

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Southeast Volusia Habitat for Humanity, Inc.
Edgewater, Florida

Opinion

We have audited the accompanying financial statements of Southeast Volusia Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the year 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 Southeast Volusia Habitat for Humanity, Inc. as of June 30, 2024 and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southeast Volusia Habitat for Humanity, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Southeast Volusia Habitat for Humanity, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southeast Volusia Habitat for Humanity, 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 Southeast Volusia Habitat for Humanity, 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.

W Clark & Associates

Daytona Beach, Florida
November 19, 2024

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,804,843	\$ 1,806,224
Cash - Escrow Funds Held	176,175	162,217
Contributions Receivable	-	106,250
Other Receivables	58,090	52,262
Merchandise Inventory	95,917	87,150
Construction In Progress	1,160,905	563,986
Current Portion of Mortgages Receivable	412,631	380,600
Prepaid Expenses	-	4,450
Total Current Assets	<u>3,708,561</u>	<u>3,163,139</u>
Non-Current Assets		
Investments	313,913	215,142
Land Held for Development, Net	1,112,842	1,273,388
Property and Equipment, Net	1,163,517	1,151,955
Long-Term Portion of Mortgages Receivable, Net	<u>2,686,294</u>	<u>2,834,946</u>
Total Non-Current Assets	<u>5,276,566</u>	<u>5,475,431</u>
Total Assets	<u><u>\$ 8,985,127</u></u>	<u><u>\$ 8,638,570</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 82,308	\$ 70,480
Homeowner Escrow Funds Held	176,175	162,217
Deferred Contribution Support	53,938	114,733
Current Maturities of Long-Term Debt	<u>3,912</u>	<u>5,985</u>
Total Current Liabilities	<u>316,333</u>	<u>353,415</u>

Long-Term Debt, Less Current Portion

	<u>12,886</u>	<u>16,354</u>
Total Liabilities	<u>329,219</u>	<u>369,769</u>

Net Assets

Without Donor Restrictions - No Designations	8,630,908	8,268,801
Without Donor Restrictions - Board Designated	25,000	-
With Donor Restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>8,655,908</u>	<u>8,268,801</u>

Total Liabilities and Net Assets	<u><u>\$ 8,985,127</u></u>	<u><u>\$ 8,638,570</u></u>
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See Accompanying Notes To Financial Statements

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support						
Grants	\$ 1,492	\$ -	\$ 1,492	\$ 18,392	\$ -	\$ 18,392
Contributions - Business	392,094	-	392,094	331,291	-	331,291
Contributions - Individuals & Churches	57,401	-	57,401	39,338	-	39,338
Contributions- Donations of Property	21,881	-	21,881	45,216	-	45,216
Sales to Homeowners	683,497	-	683,497	620,890	-	620,890
ReStore Revenue - Donated Goods	1,175,103	-	1,175,103	1,101,445	-	1,101,445
ReStore Revenue - Sale of Merchandise	1,166,336	-	1,166,336	1,108,945	-	1,108,945
Mortgage Discount Amortization	305,271	-	305,271	300,233	-	300,233
Income From Property Appreciation on Foreclosure	228,372	-	228,372	39,957	-	39,957
Rental, Interest and Miscellaneous Revenue, Net	3,676	-	3,676	4,986	-	4,986
Interest and Investment Income	70,971	-	70,971	6,335	-	6,335
Gain On Sale of Assets	72,201	-	72,201	-	-	-
Special Event/Fundraising Revenues	530	-	530	1,292	-	1,292
Net Assets Released From Restrictions	-	-	-	-	-	-
Total Revenue, Gains and Other Support	4,178,825	-	4,178,825	3,618,320	-	3,618,320
Expenses						
Program Services						
Home Ownership	1,580,054	-	1,580,054	1,273,186	-	1,273,186
Supporting Services						
Restore	1,934,591	-	1,934,591	1,756,086	-	1,756,086
Management and General	207,061	-	207,061	162,505	-	162,505
Fundraising	70,012	-	70,012	60,570	-	60,570
Total Expenses	3,791,718	-	3,791,718	3,252,347	-	3,252,347
Change in Net Assets	387,107	-	387,107	365,973	-	365,973
Net Assets - Beginning of Year	8,268,801	-	8,268,801	7,902,828	-	7,902,828
Net Assets - End of Year	\$ 8,655,908	\$ -	\$ 8,655,908	\$ 8,268,801	\$ -	\$ 8,268,801

