

**HABITAT FOR HUMANITY, INC.
LAKE CITY/COLUMBIA COUNTY**

FINANCIAL STATEMENTS

June 30, 2023

**HABITAT FOR HUMANITY, INC.
LAKE CITY/COLUMBIA COUNTY
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023
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Powell and Jones CPA

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Independent Auditor's Report

Board of Directors
Lake City/Columbia County Habitat for Humanity, Inc.
Lake City, Florida

Opinion

We have audited the accompanying financial statements of Lake City/Columbia County Habitat for Humanity, Inc. a Florida nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows 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 Lake City/Columbia County Habitat for Humanity, Inc. as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lake City/Columbia County 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.

Emphasis of Matter – Prior Period Adjustment

As discussed in Note 1, certain prior year balances were adjusted to reflect a change in the accounting method used to calculate mortgage receivables. Our opinions are not modified with respect to this matter.

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 the Lake City/Columbia County 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.

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 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.

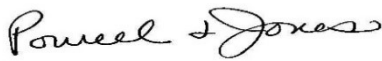
In performing and auditing in accordance with generally accepted auditing standards, we:

- 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 the Lake City/Columbia County 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 the Lake City/Columbia County 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.

Report on Summarized Comparative Information

We have previously audited the Lake City/Columbia County Habitat for Humanity, Inc.'s 2022 financial statements, and our report dated September 13, 2022, expressed an unmodified opinion on those audited financial statements. However, due to the matters discussed in Note 1, certain balances from those financial statements have been restated. The summarized comparative information for the prior year presented herein reflects these adjustments. In our opinion, the restated comparative financial information for the year ended June 30, 2022 is fairly presented, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
November 27, 2024

HABITAT FOR HUMANITY OF LAKE CITY/COLUMBIA COUNTY, INC

STATEMENT OF FINANCIAL POSITION

June 30, 2023

(With Comparative totals for June 30, 2022)

	2023	2022 (Restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 155,149	\$ 153,503
Assets held in escrow	3,744	4,776
Inventory	182,588	264,165
Mortgages receivables, current position	10,640	9,002
Investments (Certificates of deposit)	205,078	202,657
Other receivables	3,569	-
	<u>560,768</u>	<u>634,103</u>
 Property and equipment		
Land	21,314	21,314
Building	97,495	97,495
Equipment	7,524	13,502
Less: accumulated depreciation	(8,346)	(9,996)
	<u>117,987</u>	<u>122,315</u>
 Other assets		
Mortgages receivable, net of current position	285,191	233,924
Deposits	250	250
	<u>285,441</u>	<u>234,174</u>
 Total Assets	 <u><u>\$ 964,196</u></u>	 <u><u>\$ 990,592</u></u>

See notes to financial statements.

(Continued)

HABITAT FOR HUMANITY OF LAKE CITY/COLUMBIA COUNTY, INC

STATEMENT OF FINANCIAL POSITION

June 30, 2023 (Concluded)

(With Comparative totals for June 30, 2022)

	2023	2022 (Restated)
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 4,060	\$ 1,276
Escrow liabilities	3,744	4,777
Total Liabilities	7,804	6,053
Net assets		
Without donor restrictions	956,392	984,539
Total Net assets	956,392	984,539
Total liabilities and net assets	\$ 964,196	\$ 990,592

See notes to financial statements.

HABITAT FOR HUMANITY OF LAKE CITY/COLUMBIA COUNTY, INC
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023
(With comparative financial information for 2022)

Changes in net assets without donor restrictions	2023	2022 (Restated)
Revenues, gains and support		
Contributions	\$ 12,705	\$ 85,043
Special events income	-	39
Gain on sales of homes	-	38,208
Interest income	23,048	23,964
Rental income	660	11,800
Other income	202	644
Total revenues, gains and support	36,615	159,698
Functional expenses		
Program services		
Housing assistance	51,684	65,644
Supporting services		
General and administrative	13,078	11,730
Fundraising	-	729
Total expenses	64,762	78,103
Change in net assets	(28,147)	81,595
Net assets, beginning of year	984,539	902,944
Net assets, end of year	\$ 956,392	\$ 984,539

See notes to financial statements.

