 2024. \$31,556 and \$31,398 in matching contributions were made to the plan during the years ending December 31, 2024 and 2023, respectively.

11. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

Hope is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

Flood accrual

During 2023, Welton Homes, LLC suffered flood damage. The estimated cost to fix the damages due to the flood was \$120,066 and was reflected in accounts payable and accrued expenses on the statement of net position. As of December 31, 2024, the costs to fix the damages were completed. Actual costs were \$107,967 and the change was reported as other income in the statement of activities.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

12. Related Parties

Kittyhawk/Canterbury Renovation LLLP and Welton Homes, LLC, both carry notes payable with Colorado Housing Finance Authority (CHFA), of which one of the Hope board members is also an employee.

Hope has cash deposits and two loan agreements at a financial institution of which one of the board members is also an employee. At December 31, 2024 and 2023, total cash deposits at this financial institution were \$2,363,539 and \$2,855,689, respectively and the outstanding loan balances were \$2,458,077 and \$2,460,362 respectively.

13. Contingencies

In May 2006, Hope Development received a forgivable loan of \$490,000 in federal “Home Program” funds from the City of Denver to be used toward the design and construction of ten single-family homes. The loan required that the homes be sold to moderate-income buyers and would be forgiven after twenty years. Hope has been advised that it has fulfilled its obligation by selling all ten homes to qualified moderate-income buyers, all transactions specifically subject to income restrictions contained in the City’s Inclusionary Housing Ordinance (IHO), recorded with each transaction. The City has noted that should any of these homes be transferred to subsequent owners who do not qualify as moderate-income, Hope Development may be subject to repayment for some of this loan.

In June 2015, Hope Development filed a Notification Regarding Limitations on Resale Price and Buyer Income Covenant with City of Denver, in connection with this loan. This filing requests notification of any events of default under any financing secured by the properties that could result in Hope Development being required to repay the loan balance.

14. In-Kind Contributions

The Organization’s consolidated financial statements include the following in-kind contributions revenue and support, and associated expense.

Professional Services

The Organization received donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time and market in which the service is rendered.

Other

Other in-kind contributions consist primarily of food, gift card, clothing, household and other donations. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are used. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023 (continued)

14. In-Kind Contributions (continued)

During the years ended, December 31, 2024 and 2023, the Organization received the following in-kind contributions:

	<u>2024</u>	<u>2023</u>
Professional services	\$ 34,985	\$ 40,057
Other	457,733	256,770
Total in-kind contributions	<u>\$ 492,718</u>	<u>\$ 296,827</u>

15. Volunteers

A substantial number of individuals have donated significant amounts of their time to the Organization's programs and supporting services. These volunteer contributions do not meet the criteria for financial statement recognition and, therefore, were not recorded. The estimated fair value of these donations were \$109,802 and \$131,342, respectively, at December 31, 2024 and 2023.

Hope Communities, Inc. and Subsidiaries

Supplementary Information

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2024

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC
ASSETS					
Cash and cash equivalents	\$ 1,966,813	\$ 371,550	\$ -	\$ 595,959	\$ -
Restricted cash	33,011	-	-	906,183	-
Accounts receivable, net	130,874	-	-	47,694	-
Promises to give	25,750	-	-	-	-
Prepaid expenses	24,792	-	-	26,908	-
Investments in subsidiaries	185,365	-	-	-	-
Property and equipment, net	-	-	817,047	953,895	-
Related party receivables					
Accounts receivable	2,912,900	-	931,026	5,000	20,630
Notes receivable	2,197,197	-	-	-	3,214,945
Developer fees	187,506	-	-	-	-
Total assets	<u>\$ 7,664,208</u>	<u>\$ 371,550</u>	<u>\$ 1,748,073</u>	<u>\$ 2,535,639</u>	<u>\$ 3,235,575</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable, trade	\$ 10,029	\$ -	\$ -	\$ 105,852	\$ -
Accrued expenses	81,432	-	2,693	158,731	-
Long-term debt	-	199,557	645,771	1,783,408	400,930
Refundable security deposits	1,507	-	-	57,835	-
Related party payables					
Accounts payable	951,655	254,133	740,039	-	5,000
Notes payable	-	-	-	-	-
Developer fees	-	-	-	-	-
Total liabilities	<u>1,044,623</u>	<u>453,690</u>	<u>1,388,503</u>	<u>2,105,826</u>	<u>405,930</u>
NET ASSETS					
Noncontrolling interests	-	-	-	-	-
Without donor restrictions	5,913,511	(82,140)	359,570	429,813	2,829,645
With donor restrictions	706,074	-	-	-	-
Total net assets	<u>6,619,585</u>	<u>(82,140)</u>	<u>359,570</u>	<u>429,813</u>	<u>2,829,645</u>
Total liabilities and net assets	<u>\$ 7,664,208</u>	<u>\$ 371,550</u>	<u>\$ 1,748,073</u>	<u>\$ 2,535,639</u>	<u>\$ 3,235,575</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2024