See Accompanying Notes To Financial Statements

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Reconciliation of Increase in Net Assets to Net Cash		
Provided by (Used In) Operating Activities		
Increase in Net Assets	\$ 387,107	\$ 365,973
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided By (Used In) Operating Activities:		
Depreciation	47,616	46,499
Donated Land Held for Development	(21,881)	(45,216)
Gain on Sales of Land Held for Development	(72,201)	-
Impairment Loss - Write Down to Net Realizable Value	54,895	-
New Mortgages Receivable Issued	(628,688)	(335,325)
Discounts on Mortgages Receivable Issued	375,513	317,961
Mortgage Receivable Discount Amortization	(305,271)	(300,233)
Collections on Mortgages Receivable	675,067	370,782
(Increase) Decrease in Certain Assets:		
Pledges Receivable	106,250	(66,745)
Other Receivables	(5,828)	(5,664)
Inventory - Merchandise	(8,767)	6,350
Construction in Progress	(651,814)	(172,574)
Inventory – Land	151,885	(29,759)
Prepaid Expenses	4,450	5,107
Increase (Decrease) in Certain Liabilities:		
Accounts Payable and Accrued Expenses	11,828	18,215
Deferred Contribution Support	(60,795)	32,355
Total Adjustments	(327,741)	(158,247)
Net Cash Provided by Operating Activities	<u>59,366</u>	<u>207,726</u>
Cash Flows From Investing Activities		
Purchases of Investments	(98,771)	(215,142)
Proceeds from Sales of Land Held for Development	102,743	-
Purchases of Property and Equipment	(59,178)	(11,893)
Net Used In Investment Activities	<u>(55,206)</u>	<u>(227,035)</u>
Cash Flows From Financing Activities		
Proceeds from Long-Term Debt	-	6,131
Payments on Long-Term Debt	(5,541)	(6,702)
Net Cash Used In Financing Activities	<u>(5,541)</u>	<u>(571)</u>
Net Decrease In Cash and Cash Equivalents	<u>(1,381)</u>	<u>(19,880)</u>
Cash and Cash Equivalents – Beginning of Year	1,806,224	1,826,104
Cash and Cash Equivalents – End of Year	<u><u>\$ 1,804,843</u></u>	<u><u>\$ 1,806,224</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year For:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes To Financial Statements

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Home Ownership	Supporting Services			Total
		ReStore	Management & General	Fundraising	
Salaries and Related Expenses	\$ 335,845	\$ 620,271	\$ 157,923	\$ 70,012	\$ 1,184,051
Advertising	3,499	4,140	-	-	7,639
Cost of Homes Sold	603,523	-	-	-	603,523
Cost of Product Sold	-	1,177,315	-	-	1,177,315
Impairment Loss - Write Down to Net Realizable Value	54,895	-	-	-	54,895
Mortgage Discounts	375,513	-	-	-	375,513
Tithe Expense	25,000	-	-	-	25,000
Postage & Printing	10,209	1,425	-	-	11,634
Maintenance & Repairs	7,349	14,736	-	-	22,085
Security	-	1,970	-	-	1,970
Utilities/Telephone	30,456	28,877	-	-	59,333
Vehicle Expense	14,491	15,464	-	-	29,955
Supplies	10,486	21,322	-	-	31,808
Other Expenses	39,735	1,847	8,110	-	49,692
Legal-Professional	26,395	-	16,000	-	42,395
Travel/Conferences	25,769	-	-	-	25,769
Volunteer Expenses	9,620	-	-	-	9,620
Depreciation	4,585	33,875	9,156	-	47,616
Insurance	2,684	13,349	15,872	-	31,905
Total Expenses	<u>\$ 1,580,054</u>	<u>\$ 1,934,591</u>	<u>\$ 207,061</u>	<u>\$ 70,012</u>	<u>\$ 3,791,718</u>