HABITAT FOR HUMANITY OF LAKE CITY/COLUMBIA COUNTY, INC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023
(With summarized comparative financial information for 2022)

	Program Services	Supporting services		Totals	
		General and administrative	Fundraising	2023	2022 (Restated)
Functional expenses					
Dues and subscriptions	\$ -	\$ 5,460	\$ -	\$ 5,460	\$ 5,233
Foreclosure costs	-	-	-	-	\$ 13,919
Insurance	4,885	2,698	-	7,583	7,591
IT maintenance	-	-	-	-	1,459
Maintenance and repair	9,160	-	-	9,160	1,106
Miscellaneous	625	-	-	625	376
Loss on sale of homes	17,950	-	-	17,950	-
Theft loss	4,570	-	-	4,570	-
Office expense	-	258	-	258	483
Payments to affiliates	1,683	-	-	1,683	28,720
Professional services	5,250	-	-	5,250	6,824
Property, taxes and tags	-	-	-	-	2,446
Supplies	1,726	-	-	1,726	1,559
Telephone and internet	-	3,414	-	3,414	1,094
Licenses and permits	1,576	-	-	1,576	-
Utilities	-	1,248	-	1,248	1,066
Total expenses before depreciation	47,425	13,078	-	60,503	71,876
Depreciation	4,259	-	-	4,259	6,227
Total functional expenses	\$ 51,684	\$ 13,078	\$ -	\$ 64,762	\$ 78,103

See notes to financial statements.

HABITAT FOR HUMANITY OF LAKE CITY/COLUMBIA COUNTY, INC
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023,
(With comparative financial information for 2022)

	2023	2022 (Restated)
Cash flows from operating activities		
Cash received from donors	\$ 9,136	\$ 85,043
Proceeds from sales of homes	8,214	21,270
Rental and other income	862	12,483
Interest received from mortgages receivable	20,627	13,883
Principal received from mortgages receivable	9,658	7,887
Cash payments to suppliers	(50,753)	(80,251)
Net cash provided/(used) by operating activities	<u>(2,256)</u>	<u>60,315</u>
Cash flows from investing activities		
(Purchase of)/proceeds from property and equipment	2,870	(29,992)
Proceeds from sale of investments	-	69,826
Net cash used in investing activities	<u>2,870</u>	<u>39,834</u>
Net increase in cash and cash equivalents	614	100,149
Cash and cash equivalents at beginning of year	<u>158,279</u>	<u>58,130</u>
Cash and cash equivalents at end of year	<u><u>\$ 158,893</u></u>	<u><u>\$ 158,279</u></u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	<u>\$ (28,147)</u>	<u>\$ 81,595</u>
Adjustments to reconcile total change in net assets to net cash provided by operating activities		
Depreciation	1,822	6,227
Change in assets and liabilities		
(Increase) decrease in assets		
Inventory	81,551	(76,624)
Investments	(2,421)	(10,185)
Mortgages receivable	(53,243)	62,212
Accounts receivable	(3,569)	-
Increase (decrease) in liabilities		
Accounts payables	2,784	(3,872)
Escrow liabilities	(1,033)	962
Cash provided/(used) by operating activities	<u><u>\$ (2,256)</u></u>	<u><u>\$ 60,315</u></u>

See notes to financial statements.

LAKE CITY/COLUMBIA COUNTY HABITAT FOR HUMANITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature Of Organization

Habitat for Humanity of Lake City/Columbia County, Inc. (Habitat or the organization) is a non-profit organization providing affordable housing for low-income families in North Florida. The organization is an affiliate of Habitat for Humanity International (HFHI). Although Habitat International assists with information resources, publications and training, Habitat operates independently of Habitat International, and the local board of directors is directly responsible for its operation. As provided in its Articles of Incorporation dated July 26, 2001, the primary purpose of this organization is to witness and implement the gospel of Jesus Christ in Florida and throughout the United States by working with economically disadvantaged people to help them create a better human habitat in which to live and work.

Habitat builds and repairs houses using primarily volunteer labor and purchased and donated materials. The houses are sold to qualified homebuyers. Financing is provided by Habitat with noninterest bearing mortgages. Prospective homeowners must have a need for housing, the ability to pay Habitat's mortgage and are required to participate in the construction of the homes.