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
ASSETS				
Cash and cash equivalents	\$ -	\$ 331,983	\$ -	\$ 331,983
Restricted cash	-	748,834	-	748,834
Accounts receivable, net	-	27,740	-	27,740
Promises to give	-	-	-	-
Prepaid expenses	-	27,024	-	27,024
Investments in subsidiaries	(750,957)	-	750,957	-
Property and equipment, net	-	3,857,241	-	3,857,241
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (750,957)</u>	<u>\$ 4,992,822</u>	<u>\$ 750,957</u>	<u>\$ 4,992,822</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 27,566	\$ -	\$ 27,566
Accrued expenses	-	42,696	-	42,696
Long-term debt	-	2,369,964	-	2,369,964
Refundable security deposits	-	88,985	-	88,985
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	3,214,945	-	3,214,945
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>5,744,156</u>	<u>-</u>	<u>5,744,156</u>
NET ASSETS				
Noncontrolling interests	-	(377)	-	(377)
Without donor restrictions	(750,957)	(750,957)	750,957	(750,958)
With donor restrictions	-	-	-	-
Total net assets	<u>(750,957)</u>	<u>(751,334)</u>	<u>750,957</u>	<u>(751,334)</u>
Total liabilities and net assets	<u>\$ (750,957)</u>	<u>\$ 4,992,822</u>	<u>\$ 750,957</u>	<u>\$ 4,992,822</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2024

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,134	\$ -	\$ 3,134
Restricted cash	-	161,436	-	161,436
Accounts receivable, net	-	3,949	-	3,949
Promises to give	-	-	-	-
Prepaid expenses	-	5,893	-	5,893
Investments in subsidiaries	(8,979)	-	8,979	-
Property and equipment, net	-	112,633	-	112,633
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (8,979)</u>	<u>\$ 287,045</u>	<u>\$ 8,979</u>	<u>\$ 287,045</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 19,088	\$ -	\$ 19,088
Accrued expenses	-	19,338	-	19,338
Long-term debt	-	524,157	-	524,157
Refundable security deposits	-	14,313	-	14,313
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	608,140	-	608,140
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>1,185,036</u>	<u>-</u>	<u>1,185,036</u>
NET ASSETS				
Non-Controlling interest	-	-	-	-
Without donor restrictions	(8,979)	(897,991)	8,979	(897,991)
With donor restrictions	-	-	-	-
Total net assets	<u>(8,979)</u>	<u>(897,991)</u>	<u>8,979</u>	<u>(897,991)</u>
Total liabilities and net assets	<u>\$ (8,979)</u>	<u>\$ 287,045</u>	<u>\$ 8,979</u>	<u>\$ 287,045</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2024

