USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS

FINANCIAL STATEMENTS

DECEMBER 31, 2021

(With Independent Auditors' Report Thereon)

USA Homeownership Foundation, Inc.
Dba Veterans Association of Real Estate Professionals

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Homeownership Foundation, Inc.
DBA Veterans Association of Real Estate Professionals
Corona, California

Report on the Financial Statements

We have audited the accompanying financial statements of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated March 28, 2022 on our consideration of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' internal control over financial reporting and compliance.

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Glendale, California
March 28, 2022

USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Assets		
Cash and cash equivalents	$	2,112,609
Homes under construction and held for sale *(Note 4)*		2,415,254
Property and equipment, net *(Note 5)*		23,349
Receivables		421,066
Prepaid expenses		4,418
Other assets		8,979
Total assets	$	4,985,675

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$	59,542
Accrued expenses		204,490
Revolving credit agreement *(Note 7)*		200,000
Payroll liabilities		54,340
Other liabilities		14,285
Current portion of notes payable		9,650
Total current liabilities		542,307
Long-term liabilities		
Notes payable *(Note 8)*		500,000
less: current portion of notes payable		(9,650)
Commitments and contingencies *(Note 6)*		-
Total liabilities		1,032,657
Total net assets		3,953,018
Total liabilities and net assets	$	4,985,675

USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
In-kind donations	$ 1,844,400	$ -	$ 1,844,400
Donations and fundraisers	2,689,225	-	2,689,225
Membership dues	82,397	-	82,397
Total revenues and support	4,616,022	-	4,616,022
Operating revenues			
Sale of rehabilitated real estate	2,541,101	-	2,541,101
Short-term rental income	20,650	-	20,650
Other revenues	33,821	-	33,821
Total operating revenues	2,595,572	-	2,595,572
Total revenues, support and operating revenues	7,211,594	-	7,211,594
Expenses			
Program services expenses	5,956,259	-	5,956,259
Management and general expenses	380,053	-	380,053
Fundraising expenses	645,739	-	645,739
Total expenses	6,982,051	-	6,982,051
Operating increase in net assets	229,543	-	229,543
Non-operating activities			
Other income	76,050		76,050
Loss on impairment of assets	(276,391)		(276,391)
Non-operating decrease in net assets	(200,341)	-	(200,341)
Change in net assets	29,202	-	29,202
Net assets, beginning of year	3,923,816	-	3,923,816
Net assets, end of year	$ 3,953,018	$ -	$ 3,953,018

See independent auditor's report and accompanying notes.

USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program services expenses	Management and general expenses	Fundraising expenses	Total expenses
Advertising expenses	$ 111,316	$ -	$ 111,316	$ 222,632
Awards and grants	1,721,133	-	-	1,721,133
Bank service fees	12,000	4,575	-	16,575
Books, subscriptions and reference	6,188	-	100	6,288
Business registration fees	-	10,106	-	10,106
Conference, convention and meeting	376,799	-	41,867	418,666
Contract services	269,435	101,590	36,219	407,244
Depreciation and amortization	-	3,691	1,103	4,794
Event entertainment costs	29,632	-	29,631	59,263
Event supplies	23,872	-	23,872	47,744
Food and beverages - events	44,639	-	44,639	89,278
Insurance	2,465	3,395	-	5,860
Interest expense	27,897	-	-	27,897
Memberships and dues	15,377	15,377	15,378	46,132
Postage and mailing service	2,943	-	2,942	5,885
Printing and copying	3,634	3,634	3,635	10,903
Professional services	36,082	13,463	4,310	53,855
Property rehabilitation	2,755,859	-	-	2,755,859
Rent expense	42,207	19,974	22,901	85,082
Salaries and related expenses	328,282	164,141	164,141	656,564
Supplies	5,600	5,599	5,599	16,798
Telephone	5,625	2,813	2,813	11,251
Travel	30,530	30,530	30,530	91,590
Venue costs	104,744	-	104,743	209,487
Other expense	-	1,165	-	1,165
	$ 5,956,259	$ 380,053	$ 645,739	$ 6,982,051

See independent auditor's report and accompanying notes.

USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating increase in net assets	$ 29,202
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Loss on impairment of assets	276,391
Depreciation and amortization expense	4,794
In-kind donations, capitalized	(1,844,400)
Changes in operating assets and liabilities:	
Homes under construction and held for sale	2,169,342
Receivables	(397,045)
Prepaid expenses	9,133
Other assets	(2,127)
Accounts payable	(15,481)
Accrued expenses	(212,343)
Payroll liabilities	33,440
Other liabilities	(4,279)
Net cash provided by operating activities	46,627
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(21,827)
Net cash used in investing activities	(21,827)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments made on notes payable	(230,000)
Proceeds from notes payable	350,000
Net cash provided by financing activities	120,000
Net increase in cash and cash equivalents	144,800
Cash and cash equivalents, beginning of the year	1,967,809
Cash and cash equivalents, end of the year	$ 2,112,609
SUPPLEMENTAL DISCLOSURES	
Interest paid	$ 20,755

See independent auditor's report and accompanying notes.

Note 1 - General

USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals (the Organization) (a nonprofit organization), is a California non-profit organization incorporated on May 11, 2011 dedicated to increasing sustainable homeownership and economic development for the active military and veteran communities across the United States.

The Organization is governed by an independent, volunteer Board of Directors who oversees the Organization's operations. Revenues to support the Organization are primarily renovation and sale of donated properties, membership dues, contributions and fundraising activities.

Note 2 - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

Basis of Accounting

The Organization utilizes the accrual basis of accounting.

Financial Statement Presentation

The financial statement presentation is in accordance with FASB ASC 958, Not-for-Profit Entities, as amended by ASU 2016-14. Under ASC 958, as amended, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions.

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 the Organization's management and the 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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

The Organization does not currently have any donor restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

The Organization recognizes services and other fee revenue in the period when the service has been provided.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash in operating bank accounts, cash on hand and interest bearing short-term investments with maturity of three months or less as cash and cash equivalents.

Uninsured Cash Balances

The Organization maintains balances in its checking and saving accounts at various financial institutions, which periodically exceeds the federally insured limits of $250,000, per insured bank. Accordingly, there is a concentration of credit risk related to amounts on deposit in excess of this coverage. Management believes this risk is not significant.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Homes Under Construction and Held for Sale

Homes under construction includes the direct and indirect costs of construction, land, and the donated value of materials and professional services used in the construction of homes. Transfer to homeowners is recorded when the home is occupied and title is transferred.

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions and Donor Restrictions

Contributions received are 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Depreciation expense is computed under the straight-line method over the estimated useful lives of the assets.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged against income as incurred, whereas significant renewals or betterments are capitalized. Included in the statement of activities are provisions for depreciation in the amount of $4,794.

In-Kind Support

The Organization receives donations from a variety of sources for the furtherance of its objectives. Non-cash donations are recorded as contributions at their estimated fair market values at the date of donation. Contributions of services are recognized if the services received creates or enhances nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended December 31, 2021, the Organization received $1,844,400 in donated properties that have been reflected in the statements of activities.

Functional Expense Allocation

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management on an equitable basis.

Note 2 - Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense was $222,632 for the year ended December 31, 2021.

Income Taxes

The Organization follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Accounting for Uncertainty in Income Taxes, which prescribes a minimum recognition threshold and measurement methodology for tax positions taken, or expected to be taken, in a tax return prior to recognition in the financial statements. The standard also provides guidance for derecognition, classification, interest and penalties, and accounting in interim periods, disclosure, and transition.

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701d, and therefore no provision for income taxes is included in the financial statements. The Organization believes that it has appropriate support for the positions taken on its tax returns and that the exempt status would be sustained on examination.

The Organization classifies interest and penalties on underpayments of income tax, if any, as interest expense and penalties, respectively, both of which would be included in general and administrative expenses. The Organization files tax returns in the United States federal and California state jurisdictions.

The Organization believes that it 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 in income tax expense if such interest and penalties are incurred.

