



VAREP
VETERANS ASSOCIATION OF
REAL ESTATE PROFESSIONALS

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(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

Opinion

We have audited the accompanying consolidated financial statements of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of activities and cash flows for the year 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 USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals. as of December 31, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals 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.

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

(Continued)

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

Supplementary Information

The supplementary information included in schedules 1 and 2 are presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

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A handwritten signature in cursive script that reads "tellees." with a period at the end.

Glendale, California
March 8, 2024

USA HOMEOWNERSHIP FOUNDATION, INC. AND SUBSIDIARIES
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Assets	
Cash and cash equivalents	\$ 736,673
Homes under construction and held for sale <i>(Note 4)</i>	1,698,300
Property and equipment, net <i>(Note 5)</i>	10,885
Prepaid expenses	5,127
Other assets	<u>9,818</u>
Total assets	<u><u>\$ 2,460,803</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 65,965
Accrued expenses	22,611
Current portion of notes payable	<u>13,544</u>
Total current liabilities	102,120
Long-term liabilities	
Notes payable <i>(Note 8)</i>	484,075
less: current portion of notes payable	<u>(13,544)</u>
Commitments and contingencies <i>(Note 6)</i>	<u>-</u>
Total liabilities	<u>572,651</u>
Total net assets	<u>1,888,152</u>
Total liabilities and net assets	<u><u>\$ 2,460,803</u></u>

See independent auditor's report and accompanying notes.

USA HOMEOWNERSHIP FOUNDATION, INC. AND SUBSIDIARIES
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
In-kind donations	\$ 2,246,130	\$ -	\$ 2,246,130
Donations and fundraisers	1,733,126	-	1,733,126
Membership dues	126,437	-	126,437
Total revenues and support	4,105,693	-	4,105,693
Operating revenues			
Sale of rehabilitated real estate	2,035,155	-	2,035,155
Short-term rental income	15,920	-	15,920
Other revenues	103,836	-	103,836
Total operating revenues	2,154,911	-	2,154,911
Total revenues, support and operating revenues	6,260,604	-	6,260,604
Expenses			
Program services expenses	5,462,379	-	5,462,379
Management and general expenses	652,148	-	652,148
Fundraising expenses	1,049,951	-	1,049,951
Total expenses	7,164,478	-	7,164,478
Operating decrease in net assets	(903,874)	-	(903,874)
Non-operating activities			
Loss on impairment of assets	(97,560)	-	(97,560)
Non-operating decrease in net assets	(97,560)	-	(97,560)
Change in net assets	(1,001,434)	-	(1,001,434)
Net assets, beginning of year	2,889,586	-	2,889,586
Net assets, end of year	<u>\$ 1,888,152</u>	<u>\$ -</u>	<u>\$ 1,888,152</u>

See independent auditor's report and accompanying notes.

USA HOMEOWNERSHIP FOUNDATION, INC. AND SUBSIDIARIES
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program services expenses	Management and general expenses	Fundraising expenses	Total expenses
Advertising expenses	\$ -	\$ 212	\$ 150,624	\$ 150,836
Awards and grants	468,340	-	-	468,340
Bank service fees	7,110	7,900	7,109	22,119
Books, subscriptions and reference	14,742	559	-	15,301
Business registration fees	-	19,704	-	19,704
Conference, convention and meeting	487,616	-	159,911	647,527
Contract services	276,634	57,880	22,076	356,590
Commissions	-	3,490	-	3,490
Depreciation and amortization	-	3,678	1,839	5,517
Event entertainment costs	36,973	-	36,972	73,945
Event prizes	-	-	6,123	6,123
Event supplies	23,131	-	23,130	46,261
Food and beverages - events	67,640	-	67,640	135,280
Insurance	10,673	23,708	-	34,381
Interest expense	-	13,893	-	13,893
Lending costs	-	26,190	-	26,190
Memberships and dues	22,076	22,976	22,075	67,127
Office expense	-	4,196	-	4,196
Postage and mailing service	9,519	-	9,518	19,037
Printing and copying	10,300	10,300	10,300	30,900
Professional services	12,305	9,076	3,077	24,458
Property rehabilitation	3,485,764	-	-	3,485,764
Rent expense	36,915	38,125	36,915	111,955
Salaries and related expenses	372,057	372,057	372,056	1,116,170
Supplies	6,845	6,845	6,845	20,535
Taxes	-	1,600	-	1,600
Telephone	5,148	6,072	5,149	16,369
Travel	23,687	23,687	23,688	71,062
Venue costs	84,904	-	84,904	169,808
	<u>\$ 5,462,379</u>	<u>\$ 652,148</u>	<u>\$ 1,049,951</u>	<u>\$ 7,164,478</u>

See independent auditor's report and accompanying notes.

