

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022



HABITAT FOR HUMANITY  
OF CITRUS COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Habitat for Humanity of Citrus County, Inc.

We have audited the accompanying financial statements of Habitat for Humanity of Citrus County, Inc., a not-for-profit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Habitat for Humanity of Citrus County, Inc. as of June 30, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Citrus County, 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 Habitat for Humanity of Citrus County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

INDEPENDENT AUDITORS' REPORT - 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 Habitat for Humanity of Citrus County, 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 Habitat for Humanity of Citrus County, 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 audits.



Certified Public Accountants

New York, New York  
November 9, 2023

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	As of June 30,	
	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,273,974	\$ 1,418,092
Mortgages receivable - net, current portion	155,525	153,268
Accounts receivable	415,095	359,132
Prepaid expenses	95	27,561
Land inventory	1,440,823	3,623
Homes under construction	<u>394,099</u>	<u>70,662</u>
Total current assets	4,679,611	2,032,338
<b>NON-CURRENT ASSETS:</b>		
Property and equipment - net	2,807,337	4,353,553
Mortgages receivable - net, non-current portion	5,266,810	4,878,847
Security deposits	<u>700</u>	<u>700</u>
Total non-current assets	<u>8,074,847</u>	<u>9,233,100</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,754,458</u></u>	<u><u>\$ 11,265,438</u></u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 125,842	\$ 57,833
Homeowner escrow	103,124	103,323
Deposits	34,155	39,375
Long-term debt, current portion	<u>136,969</u>	<u>138,266</u>
Total current liabilities	400,090	338,797
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, non-current portion	<u>2,031,254</u>	<u>2,235,070</u>
Total liabilities	2,431,344	2,573,867
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>10,323,114</u>	<u>8,691,571</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 12,754,458</u></u>	<u><u>\$ 11,265,438</u></u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENTS OF ACTIVITIES