Fair Value Measurements

The Organization has financial instruments whereby the fair market value of the financial instruments could be different than that recorded on a historical basis on the accompanying statements of financial position. The Organization's financial instruments consist of cash and cash equivalents, homes under construction and held for sale, accounts payable, and notes payable. The carrying amounts of the Organization's financial instruments excluding homes under construction and held for sale generally approximate their fair values at December 31, 2021. See note 9.

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board, FASB, issued updated guidance on leases. The new standard requires all lessees to recognize a lease liability and a right-of-use asset, measured at the present value of the future minimum lease payments, at the lease commencement date. Lessor accounting remains largely unchanged under the new guidance. A modified retrospective approach should be applied for leases existing at the beginning of the earliest comparative period presented in the financial statements. The guidance is effective for annual and interim periods beginning after December 15, 2021, and early adoption is permitted. As of December 31, 2021, the Organization has $148,000 of future minimum operating lease commitments that are not currently recognized on the balance sheet (Note 6). Accordingly, the Organization anticipates material changes to the balance sheet.

In September 2020, the FASB issued updated guidance on contributed nonfinancial assets (gifts-in-kind). The new standard requires not-for-profit entities to present gifts-in-kind on a separate line item in the statement of activities, and to disclose a disaggregation by category that depicts the type of gifts-in-kind. For each category, it is also required to disclose how the assets are used or monetized, including any associated donor or grant restrictions, and how they are valued. A retrospective approach should be applied for gifts-in-kind at the beginning of the earliest comparative period presented in the financial statements. The guidance is effective for annual periods beginning after June 15, 2022, and early adoption is permitted. The Organization does not believe the adoption of this pronouncement will have a material impact on the financial statements.

Accounting Pronouncements Adopted

In May 2014, the FASB issued guidance that replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model. The core principle is to recognize revenue upon the transfer of goods or services to customers at an amount that reflects the consideration expected to be received. Since its issuance, the FASB has amended several aspects of the new guidance, including provisions that address revenue recognition associated with the licensing of intellectual property. The Organization implemented the new standard as of December 31, 2021, and for the year ended December 31, 2021. The implementation of the new standard had no effect on the change in net assets for the years ended December 31, 2021.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230) Restricted Cash”. This standard requires that a statement of cash flows explain the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. Accordingly, the statement of cash flows includes the reconciliation of restricted cash and cash equivalents, when present, with cash and cash equivalents. The Organization implemented the new standard as of December 31, 2021, and for the year ended December 31, 2021. The implementation of the new standard had no effect on the statement of cash flows for the years ended December 31, 2021.

Note 3 – Availability and Liquidity

As of December 31, 2021, the Organization's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end:		
Cash and cash equivalents	$	2,112,609
Less amounts not available to be used within one year		-
Financial assets available to meet general expenditures over the next twelve months	$	2,112,609

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements.

The Organization has an investment policy authorized by the Board of Directors that provides guidance and oversight for the management of cash and cash equivalents. The policy provides that the Organization maintain an adequate level of cash to meet on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash and cash equivalents based on the financial needs of the Agency, the time horizon of those needs and the Board of Directors' investment philosophy.

Note 4 – Homes Under Construction and Held for Sale

A summary of activity in homes under construction and building lots for the year ended December 31, 2021 is as follows:

Balance – December 31, 2020	$	3,016,587
Purchased or donated property		1,844,400
Holding and constructions costs, net		(237,817)
VAREP cares homes donated		(580,400)
Transfer/sale of homes		(1,351,125)
Impairment		(276,391)
Property and property development costs	$	2,415,254

Note 5 - Property and Equipment

As of December 31, 2021, the cost of property and equipment is as follows:

Computers	$	40,063
Furniture and equipment		3,469
Production equipment		9,033
Less accumulated depreciation		(29,216)
Total, net	$	23,349

Note 6 – Commitments and Contingencies

Lease Commitments

Total rent expense incurred under operating leases totaled $85,082 for the year ended December 31, 2021.