Basis of Accounting

The financial statements of Habitat have been prepared on the accrual basis of accounting and accordingly, reflect all material receivables, payables and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August, 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA), "Audit and Accounting Guide for Not-for Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the non-profit organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor as stipulated the funds be maintained in perpetuity. Total net assets with donor restrictions for the year ended June 30, 2023 was \$0.

All assets and all liabilities associated with the operation of the Organization are included on the Statement of Financial Position. The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Habitat considers cash and cash equivalents to be cash on hand, cash in banks and all highly liquid investments with maturity dates of three months or less.

Fair Value Measurements

Habitat measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entities own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Habitat may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stock, corporate and government bonds. Habitat has the ability to access as of the measurement date.

Level 2 - Inputs, other than quoted prices, which are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 - Inputs that are unobservable. Unobservable inputs reflect Habitat's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Habitat has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by instrument basis. Habitat has not elected to measure any existing financial instruments at fair value at June 30, 2023. However, Habitat may elect to measure newly acquired financial instruments at fair value in the future.

Property and Equipment

Habitat capitalizes all expenditures for property and equipment in excess of \$500. Donated property and equipment are recorded at the estimated fair value when donated. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

Sale of Constructed Homes

The transfer of a home and the accompanying mortgage receivable is recorded when the new homeowner moves in and begins making payments to Habitat even if the closing documents for the sale have not been completed. Noninterest-bearing mortgages have been discounted based upon the prime lending rate effective on the day the mortgage is issued. Utilizing the effective interest method, this discount will be recognized as income over the term of the mortgage.

Revenue Recognition

Contributions are recognized as revenue when the gifts' underlying promises are received by Habitat. Habitat reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets to a specific time period or a specific purpose. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

“Sale of homes” represents homes built by Habitat. When homes are sold to qualified buyers who finance the purchase, the resulting mortgage notes are zero-interest bearing and discounted based upon prevailing market rates at the inception of the mortgages. The gross sale amount is included as the sale of home in the statement of activities and the applicable discount from this note is presented as the mortgage discount amortization in the statement of activities. When homes or land are sold to buyers in the form of a cash sale, the gross sale amount is included in the sale of homes and land in the statement of activities. Habitat recognizes the income from the sale of homes on the completed contract method when home closings occur.

Habitat accounts for grants and contracts as exchange transactions. Revenue is recognized as an increase in the statement of activities as stipulated performance is executed, or as expenditures are incurred in accordance with applicable agreements under expenditure reimbursement contracts. A receivable is recorded to the extent contract revenue exceeds payment received advances in excess of costs incurred are deferred and recognized as revenue when the related expense is incurred.

Support arising from donated, or in-kind, goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. For the year ended June 30, 2023 there were greater amounts recorded in the accompanying financial statements for in-kind goods and services, respectively. Habitat utilizes the services of outside volunteers to perform a variety of tasks that assist the Organization. The fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under GAAP.

Donated Services

Donated services are recognized at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. One of the following criteria must be satisfied in order to record donated services:

- The donated services must create or enhance a nonfinancial asset. Nonfinancial assets include the homes that Habitat constructs.
- The donated services must require specialized skills that Habitat would otherwise need to purchase and are performed by individuals possessing those skills.

In accordance with the above criteria, donated services satisfying one of the above criteria rendered for the construction of Habitat homes are recorded at their estimated fair value at the date of the donation. During the year end June 30, 2023, the Organization recognized in-kind donations of \$2,237.

Donated Land and Materials

Donated land and materials are recorded at estimated fair value at the time of the contribution.

Tax Status

The Internal Revenue Service has determined Habitat to be exempt from income taxes under provisions of Internal Revenue Code Section 501(c)(3) and the organization is classified as other than a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements. Habitat follows the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The implementation of this standard had no impact on Habitat's financial statements.

Assets Held in Escrow

Habitat currently services the mortgage notes on the homes it sells. Included in assets held in escrow are cash amounts received for insurance and property taxes on such homes. These cash amounts are recorded as an asset, which is offset by a related liability.

Gifts and Contributions

Gifts and contributions are recorded at their fair market value on the date of receipt. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Habitat records costs that can be directly identified as benefitting a specific funding stream as direct expenses of the related program. Certain costs which are directly shared, have been allocated to programs based upon the relative benefit received. The following is a table of cost allocation methodologies for expenditures which are allocated.

