

SMART HOME AMERICA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

SMART HOME AMERICA, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Smart Home America, Inc.
Mobile, Alabama

Opinion

We have audited the accompanying financial statements of Smart Home America, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, 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 Smart Home America, Inc. as of December 31, 2025 and 2024, 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 Smart Home America, Inc. 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Smart Home America, Inc.'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 Smart Home America, Inc.'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.

Avizo Group, Inc.

Certified Public Accountants

May 19, 2026
Fairhope, Alabama

SMART HOME AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 522,315	\$ 305,947
Grants receivable, net of discount	302,935	66,875
Prepaid payroll	21,007	-
Rent deposit	500	500
Total current assets	<u>846,757</u>	<u>373,322</u>
TOTAL ASSETS	<u><u>\$ 846,757</u></u>	<u><u>\$ 373,322</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,468	\$ 3,989
Accrued liabilities	6,096	23,746
Total current liabilities	<u>21,564</u>	<u>27,735</u>
NET ASSETS		
With donor restrictions	539,928	50,000
Without donor restrictions	285,265	295,587
Total net assets	<u>825,193</u>	<u>345,587</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 846,757</u></u>	<u><u>\$ 373,322</u></u>

See independent auditors' report and notes to the financial statements.

SMART HOME AMERICA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Grants	\$ 476,876	\$ 837,252	\$ 1,314,128	\$ 356,995	\$ 411,535	\$ 768,530
Program income	8,338	-	8,338	2,083	-	2,083
Restrictions released	347,324	(347,324)	-	682,683	(682,683)	-
TOTAL SUPPORT AND REVENUE	832,538	489,928	1,322,466	1,041,761	(271,148)	770,613
EXPENSES:						
Program services	670,542	-	670,542	767,016	-	767,016
Management & general	172,318	-	172,318	193,181	-	193,181
TOTAL EXPENSES	842,860	-	842,860	960,197	-	960,197
Change in net assets	(10,322)	489,928	479,606	81,564	(271,148)	(189,584)
Net assets, beginning of year	295,587	50,000	345,587	214,023	321,148	535,171
NET ASSETS, END OF YEAR	\$ 285,265	\$ 539,928	\$ 825,193	\$ 295,587	\$ 50,000	\$ 345,587

See independent auditors' report and notes to the financial statements.

SMART HOME AMERICA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Program Service	Management and General	Total	Program Service	Management and General	Total
Accounting	\$ -	\$ 9,357	\$ 9,357	\$ -	\$ 8,315	\$ 8,315
Advertising & promotion	-	1,968	1,968	-	3,601	3,601
Bank fees	-	102	102	-	760	760
Dues and subscriptions	1,961	-	1,961	2,118	-	2,118
Educational outreach	13,475	-	13,475	9,347	-	9,347
Health insurance	49,934	14,916	64,850	38,688	11,556	50,244
Insurance	-	6,176	6,176	-	4,265	4,265
Meals & entertainment	9,259	-	9,259	8,450	-	8,450
Outside contract	123,453	-	123,453	218,764	-	218,764
Postage	-	75	75	18	232	250
Rent, parking & utilities	-	9,880	9,880	-	20,440	20,440
Retirement	9,816	2,932	12,748	9,954	2,973	12,927
Supplies	-	8,989	8,989	627	16,108	16,735
Telephone	-	1,359	1,359	-	1,749	1,749
Travel	80,081	-	80,081	75,899	-	75,899
Wages	352,481	105,287	457,768	379,550	113,372	492,922
Wages expense	2,957	883	3,840	3,436	1,026	4,462
Wage taxes	27,125	8,102	35,227	20,165	6,023	26,188
Website	-	2,292	2,292	-	2,761	2,761
Total expenses	<u>\$ 670,542</u>	<u>\$ 172,318</u>	<u>\$ 842,860</u>	<u>\$ 767,016</u>	<u>\$ 193,181</u>	<u>\$ 960,197</u>

See independent auditors' report and notes to the financial statements.

SMART HOMES AMERICA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 479,606	\$ (189,584)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in operating assets		
Grant receivables	(236,060)	(5,612)
Prepaid payroll	(21,007)	-
Increase (decrease) in operating liabilities		
Account payable	11,479	(14,802)
Accrued liabilities	(17,650)	3,709
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>216,368</u>	<u>(206,289)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	216,368	(206,289)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>305,947</u>	<u>512,236</u>
End of year	<u>\$ 522,315</u>	<u>\$ 305,947</u>

See independent auditors' report and notes to the financial statements.