	For the Years Ended June 30,	
	<u>2023</u>	<u>2022</u>
<b>UNRESTRICTED SUPPORT:</b>		
Contributions	\$ 570,009	\$ 501,150
Grants	876,271	276,500
Contributions in-kind	26,323	5,500
Sales of residences - net	1,504,628	256,065
Sales of foreclosed homes - net	51,450	369,860
Mortgage loan discount amortization	287,139	431,645
ReStore sales	2,077,505	2,043,605
Fundraising	7,965	-
Sale of land	32,288	-
Rental income - net	3,600	2,100
Interest income	12,436	413
Other income	37,500	7,629
	<u>5,487,114</u>	<u>3,894,467</u>
<b>FUNCTIONAL EXPENSES:</b>		
Program services:		
Other program services	2,572,381	1,343,376
Home store	1,161,133	964,499
Fundraising	16,818	35,524
Administrative and general	105,239	93,574
	<u>3,855,571</u>	<u>2,436,973</u>
Total functional expenses		
	<u>3,855,571</u>	<u>2,436,973</u>
Increase in net assets without donor restrictions	1,631,543	1,457,494
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</b>	<u>8,691,571</u>	<u>7,234,077</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>	<u><u>\$ 10,323,114</u></u>	<u><u>\$ 8,691,571</u></u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Fundraising	Administrative and General	Total
	Other	Home Store			
Advertising and promotional	\$ 921	\$ 21,175	\$ -	\$ -	\$ 22,096
Auto and truck	8,632	71,436	-	-	80,068
Annual audit expense	2,977	-	-	13,015	15,992
Bank charges	13,610	32,929	-	-	46,539
Computer	19,236	-	-	-	19,236
Construction costs	1,667,785	-	-	-	1,667,785
Dues and subscriptions	5,034	-	-	-	5,034
Fundraising	-	-	16,818	-	16,818
Insurance	41,911	65,185	-	2,450	109,546
Interest expense	52,509	60,805	-	-	113,314
Licenses and permits	499	88	-	-	587
Miscellaneous expense	6,256	-	-	469	6,725
Office expense	18,810	44,000	-	-	62,810
Postage and freight	1,936	-	-	-	1,936
Professional fees	26,453	-	-	8,670	35,123
Public relations	11,638	-	-	-	11,638
Repairs and maintenance	1,999	24,068	-	-	26,067
Salaries and wages	563,692	808,584	-	18,221	1,390,497
Telephone	7,906	8,945	-	-	16,851
Tithe - Habitat International	-	-	-	62,414	62,414
Travel	3,702	-	-	-	3,702
Training	12,375	-	-	-	12,375
Utilities	6,518	21,714	-	-	28,232
Volunteer recognition	3,020	2,204	-	-	5,224
Total functional expenses before depreciation	2,477,419	1,161,133	16,818	105,239	3,760,609
Depreciation	94,962	-	-	-	94,962
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,572,381</b>	<b>\$ 1,161,133</b>	<b>\$ 16,818</b>	<b>\$ 105,239</b>	<b>\$ 3,855,571</b>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services		Fundraising	Administrative and General	Total
	Other	Home Store			
Advertising and promotional	\$ 402	\$ 14,612	\$ -	\$ -	\$ 15,014
Auto and truck	5,513	45,735	-	-	51,248
Annual audit expense	609	-	-	11,693	12,302
Bank charges	1,382	32,823	-	-	34,205
Computer	16,742	-	-	-	16,742
Construction costs	565,639	-	-	-	565,639
Dues and subscriptions	4,479	106	-	-	4,585
Fundraising	-	-	35,524	-	35,524
Insurance	37,775	55,837	-	8,359	101,971
Interest expense	71,358	51,440	-	-	122,798
Licenses and permits	255	229	-	-	484
Miscellaneous expense	5,502	-	-	515	6,017
Office expense	17,240	34,334	-	-	51,574
Postage and freight	1,785	-	-	-	1,785
Professional fees	33,159	-	-	12,945	46,104
Public relations	3,842	-	-	-	3,842
Repairs and maintenance	2,713	23,034	-	-	25,747
Salaries and wages	463,793	673,746	-	23,762	1,161,301
Telephone	9,083	8,811	-	-	17,894
Tithe - Habitat International	-	-	-	36,300	36,300
Travel	2,971	-	-	-	2,971
Training	4,752	-	-	-	4,752
Utilities	6,370	22,291	-	-	28,661
Volunteer recognition	3,569	1,501	-	-	5,070
Total functional expenses before depreciation	1,258,933	964,499	35,524	93,574	2,352,530
Depreciation	84,443	-	-	-	84,443
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,343,376</b>	<b>\$ 964,499</b>	<b>\$ 35,524</b>	<b>\$ 93,574</b>	<b>\$ 2,436,973</b>

See independent auditors' report and notes to financial statements.



HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets without donor restrictions	\$ 1,631,543	\$ 1,457,494
Adjustments to reconcile increase in net assets without donor restrictions to net cash (used in) provided by operating activities:		
Depreciation	94,962	84,443
Amortization of mortgage discount	(287,139)	(431,645)
New mortgages transferred to owners - net	(810,369)	(87,055)
Donated land	(1,835,420)	(160,845)
Land used in construction of homes	398,220	373,389
(Increase) decrease in assets:		
Other receivables	(55,963)	(359,132)
Prepaid expenses	27,466	(27,466)
Homes under construction	(323,437)	107,450
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	68,009	(1,938)
Homeowner escrow	(199)	7,056
Deposits	(5,220)	23,685
Net cash (used in) provided by operating activities	<u>(1,097,547)</u>	<u>985,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(348,745)	(1,314,682)
Transfers to land inventory	1,800,000	-
Payments received on mortgages	<u>707,287</u>	<u>481,987</u>
Net cash provided by (used in) investing activities	2,158,542	(832,695)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(205,113)	(1,524,389)
Proceeds from long-term debt	<u>-</u>	<u>1,401,492</u>
Net cash used in financing activities	<u>(205,113)</u>	<u>(122,897)</u>
Net increase in cash and cash equivalents	855,882	29,844
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,418,092</u>	<u>1,388,248</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,273,974</u>	<u>\$ 1,418,092</u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
 STATEMENTS OF CASH FLOWS - Continued

