

**Habitat for Humanity of Lake-Sumter,
Florida, Inc.**

Financial Statements

As of June 30, 2024

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

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YEAR ENDED JUNE 30, 2024

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Independent Auditors' Report

To the Board of Directors
Habitat for Humanity of Lake-Sumter, Florida, Inc.
The Villages, Florida

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Lake-Sumter, Florida, Inc., (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024, and the related statement 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-Sumter, Florida, Inc. as of June 30, 2024 and the changes in its net assets and its cash flows for the year then ended in conformity 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 Habitat for Humanity of Lake-Sumter, Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 Habitat for Humanity of Lake-Sumter, Florida, 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Lake-Sumter, Florida, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Lake-Sumter, Florida, 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.

Stefan, Tedopp, Whitcomb, Mitchell + Sheridan LLP

January 28, 2025
Maitland, Florida

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,693,015
Inventory held for sale - Habitat Restore	141,929
Escrow advances	65,607
Homes in process	1,420,455
Mortgage notes receivable, unpledged, net of discount	204,908
Mortgage notes receivable, pledged, net of discount	<u>29,168</u>
 Total current assets	 3,555,082
Long-Term Assets	
Mortgage notes receivable, unpledged, net of discount and current portion	1,017,840
Mortgage notes receivable, pledged, net of discount and current portion	263,995
Land held for future home sites	855,779
Property and equipment - net of accumulated depreciation of \$1,613,755	2,646,419
Intangible assets - net of accumulated amortization of \$18,760	-
Other assets	36,202
Operating lease, right of use asset	<u>125,738</u>
 Total long-term assets	 <u>4,945,973</u>
 TOTAL ASSETS	 <u><u>\$ 8,501,055</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 95,440
Unearned Grants	\$ 478,302
Payroll liabilities	33,204
Funds held for others	17,125
Current portion of notes payable	82,075
Other current liabilities	5,346
Operating lease liability	<u>125,738</u>
 Total current liabilities	 <u>837,230</u>
Long-Term Liabilities	
Notes payable, net of current portion	<u>124,965</u>
 Total liabilities	 962,195
Net Assets	
Without donor restrictions	7,241,977
With donor restrictions	<u>296,883</u>
 Total Net Assets	 <u>7,538,860</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 8,501,055</u></u>

See accompanying notes to the financial statements

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

Changes in Net Assets Without Donor Restrictions

Revenues

In-kind donations - Restore	\$ 1,098,983
Home and land sales	2,330,047
Donations	1,827,942
Mortgage discount income	148,797
In-kind donations - Homebuilding	223,975
Fund-raising projects	79,015
Global Village income	15,550
Rental income	49,385
Grants	291,787
Thrift store sales, net of cost of goods	32,460
Other income	<u>140,986</u>
 Total Revenues Without Donor Restrictions	 <u>6,238,927</u>

Expenses

Thrift stores	832,624
Housing	2,154,643
Global Village	112,227
Youth construction	897,109
Other programs	931,085
General and administrative	534,268
Fund development	<u>323,664</u>
 Total Expenses	 <u>5,785,620</u>

Increase in Net Assets Without Donor Restrictions 453,307

Changes in Net Assets With Donor Restrictions

Restricted donations	-
Net assets released from restrictions	<u>-</u>
Decrease in Net Assets With Donor Restrictions	-

Total Increase (decrease) in Net Assets 453,307

Net Assets at Beginning of Year 7,085,553

Net Assets at End of Year \$ 7,538,860

See accompanying notes to the financial statements

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2024

Increase (decrease) in net assets	\$ 453,307
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation and amortization	111,697
Change in assets and liabilities:	
Inventory	3,595
Escrow advances	(1,512)
Homes in process	(816,071)
Mortgage notes receivable, unpledged	(168,800)
Mortgage notes receivable, pledged	246,059
Land held for future home sites	(370,428)
Operating lease, right of use asset	(125,738)
Accounts payable and accrued expenses	(20,965)
Unearned grants	478,302
Payroll liabilities	(9,847)
Funds held for others	(3,784)
Other current liabilities	619
Operating lease liability	<u>125,738</u>
Net Cash Provided by Operating Activities	<u>(97,828)</u>
Cash Flows from Investing Activities	
Purchase, net of property and equipment	<u>(162,131)</u>
Net Cash Used in Investing Activities	<u>(162,131)</u>
Cash Flows from Financing Activities	
Payment of notes payable	(111,178)
Proceeds from notes payable	<u>65,000</u>
Net Cash Used in Financing Activities	<u>(46,178)</u>
Net Increase (decrease) in Cash	(306,137)
Cash at Beginning of Year	<u>1,999,152</u>
Cash at End of Year	<u><u>\$ 1,693,015</u></u>
Cash paid during the year for:	
Interest	\$ 13,266
Income taxes	\$ -