Expense	Method of allocation
Staff training, dues, subscription, insurance, travel, communications, postage, printing and supplies	Charged directly to the benefitting program or allocated by relative total program expense
Facilities cost and occupancy	Allocation based on relative total usable square footage
Equipment	Charged directly or allocated to benefitting programs

Reclassifications

Certain prior year balances have been reclassified for consistency year to year.

Prior period adjustment

During the year ended June 30, 2023, the Company revised its management estimate of the fair value of mortgages receivable. This revision was based on the use of the discount rate that was provided by Habitat for Humanity International, which was prevalent at the inception date of the respective mortgage agreements. Management believes this approach provides a more accurate measurement of the fair value at the reporting date.

As a result of this change in estimate, the Company has restated its financial statements for the prior year to reflect the impact of this adjustment. The effects of the restatement are as follows:

	2022 (As originally reported)	2022 (Restated)
Statement of financial position		
Mortgages receivable, net of current position	\$ 259,129	\$ 233,924
Statement of activities		
Gain on sale of homes	116,535	38,208
Interest income	12,108	23,964
Program services – housing assistance	90,912	65,644
Net assets, end of year	\$ 1,025,742	\$ 984,539

NOTE 2. RESTRICTED CASH AND CASH EQUIVALENTS

Habitat collects escrow payments from its mortgage holders to pay real estate taxes and property insurance. Escrow payments are deposited into a bank account restricted to escrow transactions. The aggregate balance of this restricted cash was \$ 3,744, for the years ended June 30, 2023.

NOTE 3. MORTGAGES RECEIVABLE

Habitat holds seven mortgages receivable for properties it has sold to qualified buyers. These mortgages have maturity dates ranging from 16 to 20 years. The notes on these mortgages are non-interest bearing, payable in equal monthly installments and are secured by deeds of trust on the properties. The payments collected on these mortgages are used to help fund future home construction. The notes have been discounted at the rate provided by the Habitat for Humanity International at the inception of the mortgage using the effective interest method over the lives of the mortgages. As mortgage payments are made, Habitat recognizes the amortization of the discount as revenue.

Mortgages receivable as of June 30, 2023:

Mortgage notes receivable at face value	\$ 510,072
Less: Unamortized discounts	(214,239)
Total	<u>295,831</u>
Less: Amount due in One Year	(10,640)
Mortgages receivable - Long Term	<u><u>\$ 285,191</u></u>

Annual collection of the mortgages receivable including imputed interest at June 30, 2023 are due as follows:

Year ending June 30	Principal	Interest	Total payments
2024	\$ 10,640	\$ 19,879	\$ 30,519
2025	11,339	19,181	30,520
2026	12,087	18,433	30,520
2027	12,889	17,631	30,520
2028	13,748	16,772	30,520
Thereafter	235,128	139,059	374,187
	<u>\$ 295,831</u>	<u>\$ 230,955</u>	<u>\$ 526,786</u>

NOTE 4. INVENTORY

Inventories are stated at the lower of cost or market value (First in first out for raw materials and specific identification for land and construction in progress). Inventories consist of raw materials, construction in progress, completed homes for sale, land for development, and land for resale. Construction in progress consists of lots and construction costs of houses not completed as of June 30, 2023. Costs incurred in conjunction with home construction are capitalized and expensed when the home is sold. It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase.

Raw materials	\$ 1,127
Land held for development	30,082
Construction in progress	151,379
Total inventory	<u><u>\$ 182,588</u></u>

NOTE 5. EQUIPMENT

Fixed assets are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

Property and equipment consisted of the following on June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 21,314	\$ -	\$ -	\$ 21,314
Total capital assets, not being depreciated	21,314	-	-	21,314
Capital assets, being depreciated				
Building	97,495			97,495
Machinery and equipment	13,502	1,700	(7,678)	7,524
Total capital assets, being depreciated	110,997	1,700	(7,678)	105,019
Accumulated depreciation	(9,996)	(4,259)	5,909	(8,346)
Total capital assets, being depreciated, net	101,001	(2,559)	(1,769)	96,673
	<u>\$ 122,315</u>	<u>\$ (2,559)</u>	<u>\$ (1,769)</u>	<u>\$ 117,987</u>

Depreciation expense for the years ended June 30, 2023 was \$4,259.