	For the Years Ended	
	June 30,	
	<u>2023</u>	<u>2022</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:		
Non-interest bearing mortgage notes:		
Issuance of non-interest bearing mortgage notes	\$ 1,372,728	\$ 319,235
Discounts on newly issued non-interest bearing mortgage notes	<u>(621,046)</u>	<u>(147,435)</u>
Net non-interest bearing mortgage notes	<u>\$ 751,682</u>	<u>\$ 171,800</u>
Interest paid	<u>\$ 112,462</u>	<u>\$ 122,240</u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY  
OF CITRUS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Liquidity

Habitat for Humanity of Citrus County, Inc. ("Habitat") is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"), an ecumenical Christian not-for-profit organization, whose goal is to eliminate poverty housing and homelessness worldwide. Habitat is primarily and directly responsible for its own operations.

To help finance its operations, Habitat operates two home stores which sell household items including appliances, furnishings, and building materials to the general public. The stores are located in Citrus County, Florida.

Habitat's financial asset available within one year of the date of the statement of financial position for general expenditure is cash of approximately \$2,200,000.

Income Tax Status

Habitat is a Florida not-for-profit corporation under Section (501)(c)(3) of the Internal Revenue Code (IRC) that is funded through donations, federal and state grants, corporate sponsorship, and other not-for-profit corporations. Under these provisions, no taxes are paid on income received as long as Habitat maintains its tax exempt status. Accordingly, no provision for income taxes is provided in the accompanying financial statements. Although Habitat is exempt from income tax, it may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded under the IRC. As of June 30, 2023, Habitat determined that there are no significant, uncertain tax positions within its financial statements.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), using the accrual basis of accounting.

Basis of Presentation

The classification of Habitat's net assets is based upon the existence or absence of donor-imposed restrictions as follows:

Habitat's financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require an organization to report information regarding its financial position and activities according to the following net assets classifications:

- 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.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

- 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 the organization's actions or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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.

There are no net assets with donor restrictions as of June 30, 2023 or 2022.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Habitat considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Balances may exceed insured amounts at various times during the year.

Accounts Receivable

Accounts receivable are stated at their net uncollected balance at year end. There were outstanding accounts receivable of \$415,095 and \$359,132 as of June 30, 2023 and 2022.

Concentrations of Credit Risk

All of Habitat's mortgage loans are to low income individuals and are secured by real estate located in Citrus County, Florida.

Mortgages Receivable

Mortgages receivable consist of non-interest bearing mortgages that are secured by real estate and are payable in monthly installments. The mortgages have original maturities of twenty to thirty years and arose in connection with Habitat's homebuilding initiatives in Citrus County, Florida. These receivables have been discounted at rates of 5%. Mortgage loan discount amortization income is recorded using the straight-line method of amortization. These mortgages are secured by the underlying real estate that is located primarily in Citrus County, Florida. Past due and delinquent mortgage loans are assessed at the discretion of the Board of Directors.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Mortgages Receivable - Continued

Management considers a loan to be delinquent or past due if a borrower fails to make a contractually scheduled principal payment that is over 120 days past due. Habitat's management periodically reviews mortgage balances to determine whether an allowance for bad debts should be established for any amounts determined to be unrecoverable. Factors considered by management include principal, collections experience, collateral value, borrowers' financial conditions, and other factors.