See accompanying notes to the financial statements

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024

	Thrift Stores	Housing	Global Village/VM	Youth Construction	Other Programs	Administrative	Fund Development	Total
Personnel	\$ 653,121	\$ 211,547	\$ 47,364	\$ 243,156	\$ 114,919	\$ 145,624	\$ 227,625	\$ 1,643,356
Advertising and newsletters	547	-	13	324	-	656	5,187	6,727
Collegiate challenge	-	-	209	-	-	-	-	209
Community preservation	-	1,506,828	-	600,919	796,537	-	-	796,537
Construction goods and services	-	725	500	-	-	15,284	-	16,509
Donations and sponsorships	19,860	1,542	905	42	9	8,002	69	30,429
Bank and credit card fees	-	-	-	-	-	111,697	-	111,697
Depreciation and amortization	-	-	-	-	-	16,321	4,940	25,221
Dues and subscriptions	4,827	2,007	1,771	117	65	3,205	279	47,946
Insurance	-	19,336	287	19,465	547	31,047	-	34,061
Legal and accounting	-	2,255	144	-	615	6,163	-	13,266
Loan interest	867	6,236	-	-	-	186	1,285	2,354
Merchandise and apparel	749	50	-	-	84	73	-	24,410
Small equipment and tools	692	10,408	5	9,769	3,463	12,343	2,367	33,582
Office expense	16,090	427	1,852	303	200	4,464	-	39,485
Other expenses	13	33,731	589	688	-	924	9,313	12,315
Printing and postage	1,134	520	96	191	137	342	206	14,745
Property taxes	-	14,197	-	-	-	34,984	-	34,984
Rent	-	-	-	-	-	4,458	679	36,466
Repairs and maintenance	14,046	2,857	13,662	369	395	87,842	11,586	148,397
Service agreements	6,548	27,735	12,697	1,876	113	-	16,492	16,492
Special events	-	-	-	-	-	-	30,000	30,000
Title	-	-	-	-	-	465	-	465
Title transfer and recording fees	1,502	546	126	-	106	19,984	910	23,174
Training and conferences	159	-	-	-	-	14,970	4,032	19,161
Travel and mileage	59,665	12,512	26,719	1,361	2,077	11,649	5,533	119,516
Utilities	52,804	15,299	2,144	18,529	11,818	3,585	3,140	107,319
Vehicle operation and maintenance	-	20	3,144	-	-	-	21	3,185
Volunteer costs	-	285,865	-	-	-	-	-	285,865
Discount on mortgages issued	-	-	-	-	-	-	-	-
Total	\$ 832,624	\$ 2,154,643	\$ 112,227	\$ 897,109	\$ 931,085	\$ 534,268	\$ 323,664	\$ 5,785,620

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies

Nature of the Organization – Habitat for Humanity of Lake-Sumter, Florida, Inc. (the “Organization”), a not-for-profit corporation, was incorporated in 1989 under the laws of the State of Florida. The Organization is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”) a nondenominational Christian organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications prayer support and in other ways, the Organization is primarily and directly responsible for its own operations. The Organization is a local organization which is supported by individuals, clubs, businesses, churches, and thrift store sales.

Basis of Accounting – The financial statements of Habitat for Humanity of Lake-Sumter, Florida, Inc. have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. Net assets without donor restriction are net assets that are not subject to or are no longer subject to donor-imposed stipulations. Net assets with donor restrictions are net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue recognition – Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Non-cash contributions received by the Organization are recorded at management’s estimate of the fair market value at the date received.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents include cash invested in liquid instruments with an original maturity of three months or less.

Inventory – The Organization receives donations of building materials that would otherwise have to be purchased to complete house construction. The fair value of these goods are recognized as revenue and inventory when received. They are expensed as construction costs when used. The Organization did not have any building materials on hand as of June 30, 2024.

Habitat ReStore inventory includes furniture, household items, and other materials used for re-sale. Habitat estimates the value of donated inventory items are at fair value as determined by management using average monthly sales for the year, based on an estimated inventory turnover rate of 8 times annually. Inventory held for sale at June 30, 2024 was \$137,373. ReStore sales and cost of sales for the year ended June 30, 2024 were \$1,172,122 and \$1,139,210, respectively.