See Accompanying Notes To Financial Statements

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Home Ownership	Supporting Services			Total
		ReStore	Management & General	Fundraising	
Salaries and Related Expenses	\$ 321,883	\$ 519,298	\$ 109,802	\$ 60,345	\$ 1,011,328
Advertising	2,559	4,154	-	-	6,713
Cost of Homes Sold	558,790	-	-	-	558,790
Cost of Product Sold	-	1,113,565	-	-	1,113,565
Mortgage Discounts	317,961	-	-	-	317,961
Tithe Expense	37,500	-	-	-	37,500
Postage & Printing	9,953	-	-	-	9,953
Maintenance & Repairs	12,606	21,764	-	-	34,370
Security	-	1,455	-	-	1,455
Utilities/Telephone	29,260	31,437	-	-	60,697
Vehicle Expense	17,365	4,064	-	-	21,429
Supplies	7,326	14,407	-	-	21,733
Other Expenses	15,039	-	6,753	225	22,018
Bad Debt Expenses	(88,000)	-	-	-	(88,000)
Legal-Professional	3,823	-	21,100	-	24,923
Travel/Conferences	10,515	-	-	-	10,515
Volunteer Expenses	11,789	-	-	-	11,789
Depreciation	3,604	33,813	9,082	-	46,499
Insurance	1,213	12,129	15,768	-	29,110
Total Expenses	<u>\$ 1,273,186</u>	<u>\$ 1,756,086</u>	<u>\$ 162,505</u>	<u>\$ 60,570</u>	<u>\$ 3,252,347</u>

See Accompanying Notes To Financial Statements

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities:

Southeast Volusia Habitat for Humanity, Inc. (the “Organization”) is a not-for-profit organization located in Edgewater, Florida, incorporated in January 1989, under the laws of the State of Florida. The Organization is an affiliate of Habitat for Humanity International, Inc. and sponsors specific projects in habitat development, consisting of the construction of affordable housing for qualified families in the Southeast Volusia County area. The Organization provides non-interest bearing mortgages to qualified homeowners. Support and revenue is derived primarily from the operation of the Organization’s ReStore, where donated items are sold to the public, other cash contributions from businesses, individuals and government agencies, and sales of homes to homeowners.

Basis of Accounting:

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets:

The Organization prepares its financial statements under the guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction and net assets without donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available for use in general operations and not subject to donor restrictions. These assets may, however, be subject to Board designation and unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets that are subject to donor-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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization does not have any assets that are required to be maintained permanently.

Revenue and Support Recognition:

Revenue is recognized when earned. Revenue from home sales is recorded when the homeowner is entitled to take possession of the property and title is transferred (the “closing”). Each sale constitutes a single performance obligation which is satisfied at the time of closing. At the time of closing, the Organization receives a noninterest bearing mortgage note from the homeowner that is discounted based on prevailing market rates for low-income housing. The imputed interest revenue is recognized over the life of the mortgage as payments are received. There were no contract assets or liabilities related to home sales at June 30, 2024 or 2023.

Revenue from the sale of ReStore merchandise is recognized at the time of sale. Donations of goods for sale in the ReStore are recognized when contributed at the estimated net realizable value of the donation.

Other contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional cash contributions are recognized as deferred contribution support until the conditions have been substantially met.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Con't)

Revenue and Support Recognition: (Con't)

Volunteers contribute significant amounts of time to the building of homes; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by U.S. GAAP. Contributed goods of materials for homes are recorded at estimated fair value at the date of donation. Donated professional services are recorded at estimated fair value of the services received on the date of the service. Contributions of services and materials used in the construction of homes are recorded at fair value at the date of the gift and are included in construction in progress. Upon the sale of a home, the construction in progress balance is reclassified to the cost of construction.

Cash and Cash Equivalents:

The Organization considers all checking, money market accounts and any other highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Cash – Escrow Funds Held:

Cash held in escrow represents funds received from homeowners for the payment of property taxes and insurance. Such funds are recorded with a related liability account until payments become due.