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
ASSETS				
Cash and cash equivalents	\$ 943	\$ 5,781	\$ -	\$ 6,724
Restricted cash	82,587	81,754	-	164,341
Accounts receivable, net	100	10,090	-	10,190
Promises to give	-	-	-	-
Prepaid expenses	1,322	4,480	-	5,802
Investments in subsidiaries	433,999	-	(433,999)	-
Property and equipment, net	537,054	3,805,022	-	4,342,076
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	1,446,252	-	-	1,446,252
Developer fees	-	-	-	-
Total assets	<u>\$ 2,502,257</u>	<u>\$ 3,907,127</u>	<u>\$ (433,999)</u>	<u>\$ 5,975,385</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ 14,590	\$ 79,426	\$ -	\$ 94,016
Accrued expenses	31,941	44,777	-	76,718
Long-term debt	1,297,014	1,040,018	-	2,337,032
Refundable security deposits	-	28,430	-	28,430
Related party payables				
Accounts payable	669,200	1,249,529	-	1,918,729
Notes payable	614,705	2,420,604	-	3,035,309
Developer fees	187,506	-	-	187,506
Total liabilities	<u>2,814,956</u>	<u>4,862,784</u>	<u>-</u>	<u>7,677,740</u>
NET ASSETS				
Noncontrolling interests	-	-	-	-
Without donor restrictions	(312,699)	(955,657)	(433,999)	(1,702,355)
With donor restrictions	-	-	-	-
Total net assets	<u>(312,699)</u>	<u>(955,657)</u>	<u>(433,999)</u>	<u>(1,702,355)</u>
Total liabilities and net assets	<u>\$ 2,502,257</u>	<u>\$ 3,907,127</u>	<u>\$ (433,999)</u>	<u>\$ 5,975,385</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2024

	Subtotal	Eliminations	Consolidated Totals
ASSETS			
Cash and cash equivalents	\$ 3,276,163	\$ -	\$ 3,276,163
Restricted cash	2,013,805	-	2,013,805
Accounts receivable, net	220,447	(22,718)	197,729
Promises to give	25,750	-	25,750
Prepaid expenses	90,419	-	90,419
Investments in subsidiaries	185,365	(185,365)	-
Property and equipment, net	10,082,892	-	10,082,892
Related party receivables			
Accounts receivable	3,869,556	(3,869,556)	-
Notes receivable	6,858,394	(6,858,394)	-
Developer fees	187,506	(187,506)	-
Total assets	<u>\$ 26,810,297</u>	<u>\$ (11,123,539)</u>	<u>\$ 15,686,758</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable, trade	\$ 256,551	\$ (22,718)	\$ 233,833
Accrued expenses	381,608	-	381,608
Long-term debt	8,260,819	-	8,260,819
Refundable security deposits	191,070	-	191,070
Related party payables			
Accounts payable	3,869,556	(3,869,556)	-
Notes payable	6,858,394	(6,858,394)	-
Developer fees	187,506	(187,506)	-
Total liabilities	<u>20,005,504</u>	<u>(10,938,174)</u>	<u>9,067,330</u>
NET ASSETS			
Noncontrolling interests	(377)	-	(377)
Without donor restrictions	6,099,095	(185,365)	5,913,730
With donor restrictions	706,074	-	706,074
Total net assets	<u>6,804,793</u>	<u>(185,365)</u>	<u>6,619,428</u>
Total liabilities and net assets	<u>\$ 26,810,297</u>	<u>\$ (11,123,539)</u>	<u>\$ 15,686,758</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2024