NOTE 6. INVESTMENTS

The Organization follows FASB Accounting Standards Codification (ASC) 958-320, *Investments, Debt and Equity Securities*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

The fair value of held to maturity certificates of deposit is based on amortized cost and balances are not required to be reported under fair value hierarchy.

A summary of investments, which were held by the Organization at June 30, 2023:

	Cost basis	Fair market value (amortized cost)
First federal certificate of deposit	<u>\$ 203,025</u>	<u>\$ 205,078</u>

NOTE 7. INCOME TAXES

The corporation qualifies as a charity in accordance with Sections 501(c)(3) of the Internal Revenue Code and Florida Statutes §220.13(2). This makes the Organization exempt from paying any state or federal income tax. The Organization is required to file an annual information report with the Internal Revenue Service (IRS) on Form 990. These required filings are current and are subject to examination by the IRS, generally for three years after they are filed.

NOTE 8. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at several federally insured banks. Interest bearing deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor at each banking institution. The Organization had balances of approximately \$363,971 at June 30, 2023.

NOTE 9. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. During the year ended June 30, 2023, Habitat did not incur advertising expense.

NOTE 10. RELATED-PARTY TRANSACTIONS

Habitat annually remits a portion of its contributions (excluding noncash contributions) to Habitat for Humanity International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2023, Habitat contributed \$1,683 for Habitat for Humanity International. Such amounts are included in program service expense on the statements of activities.

In November 2013, Habitat for Humanity International (HFHI) adopted a policy, U.S. Stewardship and Organizational Sustainability Initiative (US-SOSI), affecting its U.S. affiliated organizations of which Habitat is one. The policy requires all affiliates to pay an annual US-SOSI fee which is determined by population within the affiliate's approved Geographic Service Area. The purpose is to generate a revenue stream for HFHI to help offset a portion of the operational costs to assist U.S. affiliates and to use in leveraging the strength of the many for the benefit of all. The amount of the fee is fixed through June 30, 2023. The fee is \$5,292 and invoiced at the beginning of the fiscal year and is due by July 31.

NOTE 11. SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through November 27, 2024, the date the financial statements were available to be issued.

NOTE 12. COMMITMENTS AND CONTINGENCIES**Grant Awards**

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against Habitat for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits as Habitat management believes that the use of funds complies with the stipulated restrictions.

Claims and Litigation

Habitat is subject to litigation from time to time. Habitat has determined that there are no material claims outstanding as of June 30, 2023. When necessary, to the extent not covered by insurance, Habitat will establish a reserve for loss contingencies that are considered probable and reasonably estimable.

NOTE 13. LIQUIDITY AND AVAILABILITY

The following represents Habitat for Humanity of Lake City/Columbia County, Inc.'s financial assets as of June 30, 2023:

Financial assets at year-end:

Cash	\$ 155,149
Investments	205,078
Assets held in escrow	3,744
Mortgages receivable – current	10,640
Other receivables	3,568
Total financial assets	<u>\$ 378,180</u>

Less amounts not available to be used for general expenditures:

Restricted cash for escrow deposits held	<u>3,744</u>
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Financial assets available to meet general
expenditure over the next twelve months

\$ 374,436

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

Habitat International suggests its affiliated organizations maintain financial assets to meet 60 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including savings or money market accounts at various financial institutions.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
November 27, 2024



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

MANAGEMENT LETTER

To the Board of Directors
Habitat for Humanity, Inc.
Lake City, Columbia County, Florida.

We have audited the financial statements of the Habitat for Humanity, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated November 27, 2024.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements in Accordance with Government Auditing Standards . Disclosures in those reports, which are dated November 27, 2024, should be considered in conjunction with this management letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior period applicable to this management letter.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year applicable to this management letter.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this year's audit of the Organization. We appreciate the helpful assistance, and courtesy afforded us by the employees and look forward to working with you in the future.

Powell and Jones CPA
Lake City, Florida
November 27, 2024



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
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Communication with Those Charged with Governance

To the Board of Directors
Habitat for Humanity, Inc
Lake City, Columbia County, Florida.

We have audited the financial statements of Habitat for Humanity, Inc. for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Habitat for Humanity, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted during the year and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Habitat for Humanity, Inc.'s financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

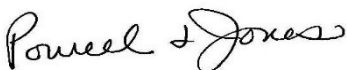
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Habitat for Humanity, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
November 27, 2024