SMART HOME AMERICA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Smart Home America, Inc. (the "Organization") is a nonprofit organization located in Mobile, Alabama. The Organization's vision is stronger, sustainable, more resilient communities. The Organization works to create stronger communities through collaboration, education, and the promotion of resilient and sustainable policies, products and building methods. The Organization currently supports resilience efforts in thirty-five states: Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Virginia, Washington, Wisconsin and Wyoming. The Organization is directed by an active Board of Directors whose members serve without compensation. Funding for the Organization is a combination of public and private support.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provision 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 expensed 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 the time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

SMART HOME AMERICA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Unconditional 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of donated assets.

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. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Property and Equipment

The property and equipment items are stated at cost. Expenditures, which materially increase values or extend useful lives, are capitalized; while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets are charged against income as incurred. The net gain or loss on items retired or otherwise disposed of is credited or charged to operations and the costs of accumulated depreciation are removed from the account.

Depreciation

Depreciation of property and equipment is made on a basis considered adequate to amortize the related costs over their estimated useful lives, using the straight-line method.

Advertising Costs

Advertising costs are expensed when incurred advertising costs totaled \$1,968 and \$3,601 during the years ended December 31, 2025 and 2024, respectively.

Income Taxes

The Organization has applied for and been approved as a Section 501(c)(3) corporation and is exempt from federal and state taxes. Accordingly, there are no provisions for income taxes.

SMART HOME AMERICA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain Tax Positions

The Organization implemented the accounting requirements associated with the uncertainty in income taxes using the provisions of Financial Accounting Standards Board ASC 740, Income Taxes. Using this guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2025 and 2024, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to federal income tax examinations by taxing authorities for years before 2022.

Functional Expenses

The costs of providing program and other activities have been summarized in the statement of functional expenses. Wages and wage taxes have been allocated between program services and management based on time and effort as determined by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain December 31, 2024 amounts and beginning balances have been reclassified to agree with December 31, 2025 presentation.

Subsequent Events

The Organization has evaluated subsequent events through May 19, 2026, which is the date the financial statements were available to be issued.

There were no material subsequent events which require disclosure as of December 31, 2025 and 2024.

NOTE 2 CONCENTRATIONS

The Organization primarily maintains cash with two financial institutions one located in Daphne, Alabama and the other in Mobile, Alabama. From time to time, balances may exceed amounts insured by the Federal Deposit Insurance Corporation limit of \$250,000. On December 31, 2025 and 2024, the Organization had a \$86,962 and \$31,608 uninsured cash balance, respectively.

The Organization relies heavily on grants to fund their operations and programming. During 2025, the Organization had five major grantors representing 87% of total revenues. The contributions from these five major grantors totaled \$1,147,089.

SMART HOME AMERICA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 2 CONCENTRATIONS (continued)

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grant.

NOTE 3 LIQUIDITY

The Organization's current assets in the statement of financial position does not include any amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position. The Organization has financial assets available within one year of the statement of financial position for general expenditures of \$825,435 and \$345,587 for 2025 and 2024, respectively, which is adequate for liabilities due within one year of the statement of financial position.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2025 and 2024:

	2025	2024
Furniture and equipment	\$ 2,770	\$ 2,770
Accumulated depreciation	(2,770)	(2,770)
	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 PLEDGES RECEIVABLE

Pledges receivables consist of unconditional promises to give expected to be collected in the following periods:

	2025	2024
Less than one year:	\$ 302,935	\$ 66,875
	<u>\$ 302,935</u>	<u>\$ 66,875</u>

SMART HOME AMERICA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist for the following purposes as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<u>Funding Source</u>	<u>Amount</u>	
American Family Mutual Insurance Company	\$ 539,928	\$ -
Freddie Mac	<u>-</u>	<u>50,000</u>
	<u>\$ 539,928</u>	<u>\$ 50,000</u>

The Freddie Mac agreement is to provide an understanding of Climate Resilient Construction Curriculum and technical assistance.

The American Family Mutual Insurance Company agreement will increase the use and awareness of FORTIFIED construction in Minnesota and Wisconsin by providing Habitat for Humanity affiliates bridge funding to install FORTIFIED roofs on new and existing properties. It will also provide training courses to educate and train insurance agents about FORTIFIED as well as educate and train Habitat for Humanity Affiliate construction teams and local Home Build Association members about FORTIFIED.