USA HOMEOWNERSHIP FOUNDATION, INC. AND SUBSIDIARIES
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Operating decrease in net assets	\$ (1,001,434)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Loss on impairment of assets	97,560
Depreciation and amortization expense	5,517
In-kind donations, capitalized	(2,246,130)
Changes in operating assets and liabilities:	
Homes under construction and held for sale	2,326,172
Receivables	5,353
Prepaid expenses	1,800
Other assets	(839)
Accounts payable	55,488
Accrued expenses	7,336
Other liabilities	<u>(7,870)</u>
Net cash used in operating activities	(757,047)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments made on notes payable	<u>(13,706)</u>
Net cash used in financing activities	<u>(13,706)</u>
Net decrease in cash and cash equivalents	(770,753)

Cash and cash equivalents, beginning of the year	<u>1,507,426</u>
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Cash and cash equivalents, end of the year	<u><u>\$ 736,673</u></u>
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SUPPLEMENTAL DISCLOSURES

Interest paid	<u><u>\$ 13,853</u></u>
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See independent auditor's report and accompanying notes.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1 - General

USA Homeownership Foundation, Inc. DBA Veterans Association of Real Estate Professionals (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 consolidated financial statements.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of USA Homeownership Foundation, Inc., and its wholly owned subsidiaries MVP Insurance Services, Inc., MVP Title Company, Inc. and MVP Staffing Services, Inc. (the Organization). All material intercompany transactions and balances have been eliminated in consolidation.

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.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 2 - Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

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.

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 cash balances at commercial banks, and at times the balance can exceed the Federal Deposit Insurance Corporation (FDIC) insured deposit limit of \$250,000 per financial institution. The Organization has not experienced any losses through the date when the consolidated financial statements were available to be issued.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 consolidated 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 consolidated statement of functional expenses are provisions for depreciation in the amount of \$5,517.

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, 2023, the Organization received \$2,246,130 in donated properties that have been reflected in the consolidated statements of activities.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$150,836 for the year ended December 31, 2023.

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 consolidated 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 consolidated 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 consolidated 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.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 2 - Summary of Significant Policies (continued)

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 consolidated 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, 2023. See note 8.

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 consolidated statements of financial position. The Organization's financial instruments consist of cash and cash equivalents, inventories, and accrued expenses. The carrying amounts of the Organization's financial instruments generally approximate their fair values at December 31, 2023.

Leases

The Organization determines if an arrangement is a lease or contains a lease at the inception of a contract. A contract is determined to be, or contain a lease, if the contract conveys the right to control the use of identified property or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. The Organization determines lease classifications operating or financing at the lease commencement date. Operating leases as a lessee are included in ROU assets and operating lease liabilities in the balance sheet. The Organization has no financing leases as of December 31, 2023. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. For operating leases, the right-of-use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the risk-free rate using a period comparable with the lease term. The lease term will include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or restrictive covenants.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 2 - Summary of Significant Policies (concluded)

Going Concern

In connection with the preparation of the consolidated financial statements for the year ended December 31, 2023, management conducted an evaluation as to whether there were conditions or events, considered in the aggregate, which raised substantial doubts as to the Organization's ability to continue as a going concern within one year after the date the consolidated financial statements were issued, noting there did not appear to be evidence of substantial doubt of the entity's ability to continue as a going concern.

Date of Management's Review

Management has evaluated subsequent events through March 8, 2024, the date on which the consolidated financial statements were available to be issued.