Contributions and Other Receivables:

Contributions and other receivables are recorded at net realizable value, are estimated to be collected within one year and are presented in the statement of financial position net of allowance for credit losses. Contributions and other receivables are written off when they are determined to be uncollectible. The allowance for credit losses is estimated based on the expected credit losses considering the Organization's historical losses, the existing economic conditions in the industry, and the financial stability of its donors and other individuals from whom funds are due.

Other receivables consist of amounts loaned to and due from existing homeowners for repairs and improvements needed to maintain their properties. Amounts are unsecured. Management has provided an allowance for credit losses of \$4,175 at June 30, 2024 and 2023.

Merchandise Inventory:

Merchandise inventory consists of donated items held for re-sale in the Organization's ReStore. The donated items are recorded at their estimated fair market value (resale value) on the date of donation. Such inventory is typically sold or otherwise disposed of shortly after being donated, therefore, no write-down to net realizable value is necessary.

Construction in Progress:

The Organization records the costs of construction of homes in construction in progress until the sale of the home closes. Costs of construction include all direct material and labor costs and those indirect costs related to home construction, and any in-kind contributions of materials and labor for home construction.

Mortgages Receivable:

The Organization provides mortgage notes to homeowners upon the sale of a home. The notes are approved to the homeowners at zero percent interest, and the face value of the mortgage receivable is discounted by the Organization at the time the loan is made. The discount rate used is provided by Habitat for Humanity International, Inc., and is commensurate with market interest rates of similar mortgages. Mortgages receivable are secured and are considered by the Organization to be fully collectible and accordingly no allowance for credit losses is considered necessary.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Con't)

Land Held for Development:

The inventory of land held for development consisted of approximately 75 buildable lots at June 30, 2024. The land inventory is stated at net realizable value which includes the purchase price of the land or value at date of donation (if donated) plus any related costs to acquire the property less any unrealized decline in value (See Note 6).

Property and Equipment:

Property and equipment are stated at cost or at estimated fair value at the date of the gift. Certain donated services are capitalized as improvements when those services enhance the value of assets. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000; expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which range from 5 to 39 years.

Income Taxes:

The Organization is included in a roster of exempt subordinates that qualify as tax-exempt organizations under Habitat for Humanity International, Inc.'s exemption under Section 501(c)(3) of the Internal Revenue Code. The Organization does not believe it has taken any uncertain tax positions which could subject it to penalties, interest, or loss of not-for-profit status with any taxing authorities. Therefore, no taxes, penalties or interest have been accrued in the accompanying financial statements. The Organization is subject to audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for year ending prior to June 30, 2021.

Estimates:

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Components of Program and Supporting Services:

The costs of providing services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents natural classification of expense by function. Accordingly certain costs have been allocated among the home program and supporting services benefited.

Home ownership program services consist of cost of construction of homes for qualified individuals and families, the direct costs associated with planning and building those homes and the related mortgage discounts.

ReStore includes revenues generated from sales of donated goods and the expenses associated with maintaining the Restore facilities. The net income generated is used for the acquisition of properties and construction of homes.

Management and general services include accounting, executive management, and certain administrative and general support services.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Con't)

Advertising:

The Organization expenses advertising costs as they are incurred. Advertising costs incurred for the year ended June 30, 2024 and 2023, respectively, were \$7,639 and \$6,713.

Concentrations:

The Organization relies on donations of cash and goods for re-sale from individuals, churches, and organizations from the Edgewater/New Smyrna Beach area.

The Organization maintains checking and money market accounts with multiple financial institutions. Accounts are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Administration ("NCUA"). One account is maintained by a financial investment institution and is invested in a Government Money Market fund which is not federally insured. At June 30, 2024, account balances exceeded insured limits by approximately \$1,337,500.

Reclassifications:

Certain accounts relating to the year ending June 30, 2023 have been reclassified to conform to the current year presentation with no effect on the previously reported change in net assets for the year ended June 30, 2023.