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC
Revenues Without Donor Restrictions					
Rental income	\$ 28,358	\$ -	\$ 30,000	\$ 1,183,281	\$ -
Interest income	103,111	7,584	-	31,287	216,176
Development and management fees	415,221	-	-	-	-
Gain (loss) on investment in subsidiaries	(549,253)	-	-	-	-
Contributions and grants	1,311,202	-	-	-	-
In-kind contributions	492,718	-	-	-	-
Other income	7,939	-	-	120,696	-
Net assets released from restrictions	694,473	-	-	-	-
Total revenues without donor restrictions	<u>2,503,769</u>	<u>7,584</u>	<u>30,000</u>	<u>1,335,264</u>	<u>216,176</u>
Expenses					
Affordable housing	76,984	55	-	1,278,269	-
Resident services	1,829,323	-	-	-	-
Development	17,423	-	-	-	-
Total program services	1,923,730	55	-	1,278,269	-
Administrative	386,180	-	74,753	-	-
Fundraising	274,715	-	-	-	-
Total expenses (and losses)	<u>2,584,625</u>	<u>55</u>	<u>74,753</u>	<u>1,278,269</u>	<u>-</u>
Change in net assets without donor restrictions	<u>(80,856)</u>	<u>7,529</u>	<u>(44,753)</u>	<u>56,995</u>	<u>216,176</u>
Revenues With Donor Restrictions					
Contributions	354,920	-	-	-	-
Net assets released from restrictions	(694,473)	-	-	-	-
Change in net assets with donor restrictions	<u>(339,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(420,409)	7,529	(44,753)	56,995	216,176
Change in Net Assets Attributable to Noncontrolling Interest					
	-	-	-	-	-
Change in Net Assets Attributable to Hope	(420,409)	7,529	(44,753)	56,995	216,176
Change in Net Assets	(420,409)	7,529	(44,753)	56,995	216,176
Net Assets, Beginning of Year	7,039,994	(89,669)	404,323	372,818	2,613,469
Net Assets, End of Year	<u>\$ 6,619,585</u>	<u>\$ (82,140)</u>	<u>\$ 359,570</u>	<u>\$ 429,813</u>	<u>\$ 2,829,645</u>

Hope Communities, Inc. and Subsidiaries
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	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
Revenues Without Donor Restrictions				
Rental income	\$ -	\$ 1,402,768	\$ -	\$ 1,402,768
Interest income	-	7,693	-	7,693
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(432,084)	-	432,084	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Other income	-	69,071	-	69,071
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>(432,084)</u>	<u>1,479,532</u>	<u>432,084</u>	<u>1,479,532</u>
Expenses				
Affordable housing	-	1,911,638	-	1,911,638
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	1,911,638	-	1,911,638
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	<u>-</u>	<u>1,911,638</u>	<u>-</u>	<u>1,911,638</u>
Change in net assets without donor restrictions	<u>(432,084)</u>	<u>(432,106)</u>	<u>432,084</u>	<u>(432,106)</u>
Revenues With Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(432,084)	(432,106)	432,084	(432,106)
Change in Net Assets Attributable to Noncontrolling Interest				
	-	(22)	-	(22)
Change in Net Assets Attributable to Hope	<u>(432,084)</u>	<u>(432,084)</u>	<u>432,084</u>	<u>(432,084)</u>
Change in Net Assets	(432,084)	(432,106)	432,084	(432,106)
Net Assets, Beginning of Year	<u>(318,873)</u>	<u>(319,228)</u>	<u>318,873</u>	<u>(319,228)</u>
Net Assets, End of Year	<u>\$ (750,957)</u>	<u>\$ (751,334)</u>	<u>\$ 750,957</u>	<u>\$ (751,334)</u>

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	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
Revenues Without Donor Restrictions				
Rental income	\$ -	\$ 256,367	\$ -	\$ 256,367
Interest income	-	3,709	-	3,709
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	435	-	(435)	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Other income	-	9,951	-	9,951
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>435</u>	<u>270,027</u>	<u>(435)</u>	<u>270,027</u>
Expenses				
Affordable housing	-	226,575	-	226,575
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	226,575	-	226,575
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	<u>-</u>	<u>226,575</u>	<u>-</u>	<u>226,575</u>
Change in net assets without donor restrictions	<u>435</u>	<u>43,452</u>	<u>(435)</u>	<u>43,452</u>
Revenues With Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	435	43,452	(435)	43,452
Change in Net Assets Attributable to Noncontrolling Interest				
	-	-	-	-
Change in Net Assets Attributable to Hope	<u>435</u>	<u>43,452</u>	<u>(435)</u>	<u>43,452</u>
Change in Net Assets	435	43,452	(435)	43,452
Net Assets, Beginning of Year	<u>(9,414)</u>	<u>(941,443)</u>	<u>9,414</u>	<u>(941,443)</u>
Net Assets, End of Year	<u>\$ (8,979)</u>	<u>\$ (897,991)</u>	<u>\$ 8,979</u>	<u>\$ (897,991)</u>

