

OCEAN HOUSING ALLIANCE, INC.

Financial Statements

For the years ended December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

OCEAN HOUSING ALLIANCE, INC.
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December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Ocean Housing Alliance, Inc.

Opinion

We have audited the accompanying financial statements of Ocean Housing Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Ocean Housing Alliance, Inc. as of December 31, 2022 and 2021, 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 audits 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 Ocean Housing Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Ocean Housing Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.

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 Ocean Housing Alliance, 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 Ocean Housing Alliance, 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.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 17, 2023
Lakewood, New Jersey

OCEAN HOUSING ALLIANCE, INC.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 615,360	\$ 657,969
Grant receivable	1,156	1,156
Contribution receivable	628	628
Prepaid expenses	8,917	12,342
Total current assets	626,061	672,095
Property and equipment, net	760,489	799,868
Total assets	\$ 1,386,550	\$ 1,471,963
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 14,289	\$ 21,683
Accrued expenses	12,450	14,726
Other liabilities	1,860	1,308
Total liabilities	28,599	37,717
Net assets:		
Without donor restriction	1,357,951	1,434,246
Total net assets	1,357,951	1,434,246
Total liabilities and net assets	\$ 1,386,550	\$ 1,471,963

See independent auditor's report and accompanying notes to financial statements.

OCEAN HOUSING ALLIANCE, INC.
Statements of Activities
For the years ended December 31, 2022 and 2021

	2022	2021
Support and revenues:		
Rental and program revenue	\$ 709,707	\$ 719,772
Fundraising events	199,454	122,771
Donated food	25,856	19,758
Donations	64,122	91,732
Non-exchange grant revenue	42,270	109,482
Miscellaneous	800	558
Interest income	1,501	285
Total operating revenue	1,043,710	1,064,358
Operating expenses:		
Program services	943,026	909,318
Management and general	83,037	91,943
Fundraising	93,942	73,645
Total operating expenses	1,120,005	1,074,906
Change in net assets without donor restrictions	(76,295)	90,814
Net assets without donor restrictions, beginning of year	1,434,246	1,343,432
Net assets without donor restrictions, end of year	\$ 1,357,951	\$ 1,434,246

See independent auditor's report and accompanying notes to financial statements.

OCEAN HOUSING ALLIANCE, INC.
Statement of Functional Expenses
For the year ended December 31, 2022

	Program	Management and General	Fundraising	Total
Payroll	\$ 471,644	\$ 41,924	\$ 10,481	\$ 524,049
Repairs and maintenance	57,467	-	-	57,467
Golf fundraiser	-	-	57,331	57,331
Food	54,194	-	-	54,194
Personal needs	53,988	-	-	53,988
Depreciation	53,599	-	-	53,599
Utilities	52,633	-	-	52,633
Payroll taxes	41,347	3,675	919	45,941
Insurance	36,781	-	-	36,781
Professional fees	-	31,350	-	31,350
Employee benefits	26,779	2,380	595	29,754
Supplies	26,408	-	-	26,408
Donated food	25,856	-	-	25,856
Fundraising events	-	-	24,485	24,485
Rubbish removal	13,700	-	-	13,700
Miscellaneous	7,851	-	-	7,851
Payroll service fees	5,912	526	131	6,569
Office expense	6,100	462	-	6,562
Laundry services	4,536	-	-	4,536
Recreation	1,961	-	-	1,961
Landscaping	1,825	-	-	1,825
Licenses and dues	-	1,812	-	1,812
Equipment	-	908	-	908
Security	425	-	-	425
Cleaning services	20	-	-	20
	<u>943,026</u>	<u>83,037</u>	<u>93,942</u>	<u>1,120,005</u>
Total operating expenses	<u>\$ 943,026</u>	<u>\$ 83,037</u>	<u>\$ 93,942</u>	<u>\$ 1,120,005</u>

See independent auditor's report and accompanying notes to financial statements.

OCEAN HOUSING ALLIANCE, INC.
Statement of Functional Expenses
For the year ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 480,459	\$ 42,707	\$ 10,677	\$ 533,843
Golf fundraiser	-	-	60,906	60,906
Personal needs	55,199	-	-	55,199
Payroll taxes	48,091	4,275	1,069	53,435
Depreciation	50,823	2,503	-	53,326
Utilities	49,573	-	-	49,573
Food	43,734	-	-	43,734
Professional fees	-	39,312	-	39,312
Insurance	38,899	-	-	38,899
Supplies	28,359	-	-	28,359
Employee benefits	23,477	2,087	522	26,086
Security	20,102	-	-	20,102
Donated food	19,758	-	-	19,758
Repairs and maintenance	15,918	-	-	15,918
Rubbish removal	12,457	-	-	12,457
Payroll service fees	5,464	486	121	6,071
Office expense	5,252	313	-	5,565
Laundry services	5,548	-	-	5,548
Miscellaneous	3,288	-	-	3,288
Recreation	1,843	-	-	1,843
Landscaping	896	-	-	896
Fundraising events	-	-	350	350
Licenses and dues	-	260	-	260
Cleaning services	178	-	-	178
Total operating expenses	<u>\$ 909,318</u>	<u>\$ 91,943</u>	<u>\$ 73,645</u>	<u>\$ 1,074,906</u>

See independent auditor's report and accompanying notes to financial statements.