2. Investments and Fair Value Measurements

At June 30, 2024 and June 30, 2023, investments with a brokerage firm consisted of the following:

	2024			2023		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds	\$ 286,990	\$ 313,913	\$ 26,923	\$ 215,160	\$ 215,142	\$ (18)

Investment income (loss) is summarized as follows:

	2024	2023
Dividends and capital gain distributions	\$ 6,738	\$ 144
Net realized and unrealized gains (losses) on investments	17,050	(18)
	23,788	126
Other interest income	47,183	6,209
Total investment income (Loss)	\$ 70,971	\$ 6,335

The Organization utilizes the three-level fair value hierarchy in accordance with FASB ASC Topic 820, *Fair Value Measurements*, which prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs use quoted prices for identical investments in active markets.

Level 2 – Inputs use other than Level 1 prices, such as quoted prices for similar investments and model-derived valuations in which all significant inputs and value drivers are observable in active markets.

Level 3 – Inputs use unobservable inputs that are supported by little or no market activity.

For the years ended June 30, 2024 and 2023, all investments listed are Level 1.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 1,804,843	\$ 1,806,224
Current portion of mortgages receivable	412,631	380,600
Less: Cash received in advance with conditions	(53,938)	(114,733)
Board designated for growth and expansion	(25,000)	—
Total Financial Assets Available Within One Year	<u>\$ 2,138,536</u>	<u>\$ 2,072,091</u>

4. Mortgages Receivable

The Organization provides non-interest-bearing notes collateralized by mortgages on single-family houses sold to qualified buyers as part of the homeownership program. When the purchase of a home is closed, the Organization computes the net present value of the expected future cash flows of the loan. The initial difference between the face amount of the loan and the net present value is recorded as a discount of the mortgage note receivable and as Assistance to Individuals – Mortgage Discount expense.

These notes are discounted by imputing a rate of interest that is estimated to be the prevailing market rate of interest at the time the loan is closed. Discounts are amortized using the effective interest method over the term of the mortgages. Mortgage discount amortization is reported as revenue and support in the statement of activities.

The majority of the mortgages have an original maturity of twenty to thirty years. No allowance for uncollectible accounts is considered necessary due to collateralization of loans by single-family houses. It is expected that the value of the houses is sufficient to adequately collateralize the receivables. For this reason, the amount and impact of impaired loans is not considered material to the financial statements. Future assessment of the allowance for uncollectible mortgages is dependent on general economy and the real estate sector of Southeast Volusia County, Florida.

In addition, all homeowners sign an additional mortgage with the Organization for the difference between the purchase price and the cost to build the house at the mortgage closing date. The additional mortgages are forgiven in a variety of ways, including either on a periodic basis over a period of time, or at the conclusion of the first mortgage. If the homeowner sells the home during the forgiveness period, the homeowner must pay to the Organization the difference between the original amount of the additional mortgage and the portion forgiven. Some homeowners sign a third mortgage with the Organization for the difference in the price of the house and the amount which the borrower qualifies to purchase the house. The third mortgage is forgiven over the life of the mortgage. The Organization does not report revenue and a related asset at the time of sale related to the additional mortgages since historical data indicates that the likelihood of future receipt is remote.

Mortgage Notes Receivable and related discounts were as follows at June 30, 2024 and 2023, respectively:

	2024	2023
Mortgage Notes Receivable	\$ 7,100,598	\$ 7,146,977
Discount on Non-Interest-Bearing Mortgage Notes at Rates Ranging From 7.23% to 9.0%	(4,001,673)	(3,931,431)
Net Present Value	3,098,925	3,215,546
Less: Current Maturities	(412,631)	(380,600)
Mortgages Receivable, Long-Term Portion	<u>\$ 2,686,294</u>	<u>\$ 2,834,946</u>

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
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5. Construction In Progress

Construction in Progress includes land (at cost) plus materials, permits, and labor costs paid through year end for residences in the affordable housing program. At June 30, 2024, Construction in Progress was written down by \$54,895 to reflect the net realizable value of one of the homes under construction.

