

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

FINANCIAL STATEMENTS

June 30, 2024

**HABITAT FOR HUMANITY OF
LAKE CITY/COLUMBIA COUNTY, INC.
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024**

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Powell and Jones CPA

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

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Lake City/Columbia County, Inc. a Florida nonprofit organization, which comprise the statement of financial position as of June 30, 2024, 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 Habitat for Humanity of Lake City/Columbia County, Inc. as of June 30, 2024, 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 Habitat for Humanity of Lake City/Columbia County, 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 the Habitat for Humanity of Lake City/Columbia 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.

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.

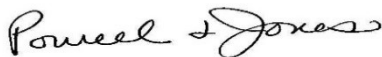
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Habitat for Humanity of Lake City/Columbia 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 the Habitat for Humanity of Lake City/Columbia 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 audit.

Report on Summarized Comparative Information

We have previously audited the Habitat for Humanity of Lake City/Columbia County, Inc.'s 2023 financial statements, and our report dated November 27, 2024, expressed an unmodified opinion on those audited financial statements.



Powell and Jones CPA
Lake City, Florida
March 31, 2025

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

STATEMENT OF FINANCIAL POSITION

June 30, 2024

(With Comparative totals for June 30, 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 126,397	\$ 155,149
Assets held in escrow	3,986	3,744
Inventory	29,564	182,588
Mortgages receivables, current position	11,833	10,640
Investments (certificates of deposit)	250,024	205,078
Other receivables	7,796	3,569
	<u>429,600</u>	<u>560,768</u>
Property and equipment		
Land	21,314	21,314
Building	116,975	97,495
Equipment	7,524	7,524
Less: accumulated depreciation	(11,474)	(8,346)
	<u>134,339</u>	<u>117,987</u>
Other assets		
Mortgages receivable, net of current position	331,858	285,191
Deposits	250	250
	<u>332,108</u>	<u>285,441</u>
Total Assets	<u><u>\$ 896,047</u></u>	<u><u>\$ 964,196</u></u>

See notes to financial statements.

(Continued)

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

STATEMENT OF FINANCIAL POSITION (Concluded)

June 30, 2024

(With Comparative totals for June 30, 2023)

	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,715	\$ 4,060
Escrow liabilities	3,986	3,744
Total liabilities	6,701	7,804
Net assets		
Without donor restrictions	889,346	956,392
Total net assets	889,346	956,392
Total liabilities and net assets	\$ 896,047	\$ 964,196

See notes to financial statements.

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

(With comparative financial information for 2023)

Changes in net assets without donor restrictions	2024	2023
Revenues, gains and support		
Contributions	\$ 5,508	\$ 12,705
Sale of constructed homes	80,584	73,578
Mortgage interest income	8,957	2,421
Investment interest income	20,647	20,627
Rental income	-	660
Other income	91	202
Total revenues, gains and support	115,787	110,193
Functional expenses		
Program services		
Housing assistance	170,220	125,262
Supporting services		
General and administrative	12,613	13,078
Total expenses	182,833	138,340
Change in net assets	(67,046)	(28,147)
Net assets, beginning of year	956,392	984,539
Net assets, end of year	\$ 889,346	\$ 956,392

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

(With summarized comparative financial information for 2023)

		Supporting services	Totals	
	Program Services	General and administrative	2024	2023
Functional expenses				
Dues and subscriptions	\$ -	\$ 2,745	\$ 2,745	\$ 5,460
Insurance	5,489	3,225	8,714	7,583
Maintenance and repair	1,969	-	1,969	9,160
Miscellaneous	1,491	-	1,491	625
Costs of home sold	153,952	-	153,952	91,528
Theft loss	-	-	-	4,570
Office expense	-	81	81	258
Payments to affiliates	1,490	-	1,490	1,683
Professional services	650	-	650	5,250
Supplies	1,759	-	1,759	1,726
Telephone and internet	-	3,474	3,474	3,414
Licenses and permits	292	-	292	1,576
Utilities	-	3,088	3,088	1,248
Total expenses before depreciation	167,092	12,613	179,705	134,081
Depreciation	3,128	-	3,128	4,259
Total functional expenses	\$ 170,220	\$ 12,613	\$ 182,833	\$ 138,340

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024,

(With comparative financial information for 2023)

	2024	2023
Cash flows from operating activities		
Cash received from donors	\$ 5,214	\$ 9,136
Proceeds from sales of homes	22,249	8,214
Interest received from bank	596	174
Rental and other income	91	862
Interest received from mortgages receivable	22,477	20,453
Principal received from mortgages receivable	10,719	9,658
Cash payments to suppliers	(29,858)	(50,753)
Net cash provided/(used) by operating activities	31,488	(2,256)
Cash flows from investing activities		
(Purchase of)/proceeds from property and equipment	(19,479)	2,870
(Purchase of)/proceeds from investment	(40,519)	-
Net provided/(used) by investing activities	(59,998)	2,870
Net change in cash and cash equivalents	(28,510)	614
Cash and cash equivalents at beginning of year	158,893	158,279
Cash and cash equivalents at end of year	\$ 130,383	\$ 158,893
Reconciliation of change in net assets to net cash provided/(used) by operating activities		
Change in net assets	\$ (67,046)	\$ (28,147)
Adjustments to reconcile total change in net assets to net cash provided by operating activities		
Depreciation	3,128	1,822
Change in assets and liabilities		
(Increase) decrease in assets		
Inventory	153,024	81,551
Investments	(44,946)	(2,421)
Mortgages receivable	(7,938)	(53,243)
Accounts receivable	(4,227)	(3,569)
Increase (decrease) in liabilities		
Accounts payables	(1,344)	2,784
Escrow liabilities	241	(1,033)
Cash provided/(used) by operating activities	\$ 30,892	\$ (2,256)

See notes to financial statements.