Hope Communities, Inc. and Subsidiaries
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	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
Revenues Without Donor Restrictions				
Rental income	\$ 1,300	\$ 451,524	\$ -	\$ 452,824
Interest income	16,571	407	-	16,978
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(25)	-	25	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Other income	-	18,739	-	18,739
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>17,846</u>	<u>470,670</u>	<u>25</u>	<u>488,541</u>
Expenses				
Affordable housing	-	720,825	-	720,825
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	720,825	-	720,825
Administrative	164,284	-	-	164,284
Fundraising	-	-	-	-
Total expenses (and losses)	<u>164,284</u>	<u>720,825</u>	<u>-</u>	<u>885,109</u>
Change in net assets without donor restrictions	<u>(146,438)</u>	<u>(250,155)</u>	<u>25</u>	<u>(396,568)</u>
Revenues With Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(146,438)	(250,155)	25	(396,568)
Change in Net Assets Attributable to Noncontrolling Interest				
	-	-	-	-
Change in Net Assets Attributable to Hope	<u>(146,438)</u>	<u>(250,155)</u>	<u>25</u>	<u>(396,568)</u>
Change in Net Assets	(146,438)	(250,155)	25	(396,568)
Net Assets, Beginning of Year	<u>(166,261)</u>	<u>(705,502)</u>	<u>(434,024)</u>	<u>(1,305,787)</u>
Net Assets, End of Year	<u>\$ (312,699)</u>	<u>\$ (955,657)</u>	<u>\$ (433,999)</u>	<u>\$ (1,702,355)</u>

Hope Communities, Inc. and Subsidiaries
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	Subtotal	Eliminations	Consolidated Totals
Revenues Without Donor Restrictions			
Rental income	\$ 3,353,598	\$ (30,000)	\$ 3,323,598
Interest income	386,538	(269,182)	117,356
Development and management fees	415,221	(415,221)	-
Gain (loss) on investment in subsidiaries	(549,253)	549,253	-
Contributions and grants	1,311,202	-	1,311,202
In-kind contributions	492,718	-	492,718
Other income	226,396	-	226,396
Net assets released from restrictions	<u>694,473</u>	<u>-</u>	<u>694,473</u>
Total revenues without donor restrictions	<u>6,330,893</u>	<u>(165,150)</u>	<u>6,165,743</u>
Expenses			
Affordable housing	4,214,346	(684,403)	3,529,943
Resident services	1,829,323	-	1,829,323
Development	<u>17,423</u>	<u>-</u>	<u>17,423</u>
Total program services	6,061,092	(684,403)	5,376,689
Administrative	625,217	(30,000)	595,217
Fundraising	<u>274,715</u>	<u>-</u>	<u>274,715</u>
Total expenses (and losses)	<u>6,961,024</u>	<u>(714,403)</u>	<u>6,246,621</u>
Change in net assets without donor restrictions	<u>(630,131)</u>	<u>549,253</u>	<u>(80,878)</u>
Revenues With Donor Restrictions			
Contributions	354,920	-	354,920
Net assets released from restrictions	<u>(694,473)</u>	<u>-</u>	<u>(694,473)</u>
Change in net assets with donor restrictions	<u>(339,553)</u>	<u>-</u>	<u>(339,553)</u>
Change in Net Assets	(969,684)	549,253	(420,431)
Change in Net Assets Attributable to Noncontrolling Interest	(22)	-	(22)
Change in Net Assets Attributable to Hope	<u>(969,662)</u>	<u>549,253</u>	<u>(420,409)</u>
Change in Net Assets	(969,684)	549,253	(420,431)
Net Assets, Beginning of Year	<u>7,774,477</u>	<u>(734,618)</u>	<u>7,039,859</u>
Net Assets, End of Year	<u>\$ 6,804,793</u>	<u>\$ (185,365)</u>	<u>\$ 6,619,428</u>