OCEAN HOUSING ALLIANCE, INC.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Support and revenue	\$ 1,042,209	\$ 1,146,224
Cash paid to suppliers and employees	(1,072,099)	(991,133)
Interest received	1,501	285
	<u>(28,389)</u>	<u>155,376</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(14,220)	(7,590)
	<u>(14,220)</u>	<u>(7,590)</u>
Net change in cash and cash equivalents	(42,609)	147,786
Cash and cash equivalents, beginning of year	<u>657,969</u>	<u>510,183</u>
Cash and cash equivalents, end of year	<u>\$ 615,360</u>	<u>\$ 657,969</u>
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Change in net assets	\$ (76,295)	\$ 90,814
Items which did not use cash:		
Depreciation	53,599	53,325
Working capital changes which provided/(used) cash:		
Contribution receivable	-	547
Other current assets	3,425	5,347
Accounts payable	(7,394)	616
Accrued expenses	(2,276)	4,881
Other liabilities	552	(154)
	<u>552</u>	<u>(154)</u>
Net cash flows from operating activities	<u>\$ (28,389)</u>	<u>\$ 155,376</u>

See independent auditor's report and accompanying notes to financial statements.

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements

NOTE 1: ORGANIZATION AND PURPOSE

Ocean Housing Alliance, Inc. (the “Organization”) was incorporated September 16, 1993 and is organized as a State of New Jersey Not-For-Profit Corporation. The Organization operates as a Community Housing Development Organization (“CHDO”). The purpose of the Ocean Housing Alliance, Inc. is to provide a residential health care facility for low-income, mentally ill adults who otherwise would be homeless or institutionalized. The Organization must accept all low-income clients, provided there is space available.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The financial statements of Ocean Housing Alliance, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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. As of December 31, 2022 and 2021, the Organization did not have any net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the FDIC insurance limit.

Grant and Contribution Receivables

The Organization carries its grant and contribution receivables at cost. On a periodic basis, management evaluates its receivables to determine if any portion is uncollectible. Management has determined that all open receivables are collectible and therefore no allowance account is deemed necessary.

Property and Equipment

Property and equipment are recorded at cost, except for donated items, which are recorded at their fair market values on the date of donation. Additions and major renewals considered to be betterments,

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

costing \$1,000 or more, are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5-39 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Revenue Recognition

Contributions and nonexchange grants

Contributions and nonexchange grants are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

Conditional – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

Unconditional – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers are met. If funds are received from the donor before the relevant barriers are met, deferred revenue is recorded on the statement of financial position for the amount of funds provided by the donor.

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend are substantially met and the promises become unconditional.

Rent Revenue

The Organization receives rental income, which is scoped out of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 and follows relevant guidance under ASC 842 Leases. In the prior year, the Organization recognized rental income following relevant

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Rent Revenue (continued)

guidance under ASC 840. The Organization operates residential health care facilities in Point Pleasant Beach, New Jersey. The Organization leases its properties to qualified tenants. Rent revenue is recognized over time, primarily on a monthly basis while the tenants reside in the unit.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets or the notes to financial statements. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. FASB Accounting Standards Update (ASU) 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its statement of activities and changes in net assets or notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (unearned revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

In-kind

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization receives services from volunteers, for which contribution income is not reflected in these consolidated financial statements as they do not meet the criteria for financial statement recognition.

Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among program, management and general, and fundraising based on estimates of actual time spent. The expenses that are allocated include payroll, depreciation, payroll taxes, office expenses, employee benefits, and payroll service fees.

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and the *New Jersey Charities Registration & Investigation Form (CRI)*. The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities.

The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

Accounting for Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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 technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority 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 is based on the lowest level input that is significant to the fair value measurement.

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

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

Level I – 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 II – Inputs that include quoted market 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.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring 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 following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Certificate of deposit – The carrying amount reported in the statement of financial position approximates the net asset value of the certificate held by the Organization at year end.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2021. The Organization adopted ASU 2016-02 in the current year. The implementation of ASU 2016-02 did not have a material effect on the financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events occurring after December 31, 2022 through the date of November 17, 2023, which is the date the financial statements were available to be issued.

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 3: CASH AND CASH EQUIVALENTS

The deposits held by the Organization at December 31, 2022 and 2021, reported at fair value as follows:

	<u>2022</u>	<u>2021</u>
Deposits:		
Demand deposits	\$ 371,147	\$ 615,148
Certificate of deposit	244,213	42,821
	<u> </u>	<u> </u>
Total deposits	<u>\$ 615,360</u>	<u>\$ 657,969</u>
 Reconciliation to the Statements of Financial Position:		
Current assets:		
Cash and cash equivalents	\$ 615,360	\$ 657,969
	<u> </u>	<u> </u>
Total	<u>\$ 615,360</u>	<u>\$ 657,969</u>

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents had bank balances of \$626,478 and \$670,561 as of December 31, 2022 and 2021, respectively, of which \$626,404 and \$500,000 were fully insured by depository insurance, respectively.