Homes in Process – Homes in process are stated at cost and consist of completed and in-process homes which have not yet been sold or transferred to homeowners.

Property and equipment – Fixed assets are recorded at cost or, if donated, at the fair market value on the date of receipt. Depreciation of fixed assets is calculated using the straight line method over the estimated useful lives of the respective assets. Depreciation expense for the year ended June 30, 2024 was \$111,697. Depreciation is provided using the straight-line method over the following estimated useful lives:

Building and Improvements	10 – 40 years
Office equipment, furniture and fixtures	5 – 7 years

Warranties – The Organization provides a one-year warranty covering general defects in materials and workmanship on each home sold. Warranty costs are expensed when incurred.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies (continued)

Mortgage Loans Receivable – Mortgage loans receivable represent non-interest bearing loans upon sale of a home and have been discounted upon prevailing market rates at the inception of the mortgage obligations. The original discount is recorded as Discounts on new Mortgages within program services on the statement of functional expenses at the date the mortgage is originated. Discounts are amortized using the effective interest method over the lives of the mortgage loans and are recorded as mortgage discount income within support and revenue in the statement of activities. The Organization reviews each mortgage for collectability, and based on actual and anticipated losses, records an allowance.

Sales to Homeowners Revenue – Sales to homeowners' revenue is recorded at the gross mortgage amount plus down payment received. Non-interest bearing mortgages have been discounted based upon prevailing market rates at the inception of the mortgages.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses – The costs of providing the program and other activities various functions and other activities have been detailed in the statement of functional expenses. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on management's estimate of the relative function activity.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Land for Future Home Sites – These parcels are held by the Organization to be used for future home building sites. Donated parcels are recorded at appraised valuation. Purchased or foreclosed parcels are recorded at cost. Real estate assets are evaluated for impairment if indicators are present. An impairment write-down to fair value less costs to sell occurs when management believes that events or changes in circumstances indicate that its carrying amount may not be recoverable. No impairment losses were recorded during fiscal year 2024.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standard - Effective July 1, 2023, the Organization adopted FASB Accounting Standards Codification (ASC) Topic 842, Leases, using the practical expedient method and, accordingly, did not record a cumulative effect adjustment to beginning Net Assets balance and did not restate prior periods. The Organization elected the package of practical expedients which allowed them to carry forward their historical lease classification. The new standard established a right of use (ROU) model that requires a lessee to record an ROU asset and corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the operating statement. Leases with a term of less than 12 months or are immaterial in nature will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

NOTE 2 – Mortgage Loans Receivable

Mortgage Loans Receivable consist entirely of non-interest bearing first mortgage notes secured by residential real estate payable in monthly installments with maturities ranging from 20 to 30 years. These mortgages are originated through the Organization’s home building program. The amounts presented in the statement of financial position are net of unamortized discounts arising from imputed interest as follows:

First mortgages receivable (remaining face value)	\$3,943,699
Unamortized Mortgage issue Discount	<u>2,427,788</u>
Mortgages receivable (net)	<u>\$1,515,911</u>

At June 30, 2024, mortgage loans mature as follows:

2024	\$304,980
2025	350,889
2026	338,322
2027	318,150
2028	292,297
Thereafter	<u>2,339,061</u>
	<u>\$3,943,699</u>

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 3 – Contributed Services

A number of unpaid volunteers have made contributions of their time in the management, administration and programs of the organization. The value of this contributed time is not reflected in these financial statements because they did not meet the criteria for recognition as contributed services.

NOTE 4 – Property and Equipment:

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

Land, Building and Improvements	\$ 3,454,215
Transportation Equipment	440,319
Office Equipment, Furniture and fixtures	<u>365,640</u>
Less: accumulated depreciation	<u>1,613,755</u>
	<u>\$ 2,646,419</u>

NOTE 5 – Retirement Plan

The Organization has a Simple IRA retirement plan funded by employees' voluntary contributions. The Organization may contribute up to 3% of employee earnings or contributions, whichever is less. The Organization contributed \$21,195 to the retirement plan for the year ended June 30, 2024.