Note 3 – Availability and Liquidity

As of December 31, 2023, 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	\$ 736,673
Less amounts not available to be used within one year	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 736,673</u>

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.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, is as follows:

Balance – December 31, 2022	\$ 1,875,902
Purchased or donated property	2,246,130
Holding and constructions costs, net	12,308
VAREP cares homes donated	(112,000)
Transfer/sale of homes	(2,226,480)
Impairment	<u>(97,560)</u>
Property and property development costs	<u><u>\$ 1,698,300</u></u>

Note 5 - Property and Equipment

As of December 31, 2023, the cost of property and equipment is as follows:

Computers	\$ 40,063
Furniture and equipment	3,469
Production equipment	<u>9,033</u>
Less accumulated depreciation	<u>(41,680)</u>
Total, net	<u><u>\$ 10,885</u></u>

Note 6 – Commitments and Contingencies

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's consolidated financial statements, taken as a whole.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 7 – Leases

Lease Commitments

On July 16, 2018, the Organization entered into a non-cancelable operating lease for office space in Corona, California. The lease commenced on September 12, 2018 and was due to expire on December 31, 2023.

The Organization entered a short-term sub-lease for retain space in Las Vegas, Nevada from VetCares Inc., a related party. The sublease agreement will terminate in May 2024.

Total rent expense incurred under operating leases totaled \$111,955 for the year ended December 31, 2023.

2024	\$ 22,667
Total minimum future lease payments	<u>\$ 22,667</u>

On November 15, 2023, the Organization entered into an amended lease, effective January 1, 2024. The amended agreement is substantially similar to the prior agreement extended the lease through December 31, 2026.

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 interest 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.		
Total notes payable	<u>\$ 13,544</u>	<u>\$ 484,075</u>

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 8 – Notes Payable (concluded)

Principal payments on notes payable, are due as follows:

Year ending December 31,

2024	\$ 13,544
2025	13,921
2026	14,308
2027	14,707
2028	15,116
Thereafter	<u>412,479</u>
Total future minimum required principal payments	<u>\$ 484,075</u>

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.

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 full 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.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 – Fair Value Measurements (concluded)

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, 2023.

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, 2023

	Fair Value	Level 1	Level 2	Level 3
Homes under construction and held for sale	\$ 1,698,300	\$ -	\$ 1,698,300	\$ -

Note 10 – Related Party Transactions

The Organization paid \$112,215 to Win Win Consulting Inc., a private company owned by one of its founders, during the year ended December 31, 2023, for managing, supporting, and promoting the real estate program including donated and sold properties.

The Organization paid \$181,093 to Advance Team, Inc., a private company owned by one of its founders, during the year ended December 31, 2023, for managing, supporting, and promoting the real estate program including donated and sold properties.

The Organization made multiple contribution totaling \$71,435 to VetCares, Inc, a nonprofit organization, controlled by co-founder and President of the Organization. Vetcares, Inc. was established to handle all philanthropic activities and, at the same time, generate income from donated cars, furniture, and other items to meet its expenses. The sublease agreement was entered into on an arm's-length basis, consistent with market rates for comparable sublease agreements in the Las Vegas area. Rent expense of \$26,979 was recognized for the year ended December 31, 2023, related to this sublease.

**USA HOMEOWNERSHIP FOUNDATION, INC.
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 11 – Concentration

Approximately 70% of the Organization's revenues and other support was provided by contributions from three entities. The loss of one or more of these entities could have a material adverse effect on the Organization's financial results. The Organization actively manages its relationships and seeks to diversify its base to mitigate this risk.

Note 12 – Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through March 8, 2024, the date the consolidated financial statements were issued.

On November 15, 2023, subsequent to the balance sheet date of December 31, 2023, the Organization entered into an amended lease agreement for office space located in Corona, California, effective January 1, 2024. The amended agreement is substantially similar to the prior agreement, except for an extension of the lease term from December 31, 2023, to December 31, 2026.

