HOMELESS NOT HOPELESS, INC.

(a nonprofit organization)

FINANCIAL STATEMENTS

For the Year Ended September 30, 2025

HOMELESS NOT HOPELESS, INC.
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For the Year Ended September 30, 2025

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SANDERS, WALSH & EATON CPAs, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Homeless Not Hopeless, Inc.

We have reviewed the accompanying financial statements of Homeless Not Hopeless, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Homeless Not Hopeless, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Sanders, Walsh & Eaton, CPAs, LLC

Osterville, Massachusetts
December 2, 2025

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HOMELESS NOT HOPELESS, INC.
Statement of Financial Position
September 30, 2025

ASSETS

Current Assets:	
Cash and cash equivalents	$ 362,656
Total Current Assets	362,656
Non-current Assets:	
Property and equipment, net	1,353,260
Total Non-current Assets	1,353,260
Total Assets	$ 1,715,916

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accrued expenses	$ 8,108
Notes payable (current portion)	36,949
Total Current Liabilities	45,057
Long-term Liabilities:	
Notes payable (less current portion)	445,117
Total Long-term Liabilities	445,117
Total Liabilities	490,174
Net Assets:	
Without donor restrictions	1,225,742
With donor restrictions	-
Total Net Assets	1,225,742
Total Liabilities and Net Assets	$ 1,715,916

HOMELESS NOT HOPELESS, INC.
Statement of Activities
For the Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:			
Contributions and grants	$ 276,589	$ -	$ 276,589
Special events, less $41,450 of direct benefits to donors	244,032	-	244,032
Rental income	224,569	-	224,569
Interest income	4,482	-	4,482
Other revenue	8,648	-	8,648
Gain of sale of equipment	9,330	-	9,330
Net assets released from restrictions	-		-
Total Revenue, Support, and Gains:	767,649	-	767,649
Expenses:			
Program	331,639	-	331,639
Management and general	65,820	-	65,820
Fund-raising	5,748	-	5,748
Total Expenses	403,207	-	403,207
Change in Net Assets	364,442	-	364,442
Net Assets, Beginning of Year	$ 861,300	-	861,300
Net Assets, End of Year	$ 1,225,742	$ -	$ 1,225,742

HOMELESS NOT HOPELESS, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2025

	Program	Management and General	Fund Raising	Total
Salaries and wages	$ 79,399	$ 21,173	$ 5,294	$ 105,866
Utilities	82,534	-	-	82,534
Depreciation	42,361	-	-	42,361
Insurance	38,748	-	-	38,748
Interest	28,411	-	-	28,411
Office	13,113	13,113	-	26,226
Professional services	-	24,986	-	24,986
Supplies	22,337	-	-	22,337
Repairs and maintenance	11,433	-	-	11,433
Payroll taxes	2,093	6,548	454	9,095
Auto	8,139	-	-	8,139
Advertising	3,070	-	-	3,070
Total Expenses	$ 331,639	$ 65,820	$ 5,748	$ 403,207

HOMELESS NOT HOPELESS, INC.

Statement of Cash Flows

For the Year Ended September 30, 2025

Cash Flows from Operating Activities:		
Change in net assets	$	364,442
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		42,361
(Gain) on sale of equipment		(9,330)
(Increase) decrease in operating assets:		
Prepaid expenses		1,150
Increase (decrease) in operating liabilities:		
Accrued expenses		5,220
Deferred revenue		(67,884)
Net Cash Provided by (Used in) Operating Activities		335,960
Cash Flows from Investing Activities:		
Purchases of property and equipment		(103,087)
Proceeds from sale of equipment		9,330
Net Cash Provided by (Used in) Investing Activities		(93,757)
Cash Flows from Financing Activities:		
Principal payments on notes		(46,296)
Net Cash Provided by (Used in) Financing Activities		(46,296)
Net Change in Cash and Cash Equivalents		195,907
Cash and Cash Equivalents, Beginning of Year		166,748
Cash and Cash Equivalents, End of Year	$	362,656
Supplemental disclosure of cash flow Information:		
Cash paid for interest	$	28,411

HOMELESS NOT HOPELESS, INC.
Notes to Financial Statements
For the Year Ended September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Homeless not Hopeless, Inc (The Organization) which is formed in 2007 to provide housing for homeless individuals in a supporting community that provide better environment. The Organization has four houses which rent to homeless individuals to provide better life skill that lead to independent living, assistance with medical, psychological and spiritual, addiction issues. The Organization also assistant with finding employment and helping education needs.