Habitat considers a loan to be impaired when it is "probable" that repayment obligations due according to the contractual terms will not be met. The term "probable" is used consistent with its use in Accounting Standards Codification (ASC) 450. In this instance, the mortgage carrying value is written down, if deemed necessary by management, based on review of collateral and other considerations by management. The receivables are collateralized by mortgage liens on the underlying housing units.

Land Inventory

Inventory consists of residential lots for use in building Habitat homes. Residential lots donated are recorded at assessed value for county tax purposes at time of gift; purchased lots are recorded at cost. Because of the inherent uncertainties of real estate valuation, market value may differ significantly.

Homes Under Construction

Homes under construction consist of building materials and construction costs, excluding labor. Purchased items are recorded at cost; donated items are recorded at fair market value. Costs incurred in conjunction with home construction, excluding labor, are expensed when the home is occupied by the homeowner and title is transferred to the homeowner.

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of receipt. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expense as incurred, while renewals and betterments are capitalized. Gains and losses on sales are credited or charged to operations in the year of sale. Depreciation expense is calculated using the straight line method over estimated useful lives, ranging from five to seven years on equipment and thirty-nine years on commercial real estate and leasehold improvements.

Homeowner Escrow

Homeowner escrow consists of amounts collected from homeowners on a monthly basis for property taxes, hazard insurance premiums, and termite bonds. These funds are collected to protect Habitat's interest in the underlying property and are disbursed in a manner that ensures the maximum tax discount available is obtained for property taxes and that insurance coverage and termite protection do not lapse.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Deposits

Deposits consist of down payments made by future homeowners. The deposits are held until the date of closing, at which time they are applied to the closing costs of the home. Deposits are refunded if the Habitat program is not successfully completed.

Contributed Goods and Services

Habitat records the fair value of donated goods when there is an objective basis available to measure their value as contributions in-kind in the accompanying statements of activities. Habitat does not record the fair value of donated building supplies and materials that are subsequently sold in the home store. These items are recorded as revenue as the items are sold to the public.

A substantial number of volunteers have made significant contributions of their time to Habitat's program and supporting services. The value of this contributed time is not reflected in the financial statements, since it does not require a specialized skill.

However, other contributed services that require specialized skills, provided by individuals possessing those skills, which would otherwise need to be purchased if not provided by donations, are recognized as revenue and expense.

Sales of Residences

Sales of residences represent the sale of houses built by Habitat. The resulting mortgages are non-interest bearing and have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. The discount used for mortgages closed during the years ended June 30, 2023 and 2022 was 5%. The sales to homeowners presented in the statements of activities are net of this discount for the years ended June 30, 2023 and 2022. The discount was \$621,046 and \$147,435, respectively.

Construction Costs

Construction costs include the cost of land sold, construction materials for homes sold, supplies, title search costs, and recording fees.

Revenue Recognition

Contributions and unconditional promises to give are recorded as revenue when received. Conditional contributions and promises to give are recorded as revenue when the conditions on which they depend have been substantially met. Other unrestricted revenue, support, and gains are recorded as income when earned or realized.

Contributions that are restricted by a donor for a specific purpose or specified time period are recorded upon receipt as "with donor restrictions" and reclassified to "without donor restrictions" upon expenditure of the funds, based on the restricted purpose and/or the lapsing of the specified time period.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition - Continued

Contributions that are permanently restricted by donors for use as endowments are invested in perpetuity. The income is used for operating purposes when expenditures satisfy the donor's restrictions, if any, and such amounts are appropriated for expenditure. Income amounts that exceed related expenditures and appropriations remain classified as with donor restrictions.

Expense Allocations

The costs of various programs and activities have been summarized on a functional basis in the statements of activities. Within each group, transactions are recorded in specific expense categories and apportioned, when applicable, among the programs and supporting services benefited.

Fair Value of Financial Instruments

Habitat's financial instruments include cash, mortgages receivable, accounts payable, line of credit, and a note payable. The carrying values of these financial instruments approximate their fair values as of June 30, 2023 and 2022.