Concentration Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At December 31, 2022 and 2021, all of the Organization's cash was held by Ocean First Bank, Merrill Lynch and TD Bank.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 1,695,613	\$ 1,695,613
Equipment	310,757	303,445
Furniture and fixtures	94,718	87,808
	<u>2,101,088</u>	<u>2,086,866</u>
Less: accumulated depreciation	<u>(1,340,599)</u>	<u>(1,286,998)</u>
Total property and equipment, net	<u>\$ 760,489</u>	<u>\$ 799,868</u>

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$53,599 and \$53,325, respectively.

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 5: LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2022	2021
Current financial assets:		
Cash and cash equivalents	\$ 615,360	\$ 657,969
Grant receivable	1,156	1,156
Contribution receivable	628	628
Financial assets available to meet general expenditures over the next twelve months	\$ 617,144	\$ 659,753

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets on hand to meet 120 days of normal operating expenses, which are, on average, approximately \$368,000.

NOTE 6: PAYCHECK PROTECTION PROGRAM CONTRIBUTION REVENUE

In March 2021, the Organization was granted proceeds of \$101,362, pursuant to the second round of the PPP, which was in the form of a Note dated March 17, 2021, matures March 17, 2026 and bears interest at a rate of 1.00% per annum, with interest payments commencing January 17, 2022. The Organization has elected to account for the proceeds as a conditional contribution in accordance with ASC 958-605, Not-for-Profit Entities: Revenue Recognition. Accordingly, the Organization recognized contribution revenue once the conditions were substantially met or explicitly waived. The second round PPP loan was forgiven in full totaling \$101,362 during the year ended December 31, 2021.

NOTE 7: IN-KIND CONTRIBUTIONS

For the years ended December 31, 2022 and 2021, in-kind contributions consisted of the following:

In- Kind Contributions	2022	2021	Usage	Restriction	Valuation Technique
Donated food	\$ 25,856	\$ 19,758	Donation of food and meals	None	Valued at the cost of food provided

NOTE 8: RISKS AND UNCERTAINTIES

Concentration of Risk

The Organization receives a significant amount of its support from special event revenue related to the Casino Night and Golf Outing. In the event that these events were eliminated, it is possible that the Organization would need to reduce its current operations. Fundraising revenue for the Casino Night and Golf Outing accounted for approximately 19% and 11% of total support and revenues for the years ended December 31, 2022 and 2021, respectively.

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 9: SOURCES AND TIMING OF REVENUE

The following table presents the Organization's support and revenues disaggregated by geography, product lines, and timing of revenue recognition:

	<u>2022</u>	<u>2021</u>
<u>Geographic Markets</u>		
New Jersey	\$ 909,161	\$ 758,494
 <u>Product Lines</u>		
Rental and program revenue	\$ 709,707	\$ 719,772
Fundraising events	199,454	122,771
Total exchange revenue	<u>\$ 909,161</u>	<u>\$ 842,543</u>
 <u>Timing of Revenue Recognition</u>		
Revenue transferred over time	\$ 709,707	\$ 719,772
Revenue transferred at a point in time	25,187	38,722
Total exchange revenue	<u>\$ 734,894</u>	<u>\$ 758,494</u>
Non-exchange revenue	\$ 308,816	\$ 407,226
Exchange revenue	734,894	758,494
Total support and revenues	<u>\$ 1,043,710</u>	<u>\$ 1,165,720</u>

NOTE 10: SPECIAL EVENTS REVENUE

Gross receipts from special fundraising events recorded by the Organization consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue. The following table presents the Organization's approximation of contribution and exchange component revenues in accordance with special events during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Special Events:		
Contributions	\$ 174,267	\$ 122,771
Exchange component	25,187	38,722
Gross special event revenue	199,454	161,493
Less: direct expenses	(81,816)	(61,256)
Special event revenue, net of direct expenses	<u>\$ 117,638</u>	<u>\$ 100,237</u>

NOTE 11: LEASES

Leases as lessor

As of January 1, 2022, the Organization adopted ASC 842. During the year ended December 31, 2021, the Organization accounted for leases under ASC 840. The Organization operates a residential health care facility, which generates rental income from residential tenants and operating cash flows for

OCEAN HOUSING ALLIANCE, INC.
Notes to Financial Statements (continued)

NOTE 11: LEASES (continued)

Leases as lessor (continued)

the Organization. The Organization's tenant base is low-income, mentally ill adults who otherwise would be homeless or institutionalized. Tenant leases generally have lease terms of 1 year, with one or more renewal options available upon expiration of the initial lease term. The Organization has elected to account for any non-lease components in its real estate lease as part of the associated lease component.

The components of rental income for the year ended December 31, 2022 were as follows:

Rental income:	
Social security based rent	\$ 471,623
Tenant based rent	<u>254,284</u>
Gross rental revenue	725,907
Less: rental adjustments	<u>(16,200)</u>
Rental income, net of adjustments	<u>\$ 709,707</u>

The future maturity of rental income is as follows:

2023	<u>\$ 612,918</u>
Total rental income	<u><u>\$ 612,918</u></u>