6. Land Held for Development

Land has been recorded at cost at \$1,349,734 and \$1,574,162 less an allowance for the excess of cost over the estimated net realizable value of \$236,892 and \$300,774 at June 30, 2024 and 2023, respectively. The Organization has determined that they could not reasonably expect to sell some of the properties without incurring a loss on the land; therefore, an allowance for the estimated decline in the value of the land has been recorded. Management's basis for determining the estimated realizable value is the fair market value based on recent sales or purchases in the area or just value from the Volusia County property tax records if no other verifiable evidence of fair market value is available. The change in the allowance for net realizable value during the year ended June 30, 2024, reflected the adjustment to move the net realizable value of certain lots to Construction in Progress.

7. Property and Equipment

Property and equipment consist of the following at June 30, 2024 and 2023:

	2024	2023
Building and Building Improvements - ReStore	\$ 774,564	\$ 774,564
Land – ReStore	269,000	269,000
Building and Building Improvements – Office	366,244	366,244
Land - Office	91,639	91,639
Furniture, Fixtures and Equipment	141,727	111,594
Vehicles	98,696	87,338
	<u>1,741,870</u>	<u>1,700,379</u>
Less: Accumulated Depreciation	(578,353)	(548,424)
Net Property and Equipment	<u>\$ 1,163,517</u>	<u>\$ 1,151,955</u>

Depreciation Expense for the years ended June 30, 2024, and 2023, respectively, was \$47,616 and \$46,499.

8. Tithing

In recognition of and commitment to the global partnership of Habitat for Humanity International, Inc., an affiliate is expected to contribute (tithe) at least 10% of its cash contributions (excluding cash restricted to local use only) to Habitat's international work. This is a voluntary contribution as opposed to affiliate dues. During the years ended June 30, 2024, and 2023, respectively, the Organization tithed \$25,000 and \$37,500.

9. Simple IRA Retirement Plan

The Organization maintains a simple IRA retirement plan for its eligible employees. The Organization contributes an amount equal to 2% of each eligible employee's compensation. Retirement expense for the years ended June 30, 2024 and 2023, respectively, was \$16,191 and \$14,006.

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NOTES TO FINANCIAL STATEMENTS
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10. Warranties

The Organization provides warranties typically for one year after completion of construction of a house. The estimated liability under the warranty provisions is based upon a review of actual historical warranty expense incurred and the risk associated with the houses recently completed. Based on the historical warranty claims and expenses incurred, the Organization believes there are no significant warranty claims to accrue for at June 30, 2024.

11. Long-Term Debt

Long-Term Debt at June 30, 2024 and 2023, consists of:

	<u>2024</u>	<u>2023</u>
Note Payable to Habitat for Humanity payable in 48 monthly installments of \$414, 0% interest, starting July 1, 2019.	\$ —	\$ 2,073
Note Payable to Habitat for Humanity payable in 47 monthly installments of \$135 and one final payment of \$155, 0% interest, starting January 1, 2023	4,070	5,690
Note Payable to Habitat for Humanity payable in 47 monthly installments of \$154, 0% interest, starting January 1, 2023	4,644	6,492
Note Payable to Habitat for Humanity payable in 47 monthly installments of \$74, 0% interest, starting January 1, 2024	3,584	3,584
Note Payable to Habitat for Humanity payable in 47 monthly installments of \$93, and one final payment of \$129, 0% interest, starting July 1, 2025	4,500	4,500
Total	<u>16,798</u>	<u>22,339</u>
Less Current Maturities	<u>(3,912)</u>	<u>(5,985)</u>
Long-term Debt, Less Current Maturities	<u>\$ 12,886</u>	<u>\$ 16,354</u>

Maturities of long-term debt are as follows for the years ending June 30:

2025	\$ 3,912
2026	5,472
2027	3,782
2028	2,004
2029	1,628
Thereafter	—
Total Maturities	<u>\$ 16,798</u>

The effect of imputed interest based on the above 0% note balances is not considered material to the financial statements.

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12. Contingencies

During the year ended June 30, 2020, the Organization received a Payroll Protection Program Loan through the Small Business Administration (SBA). During the year ended June 30, 2021, the loan was forgiven subject to certain criteria established by the SBA. The SBA does however have up to six years to audit Payroll Protection Program Loans, and any funds that may not be qualified for forgiveness are subject to repayment. Management does not believe that any of those funds would be subject to repayment.

13. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 19, 2024, the date that the financial statements were available to be issued.