Advertising Costs

It is the policy of the organization to expense advertising costs when incurred. For the years ended June 30, 2023 and 2022, advertising costs were \$22,096 and \$15,014, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 2 - MORTGAGES RECEIVABLE - Net

Mortgages receivable consist of the following:

	<u>As of June 30,</u>	
	<u>2023</u>	<u>2022</u>
Mortgages receivable at face value	\$ 8,793,130	\$ 8,156,701
Less: Unamortized discount	<u>( 3,370,795)</u>	<u>( 3,124,586)</u>
Mortgages receivable, net	<u>\$ 5,422,335</u>	<u>\$ 5,032,115</u>
Current portion of mortgages receivable	\$ 155,525	\$ 153,268
Non-current portion of mortgages receivable	<u>5,266,810</u>	<u>4,878,847</u>
Total	<u>\$ 5,422,335</u>	<u>\$ 5,032,115</u>

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2023 AND 2022

NOTE 2 - MORTGAGES RECEIVABLE - Net - Continued

Habitat holds a “silent second” mortgage on some completed homes. The second mortgage notes will become payable if, prior to the expiration of twenty to thirty years from the date of their making, the maker transfers, sells, refinances or assigns the maker’s right, title, or interest in and to the real property securing the second mortgage or ceases to occupy the real property as the maker’s principal residence. In that case, the second mortgage will become immediately due and payable, without notice. No value has been recorded in these financial statements for these notes. For the years ended June 30, 2023 and 2022, the value of the silent mortgages was \$2,166,652 net of accumulated forgiveness of \$477,432 and \$2,240,652 net of accumulated forgiveness of \$436,545, respectively.

Included in other income in the statements of activities is a gain from the write-off of mortgage discounts from foreclosed homes of approximately \$0 for the years ended June 30, 2023 and 2022.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>As of June 30,</u>	
	<u>2023</u>	<u>2022</u>
Vehicles, home store	\$ 233,400	\$ 172,021
Equipment, home store	55,876	48,551
Improvements, home store	229,224	229,224
Improvements, administrative offices	236,642	236,642
Building, home store	352,790	352,790
Building, home store 2	926,814	926,814
Land, home store	758,782	758,782
Land, development	546,751	2,076,309
Building, office	137,025	137,025
Vehicles, construction	85,673	85,673
Equipment	<u>83,801</u>	<u>74,201</u>
Total	3,646,778	5,098,032
Less: accumulated depreciation	<u>( 839,441)</u>	<u>( 744,479)</u>
Total	<u>\$ 2,807,337</u>	<u>\$ 4,353,553</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$94,962 and \$84,443, respectively.



HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2023 AND 2022

NOTE 4 - LONG-TERM DEBT

Long-term debt was comprised of the following:

	<u>As of June 30,</u>	
	<u>2023</u>	<u>2022</u>
1) Mortgage payable to a bank, secured by real property and mortgages receivable, 4.5% interest, interest only payments of \$3,592 to April 13, 2015, then monthly principal and interest payments of \$9,375.75, matures March 13, 2034	\$1,046,533	\$1,174,856
2) Note payable to a bank, secured by real property and mortgages receivable, 5.95% interest, monthly payments of \$3,866 (principal and interest), matures March 13, 2034	402,540	430,106
3) Habitat for Humanity International, SHOP loan, non-interest bearing, due in 94 installments of \$598 and 48 installments of \$1,250	0	13,750
4) Capital City Bank, construction loan agreement converted to mortgage, maximum \$895,000, due in 240 installments of \$5,547. 5.95% interest	<u>719,150</u>	<u>754,624</u>
Total	2,168,223	2,373,336
Less current portion	<u>( 136,969)</u>	<u>( 138,266)</u>
Long-term debt, net of current portion	<u>\$2,031,254</u>	<u>\$2,235,070</u>

Current maturities of long-term debt for each of the next five years and thereafter are as follows:

2024	\$ 136,969
2025	143,280
2026	149,797
2027	156,610
2028	396,956
Thereafter	<u>1,184,611</u>
Total long-term debt	<u>\$2,168,223</u>

Interest expense associated with long-term debt for the years ended June 30, 2023 and 2022 was \$113,314 and \$122,798, respectively.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2023 AND 2022

NOTE 5 - GRANTS

Habitat earned the following grant monies during the years ended:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Citrus County SHIP Grant	\$ 252,000	\$ 40,000
Florida Housing Finance (HOP)	315,000	145,000
State of Florida DEO Grant Funds	222,771	-
Federal Home Loan Bank AHP Funds	35,000	40,000
Arthur B. Fairman Charity Trust	10,000	20,000
Publix	12,000	12,000
Capital City Bank Foundation	10,000	3,500
PNC Financial Services Group	5,000	-
Fidelity	3,000	-
Bank of America Foundation	5,000	5,000
American Endowment Foundation	3,000	-
Candence	2,500	-
State Farm	-	5,000
Insite Community Foundation	1,000	1,000
Bancorp South	-	5,000
	<u>          </u>	<u>          </u>
Total	<u>\$ 876,271</u>	<u>\$276,500</u>

Grants are subject to certain conditions (Note 7).

NOTE 6 - COMMUNITY CONTRIBUTION TAX CREDITS

Florida Statute 220.183 allows business entities that make contributions to programs, or organizations that support projects to provide home ownership to low income households, to use a community contribution credit to offset tax due in any one year. This contribution must be either 1) cash or other liquid assets, 2) real property, 3) goods or inventory, or 4) other physical resources as identified by the Florida Department of Revenue. These contributions must be verified by the sponsoring organization in an application that verifies receipt of the contribution, and this verification must accompany the application for tax credit.

NOTE 7 - CONTINGENCIES

Habitat receives grant money from Citrus County under the State Housing Initiative Program (“SHIP”) for eligible homeowners. Use of funds is restricted to infrastructure only and is credited towards the down payment on the home at closing. A lien is placed on the property at closing by Citrus County and is forgiven after a period of twenty years. In the event of homeowner default, Habitat would be required to repay these funds from the proceeds of the sale of foreclosed homes. The lien is subordinate to Habitat’s position as first and second mortgage holder.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2023 AND 2022

NOTE 8 - IN-KIND CONTRIBUTIONS

The value of donated goods and services included in the financial statements for the years ended is summarized as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Construction costs	\$ 26,323	\$ 5,500

NOTE 9 - TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat for Humanity International on an annual basis. These funds are used to construct homes in economically depressed areas around the world.

For the years ended June 30, 2023 and 2022, Habitat made contributions of \$62,414 and \$36,300, respectively, amounts which have been included in program services expense in the statements of activities.

NOTE 10 - UNRELATED BUSINESS INCOME

Habitat leases space on one of its properties for an advertising sign. The accompanying statements of activities include rental income, net of related expense. There was no unrelated business income tax for the years ended June 30, 2023 and 2022.

NOTE 11 - LOSS OF INVENTORY

For the years ended June 30, 2023 and 2022, Habitat adjusted all properties held in inventory to the 2022 certified tax roll, which was the most currently available certified tax roll. There was no write-down of land inventory for the years ended June 30, 2023 and 2022.

NOTE 12 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022, Habitat used the services of Daly & Zilch Inc. ("Daly & Zilch") for renovations to the administrative offices. One member of Habitat's Board of Directors is an owner of Daly & Zilch. Payments of approximately \$160,000 were paid to Daly & Zilch for the year ended June 30, 2022.

During the year ended June 30, 2023 Habitat sold a foreclosed home to a relative of Habitat's former chief operating officer.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2023 AND 2022

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 9, 2023, the date on which financial statements were available for issue, and has concluded that no events or transactions took place, which require disclosure herein.