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents
The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, or other long-term purposes are excluded from this definition.

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or 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. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program(s) and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, and office which are allocated on the basis of estimates of time and effort.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Organization's accounting policy for transitional housing arrangements is consistent with ASC 606. Because there are no termed lease agreements and residents do not have the right to control the use of a specific unit for a period of time, these arrangements are not considered leases under ASC 840/842. Instead, they are service contracts within the scope of ASC 606. Under ASC 606, the fixed community fee charged to residents is recognized as revenue when the performance obligation—providing occupancy and related services—is satisfied, which occurs over the period the resident stays in the establishment. Rents (community fees) collected in advance are initially recorded as a contract liability (deferred revenue) and recognized as revenue in the period to which the rents relate, as the services are provided.

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

Contributions are recognized when cash, securities or other assets, unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return, are not recognized until the conditions on which they depend have been substantially met. Grants are considered non reciprocal transactions or contributions that further the housing program of the Organization. Accordingly, the revenue is recorded upon receipt of the notification of grant award, or, if conditions for performance are imposed, revenue is recognized when conditions have been met.

Interest income on bank deposits is recognized on the accrual basis and is recorded in the period in which it is earned, regardless of when it is received. Other revenue not related to the Organization's programs is recognized as earned. The Organization has concluded that this policy is appropriate under the applicable revenue recognition standards.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising costs for the year ended September 30, 2025, were $3,070.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Organization (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of September 30, 2025, the Organization had no amounts in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences
Compensated absences have not been accrued because the amount cannot be reasonably estimated.

Income Taxes
The Organization is organized as Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Organization's Form 990 and other income tax filings required by state or local tax authorities are no longer subject to tax examination for years before 2022

Property and Equipment
Property is recorded at cost and includes expenditures over $1,000 that materially increase the value or extend useful life of an asset, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2025.

In-kind Contributions
Contributed nonfinancial assets includes donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended September 30, 2025.

NOTE B - NOTES PAYABLE

Notes payable consist of the following at September 30, 2025:

The Organization has a mortgage note payable secured by the building at 22 Main St. The note carries a stated interest rate of 7.34%, requires monthly payments of $1,122, and matures in 2032.	$	74,606
The Organization has a mortgage note payable secured by the building at 45 Newton St. The note carries a stated interest rate of 5%, requires monthly payments of $2,428, and matures in 2036.		235,437
The Organization has a mortgage note payable secured by the building at 95 Chase Road. TThe note carries a stated interest rate of 5.49%, requires monthly payments of $1,674, and matures in 2037.		172,023
	$	482,066

Future maturities of bonds and notes payable are as follows:

Years Ending September 30,		
2026	$	36,949
2027		39,099
2028		41,338
2029		43,840
2030		46,357
Thereafter		274,483
Total	$	482,066

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, are comprised the following:

Cash and cash equivalents	$	362,656

The Organization regularly monitors liquidity to meet its general expenditures and other commitments and obligations. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and its expenses related to management and general and fundraising activities undertaken to support those services. The Organization's goal is to maintain financial assets to meet 90 days of general expenditures.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of a liquidity management plan, the Organization invests cash in excess of daily requirements in money market accounts. Management prepares regular cash flow projections to determine its liquidity needs. Refer to the statement of cash flows which identifies the sources and uses of its cash.

HOMELESS NOT HOPELESS, INC.
Notes to Financial Statements
For the Year Ended September 30, 2025

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2025:

Buildings and improvements	$ 1,369,568
Furniture and fixtures	16,698
Land	400,600
Vehicles	76,792
Total property and equipment	1,863,658
Less accumulated depreciation	(510,398)
Property and Equipment, Net	$ 1,353,260

NOTE E - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 2, 2025, the date which the financial statements were available to be issued.