SUPPLEMENTAL INFORMATION

USA HOMEOWNERSHIP FOUNDATION, INC. AND SUBSIDIARIES
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
SCHEDULE 1 – SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE – STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	USA Homeownership Foundation, Inc.	MVP Insurance Services, Inc.	MVP Title Company, Inc	MVP Staffing Services, Inc.	Elimination	Consolidated
ASSETS						
Assets						
Cash and cash equivalents	\$ 725,098	\$ 10,300	\$ 1,275	\$ -	\$ -	\$ 736,673
Homes under construction and held for sale <i>(Note 4)</i>	1,698,300	-	-	-	-	1,698,300
Property and equipment, net <i>(Note 5)</i>	10,885	-	-	-	-	10,885
Receivables - related parties	36,762	-	-	-	(36,762)	-
Prepaid expenses	5,127	-	-	-	-	5,127
Other assets	9,818	-	-	-	-	9,818
Total assets	<u>\$ 2,485,990</u>	<u>\$ 10,300</u>	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ (36,762)</u>	<u>\$ 2,460,803</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable - related parties	\$ -	\$ 21,123	\$ 13,639	\$ 2,000	\$ (36,762)	\$ -
Accounts payable	65,965	-	-	-	-	65,965
Accrued expenses	17,121	4,490	1,000	-	-	22,611
Current portion of notes payable	13,544	-	-	-	-	13,544
Total current liabilities	96,630	25,613	14,639	2,000	(36,762)	102,120
Long-term liabilities						
Notes payable <i>(Note 7)</i>	484,075	-	-	-	-	484,075
less: current portion of notes payable	(13,544)	-	-	-	-	(13,544)
Commitments and contingencies <i>(Note 6)</i>	-	-	-	-	-	-
Total liabilities	<u>567,161</u>	<u>25,613</u>	<u>14,639</u>	<u>2,000</u>	<u>(36,762)</u>	<u>572,651</u>
Total net assets	<u>1,918,829</u>	<u>(15,313)</u>	<u>(13,364)</u>	<u>(2,000)</u>	<u>-</u>	<u>1,888,152</u>
Total liabilities and net assets	<u>\$ 2,485,990</u>	<u>\$ 10,300</u>	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ (36,762)</u>	<u>\$ 2,460,803</u>

See independent auditor's report and accompanying notes.

USA HOMEOWNERSHIP FOUNDATION, INC. AND SUBSIDIARIES
DBA VETERANS ASSOCIATION OF REAL ESTATE PROFESSIONALS
SCHEDULE 2 – SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE – STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	USA Homeownership Foundation, Inc.	MVP Insurance Services, Inc.	MVP Title Company, Inc	MVP Staffing Services, Inc.	Elimination	Consolidated
Revenues and support						
In-kind donations	\$ 2,246,130	\$ -	\$ -	\$ -	\$ -	\$ 2,246,130
Donations and fundraisers	1,733,126	-	-	-	-	1,733,126
Membership dues	126,437	-	-	-	-	126,437
Total revenues and support	4,105,693	-	-	-	-	4,105,693
Operating revenues						
Sale of rehabilitated real estate	2,035,155	-	-	-	-	2,035,155
Short-term rental income	15,920	-	-	-	-	15,920
Other revenues	97,906	5,930	-	-	-	103,836
Total operating revenues	2,148,981	5,930	-	-	-	2,154,911
Total revenues, support and operating revenues	6,254,674	5,930	-	-	-	6,260,604
Expenses						
Program services expenses	5,462,379	-	-	-	-	5,462,379
Management and general expenses	628,963	12,120	9,065	2,000	-	652,148
Fundraising expenses	1,049,951	-	-	-	-	1,049,951
Total expenses	7,141,293	12,120	9,065	2,000	-	7,164,478
Operating decrease in net assets	(886,619)	(6,190)	(9,065)	(2,000)	-	(903,874)
Non-operating activities						
Loss on impairment of assets	(97,560)	-	-	-	-	(97,560)
Non-operating decrease in net assets	(97,560)	-	-	-	-	(97,560)
Change in net assets	(984,179)	(6,190)	(9,065)	(2,000)	-	(1,001,434)
Net assets, beginning of year	2,903,008	(9,123)	(4,299)	-	-	2,889,586
Net assets, end of year	<u>\$ 1,918,829</u>	<u>\$ (15,313)</u>	<u>\$ (13,364)</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ 1,888,152</u>

See independent auditor's report and accompanying notes.