NOTE 6 – Sales to Homeowners

During the year ended June 30, 2024, there were 11 homes sold to qualifying applicants. Home closings for June 30, 2024 were \$2,330,047, and mortgage discounts related to these sales were \$285,865, as some applicants received third party financing.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 7 – Fair Value Measures

Accounting principles generally accepted in the United States (“GAAP”) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs.) A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

In accordance with the fair value hierarchy, the following table shows the fair value of the Organization’s financial assets and liabilities that are required to be measured at fair value as of June 30, 2024.

	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ -	\$ -	\$ -
Mortgage receivables	\$ -	\$ -	\$ 1,515,911	\$ 1,515,911
Total assets/liabilities at Fair Value	\$ -	\$ -	\$ 1,515,911	\$ 1,515,911

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 8 – Concentrations of Credit Risk

The Organization is supported by contributions from the community. It is always considered reasonably possible that major donors, grantors or contributors might be lost in the near term. Additionally, all of its mortgage loans relate to residential properties in the Lake and Sumter County area.

The Organization maintains cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash balances.

NOTE 9 – Subsequent Events

Management Evaluation - The Organization has evaluated subsequent events through January 28, 2025, which is the date the financial statements were issued. All subsequent events requiring recognition as of January 28, 2025 have been incorporated into these financial statements.

NOTE 10 – Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income related to its tax-exempt purpose. The Organization had no unrelated business income during the year ended June 30, 2024, accordingly, no tax liability or provision has been provided for in the accompanying financial statements.

The Organization has adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2024, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax exempt status. The tax returns for the fiscal years ended from 2021 forward are open to examination by federal authorities.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 11 – Pledged Receivables – The Organization pledged the following amounts as collateral for loans as of June 30, 2024:

Flex 2015 mortgage notes at face value	\$361,878
Flex 2014 mortgage notes at face value	197,480
Mortgage notes discount	<u>(266,195)</u>
	<u>\$293,163</u>

NOTE 12 – Lease Obligations

The Organization leases a facility for its offices and programs. The lease term is through June 30, 2029. Rent expense under this agreement amounted to \$34,984 for the year ended June 30, 2024 and is included in occupancy expense in the accompanying statement of functional expenses.

The adoption of FASB ASC Topic 842, as previously discussed herein, resulted in the recognition of a right of use asset of \$125,738 and associated operating lease liability of \$125,738 in connection with the lease of office space as of June 30, 2024. Results for periods beginning prior to this date continue to be reported in accordance with historical accounting treatment.

Future minimum base rent expense under the above lease is as follows:

<u>Year Ended December 31,</u>	
2025	\$ 26,895
2026	27,702
2027	28,533
2028	29,389
2029 & thereafter	<u>30,271</u>
	<u>\$142,790</u>

NOTE 13 – Donor Restricted Net Assets

As of June 30, 2024, Donor restricted net assets consisted of \$296,883 for South Lake Preservation and Repairs.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 14 – Funds Held For Others

The Organization acts as a fiscal agent on behalf of other organizations. As a fiscal agent, the Organization collects and distributes cash on behalf of other organizations. The Organization in its capacity as a fiscal agent, had little or no discretion in determining either the selection of beneficiaries or the use of assets transferred to them by other organizations.

NOTE 15 – Long-Term Debt

Long-term debt consists of the following:

Notes payable to Habitat for Humanity International, Inc., bearing interest at 4.75%, payable monthly, matures in 2025, collateralized by mortgage notes receivable.	\$13,365
Notes payable to Habitat for Humanity International, Inc., bearing interest at 4.75%, payable quarterly, matures in 2024, collateralized by mortgage notes receivable.	79,933
Mortgage note payable, bearing interest at 6.79%, payable bi-weekly, matures in 2029, collateralized by vehicle.	61,262
Mortgage note payable, bearing interest at 7.5%, payable monthly, matures in 2032, collateralized by real estate.	<u>52,480</u>
Less: current maturities	207,040
Long-term debt, less current maturities	<u>82,075</u>
	<u><u>\$124,965</u></u>

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 14 – Long-Term Debt (continued)

Scheduled maturities of long-term debt were as follows:

2025	\$ 82,075
2026	49,268
2027	20,816
2028	22,803
2029	8,267
Thereafter	<u>23,811</u>
	<u>\$ 207,040</u>

NOTE 16 – Liquidity and Availability

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet date to fund expenses without limitations:

Cash and cash equivalents	\$1,693,015
Mortgage notes receivable - current portion, unpledged	204,908
Mortgage notes receivable- current portion, pledged	29,168
Less: assets with donor restrictions	<u>(296,883)</u>
	<u>\$1,630,208</u>