Minimum future lease payments pursuant to the above lease agreement are as follows:
Year Ending December 31,

2022	$	73,000
2023		75,000
Thereafter		-
Total minimum future lease payments	$	148,000

Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease and is included in other liabilities in the statements of financial position. As of December 31, 2021, the deferred rent liability balance was $14,285.

Legal

The Organization is from time to time involved in ordinary routine litigation incidental to the conduct of its business. The Organization regularly reviews all pending litigation matters in which it is involved and establishes reserves deemed appropriate for such litigation matters, such reserved amounts are charged to operations in the year during which they are accrued.

The Organization believes that no presently pending litigation matters are likely to have a material adverse effect on the Organization financial statements, taken as a whole.

Note 7 – Revolving Credit Agreement

	Current portion	Total
The Organization has several revolving credit agreements where funds are used for the rehabilitation and maintenance of homes under construction and held for sale; The revolving credit agreements are collateralized by the various properties owned by the Organization, bearing interest at 18% per annum. The agreements may be cancelled at any time by either party. The unpaid combined principal balance may not exceed $550,000.		
Total revolving credit	$ 200,000	$ 200,000

Principal payments on revolving credit, are due as follows:

Year ending December 31,	
2022	$ 200,000

Note 8 – Notes Payable

	Current portion	Total
Promissory note dated June 19, 2020, in the original amount of $150,000. On September 26, 2021, the loan was modified, and the loan amount was increased from $150,000 to $500,000. The note is payable in installment payments of $2,208 per month and will begin twelve months from the date of the promissory note. The loan has deferment of the principal and internet payments through March 31, 2022. The note bears interest at a fixed rate of 2.75%. Final maturity is June 2050. Each payment will be first applied to interest accrued and the remaining balance of the payment, if any, will then be applied to principal.	9,650	500,000
Total notes payable	$ 9,650	$ 500,000

Note 8 – Notes Payable (continued)

Principal payments on notes payable, are due as follows:

Year ending December 31,

2022	$	9,650
2023		13,175
2024		13,550
2025		13,925
2026		14,300
Thereafter		435,400
Total minimum future lease payments	$	500,000

Paycheck Protection Program

In May 2020, the Organization received loan proceeds in the amount of $65,294 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP loan bears interest at the rate of 1.00% per annum and is payable in monthly principal and interest payments of an amount yet to be determined. The PPP loan matures in May 2022. Under the terms of the PPP, the PPP loan may be forgiven in whole or in part if it is used for qualifying expenses including payroll, benefits, rent and utilities, and the Organization maintains employee and payroll levels. The Organization received formal forgiveness from the Small Business Administration (SBA) for the full amount of the Organization PPP loan.

Note 9 – Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives highest priority to quoted process in active markets for identical assets or liabilities (Level I) and the lowest to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization of based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Note 9 – Fair Value Measurements (continued)

Level 2 – Inputs the include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the fill term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised value. Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a non-recurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The Organization's assets measured at fair value on a non-recurring basis are those for which the Organization has recorded valuation adjustments and write-offs prior to and during the year ended December 31, 2021.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used from previous years.

Homes under construction and held for sale: Valued at net realizable value for projects held for development and sale are estimated with reference to market prices and conditions existing at the reporting date. This is determined by the Organization having considered suitable external advice from independent real estate appraisers and in light of recent market transactions of housing projects in the same geographic area.

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

Fair value of assets measured on a recurring basis as of December 31, 2021

	Fair Value	Level 1	Level 2	Level 3
Homes under construction and held for sale	$ 2,415,254	$ -	$ 2,415,254	$ -

Note 10 – Concentration

Approximately 68% of the Organization's revenues and other support was provided by contributions from one entity.

Note 11 – Subsequent Events

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments may adversely affect workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's business or results of operations at this time.

The Organization has evaluated subsequent events for potential recognition and/or disclosure through March 28, 2022, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
USA Homeownership Foundation, Inc.
DBA Veterans Association of Real Estate Professionals
Corona, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' basic financial statements, and have issued our report thereon dated March 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' internal control. Accordingly, we do not express an opinion on the effectiveness of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

(Continued)

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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tellees.

Glendale, California
Match 28, 2022