HABITAT FOR HUMANITY OF LAKE CITY/COLUMBIA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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, 2024 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 in accordance with the FASB ASC 820- Fair Value Measurements and Disclosures, provided the frame work for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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 elected, under the fair value option permitted by ASC 825 – Financial Instruments, to measure its investment in certificates of deposit at fair value. This election is made on an instrument-by-instrument basis and is irrevocable. This investment is classified as a Level 2 asset, as the valuation is based on observable inputs including interest rates and market prices for similar instruments.

As of June 30, 2024, Habitat has not elected to measure any other existing financial instruments at fair value but may do so for newly acquired instruments 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

Revenue from the sale of constructed homes includes the transfer of homes either built by the Organization or received through donation. Sales are recognized at the total consideration received, which consists of the homeowner's deposit (net of applicable closing costs) and the balance financed through a non-interest-bearing mortgage. The mortgage receivable is initially recorded at its present value, representing the expected future cash flows discounted to reflect the time value of money. The discount rate applied is a standardized rate prescribed by Habitat for Humanity International, based on the 12-month average of the Applicable Federal Rates (AFRs) published monthly by the IRS. This rate aligns with those used in Low-Income Housing Tax Credit (LIHTC) programs. The difference between the face value of the mortgage and its present value is recognized as a discount and amortized over the life of the loan as interest income.

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, 2024 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, 2024, the Organization recognized in-kind donations of \$0.

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.

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 \$ 3,986, for the years ended June 30, 2024.

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, 2024:

Mortgage notes receivable at face value	\$ 636,529
Less: unamortized discounts	<u>(292,838)</u>
Total	343,691
Less: amount due in one year	<u>(11,833)</u>
Mortgages receivable - long term	<u>\$ 331,858</u>

Annual collection of the mortgages receivable including imputed interest at June 30, 2024 are due as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 11,833	\$ 23,854	\$ 35,687
2026	12,622	23,065	35,687
2027	13,468	22,219	35,687
2028	14,376	21,311	35,687
2029	15,350	20,337	35,687
Thereafter	276,042	195,943	471,985
	<u>\$ 343,691</u>	<u>\$ 306,729</u>	<u>\$ 650,420</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, 2024. 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	<u>28,437</u>
Total inventory	<u>\$ 29,564</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, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 21,314	\$ -	\$ -	\$ 21,314
Total capital assets, not being depreciated	<u>21,314</u>	<u>-</u>	<u>-</u>	<u>21,314</u>
Capital assets, being depreciated				
Building	97,495	19,480	-	116,975
Machinery and equipment	<u>7,524</u>	<u>-</u>	<u>-</u>	<u>7,524</u>
Total capital assets, being depreciated	<u>105,019</u>	<u>19,480</u>	<u>-</u>	<u>124,499</u>
Accumulated depreciation	<u>(8,346)</u>	<u>(3,128)</u>		<u>(11,474)</u>
Total capital assets, being depreciated, net	<u>96,673</u>	<u>16,352</u>	<u>-</u>	<u>113,025</u>
	<u>\$ 117,987</u>	<u>\$ 16,352</u>	<u>\$ -</u>	<u>\$ 134,339</u>

Depreciation expense for the years ended June 30, 2024 was \$3,128.

NOTE 6. INVESTMENTS

Habitat has elected, under the fair value option permitted by ASC 825 – Financial Instruments, to measure its investment in certificates of deposit at fair value. This election is made on an instrument-by-instrument basis and is irrevocable. This investment is classified as a Level 2 asset, as the valuation is based on observable inputs including interest rates and market prices for similar instruments.

A summary of investments, which were held by the Organization at June 30, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in certificates of deposits:				
Bank of America	\$ 124,863	\$ -	\$ 124,863	\$ -
Santander Bank	124,828	-	124,828	-
Total	<u>\$ 249,691</u>	<u>\$ -</u>	<u>\$ 249,691</u>	<u>\$ -</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 \$380,282 at June 30, 2024.

NOTE 9. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. During the year ended June 30, 2024, 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, 2024, Habitat contributed \$1,490 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, 2024. The fee is \$2,545 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, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through March 31, 2025, 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, 2024. 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, 2024:

Financial assets at year end:

Cash	\$ 126,397
Investments	250,024
Assets held in escrow	3,861
Mortgages receivable – current	11,833
Other receivables	7,796
Total financial assets	<u>399,911</u>

Less amounts not available to be used for general expenditures:

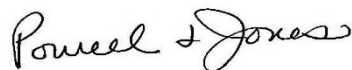
Restricted cash for escrow deposits held	<u>3,861</u>
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Financial assets available to meet general expenditure over the next twelve months	<u>\$ 396,050</u>
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The Organization manages its liquid assets 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
March 31, 2025



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 of Lake City/Columbia County, Inc.
Lake City, Florida.

We have audited the financial statements of the Habitat for Humanity of Lake City/Columbia County, Inc. as of and for the year ended June 30, 2024, and have issued our report thereon dated March 31, 2025.

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 March 31, 2025, 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
March 31, 2025



Powell and Jones CPA

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Communication with Those Charged with Governance

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

We have audited the financial statements of Habitat for Humanity of Lake City/Columbia County, Inc. for the year ended June 30, 2024. 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 2024. 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 March 31, 2025.

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

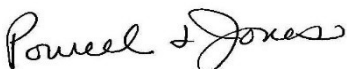
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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,

A handwritten signature in cursive script, appearing to read "Powell & Jones".

Powell and Jones CPA

Lake City, Florida

March 31, 2025