HABITAT FOR HUMANITY - MIDOHIO
Columbus, Ohio

Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

and Independent Auditor's Report Thereon

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C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

Opinion

We have audited the accompanying consolidated financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of Habitat as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat'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.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 2, 2023

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HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,250,140	$ 10,343,310
Receivables:		
Contributions	557,345	336,886
Mortgages, net	1,231,665	1,178,007
Grants	48,405	139,050
	3,087,555	11,997,253
Inventory	1,000,976	613,719
Prepaid expenses and other	143,089	113,469
Construction in progress, net	1,777,806	1,830,604
Total Current Assets	6,009,426	14,555,045
INVESTMENTS	8,257,728	-
PROPERTY AND EQUIPMENT, NET	7,717,373	4,470,467
MORTGAGES RECEIVABLE, NET	7,772,300	8,122,937
CONTRIBUTIONS RECEIVABLE, NET	245,469	-
OTHER, NET	32,309	49,153
Total Assets	$ 30,034,605	$ 27,197,602

	2023	2022
LIABILITIES		
CURRENT LIABILITIES		
Current portion of notes payable	$ 495,197	$ 302,217
Line of credit	200,000	-
Accounts payable and accrued liabilities	904,350	755,280
Refundable advances and other	305,792	709,948
Total Current Liabilities	1,905,339	1,767,445
NOTES PAYABLE, NET OF CURRENT PORTION	5,944,857	3,659,185
Total Liabilities	7,850,196	5,426,630
NET ASSETS		
NET ASSETS		
Without donor restrictions	21,530,786	21,686,576
With donor restrictions	653,623	84,396
Total Net Assets	22,184,409	21,770,972
Total Liabilities And Net Assets	$ 30,034,605	$ 27,197,602

See notes to consolidated financial statements.

HABITAT FOR HUMANITY - MIDOHIO

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT AND GRANTS			
Sales to homeowners, net	$ 990,887	-	$ 990,887
ReStore operations	3,174,290	-	3,174,290
Contributions and grants	3,536,479	$ 1,352,500	4,888,979
In-kind contributions	3,508,881	-	3,508,881
Amortization of loan discount	566,949	-	566,949
Investment income, net	280,613	-	280,613
Other income	391,366	-	391,366
Net assets released from restrictions	783,273	(783,273)	-
Total Revenues, Support And Grants	13,232,738	569,227	13,801,965
FUNCTIONAL EXPENSES			
Program services	11,708,078	-	11,708,078
Management and general	933,753	-	933,753
Fundraising	746,697	-	746,697
Total Functional Expenses	13,388,528	-	13,388,528
Change In Net Assets	(155,790)	569,227	413,437
NET ASSETS			
Beginning of year	21,686,576	84,396	21,770,972
End of year	$ 21,530,786	$ 653,623	$ 22,184,409

2022		
Without Donor Restriction	With Donor Restriction	Total
$ 1,604,792	-	$ 1,604,792
2,720,167	-	2,720,167
10,619,924	$ 64,558	10,684,482
3,385,911	-	3,385,911
584,969	-	584,969
8,703	-	8,703
733,626	-	733,626
159,339	(159,339)	-
19,817,431	(94,781)	19,722,650
9,726,480	-	9,726,480
850,501	-	850,501
582,413	-	582,413
11,159,394	-	11,159,394
8,658,037	(94,781)	8,563,256
13,028,539	179,177	13,207,716
$ 21,686,576	$ 84,396	$ 21,770,972

See notes to consolidated financial statements.

HABITAT FOR HUMANITY - MIDOHIO

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 2,726,330	$ 690,142	$ 498,280	$ 3,914,752
ReStore value of donated goods sold	2,915,310	-	-	2,915,310
Other construction	1,128,052	-	-	1,128,052
Depreciation	414,036	19,335	15,632	449,003
Professional fees	160,940	83,952	64,883	309,775
Other building and equipment expense	290,916	7,335	8,041	306,292
Interest	216,232	32,604	48,605	297,441
Payroll taxes	231,638	38,577	29,624	299,839
Utilities	189,984	5,730	5,601	201,315
Other expenses	159,793	27,632	3,385	190,810
ReStore cost of purchased goods sold	173,856	-	-	173,856
Insurance	143,291	6,751	-	150,042
Vehicle rental and operation expense	130,672	2,891	2,338	135,901
Promotional and public relations	91,388	645	33,511	125,544
Supplies	100,691	5,547	9,791	116,029
Habitat International	75,000	2,500	-	77,500
Bad debt expense	38,511	-	5,000	43,511
Communications	45,443	7,603	5,904	58,950
Bank charges	26,141	2,509	16,102	44,752
Building rent	-	-	-	-
Subtotal before cost of homes sold	9,258,224	933,753	746,697	10,938,674
Cost of homes sold	2,449,854	-	-	2,449,854
Total	$ 11,708,078	$ 933,753	$ 746,697	$ 13,388,528

Notes:
1. During the years ended June 30, 2023 and 2022, Habitat sold 8 and 11 homes, respectively.
2. Net income from Habitat's ReStore operations currently covers the majority of Habitat's management, general and fundraising expenses.

2022			
Program Services	Management and General	Fundraising	Total
$ 2,243,220	$ 595,331	$ 422,915	$ 3,261,466
2,547,409	-	-	2,547,409
370,816	-	-	370,816
306,475	18,841	13,900	339,216
165,358	131,041	27,056	323,455
20,078	4,551	4,855	29,484
105,027	13,656	432	119,115
185,010	35,165	26,049	246,224
161,656	4,680	4,578	170,914
150,913	23,812	5,217	179,942
100,458	-	-	100,458
74,429	7,313	-	81,742
101,792	2,101	1,701	105,594
71,709	-	41,101	112,810
40,684	5,736	12,705	59,125
75,000	-	-	75,000
22,527	-	4,892	27,419
40,670	8,190	7,012	55,872
28,332	84	10,000	38,416
115,480	-	-	115,480
6,927,043	850,501	582,413	8,359,957
2,799,437	-	-	2,799,437
$ 9,726,480	$ 850,501	$ 582,413	$ 11,159,394

See notes to consolidated financial statements.

HABITAT FOR HUMANITY - MIDOHIO

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 413,437	$ 8,563,256
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Paycheck Protection Program loan forgiveness	-	(614,496)
Amortization of loan discount	(566,949)	(584,969)
Unrealized gain and reinvested interest and dividends	(280,613)	-
Depreciation	449,003	339,216
Change in allowance for uncollectible mortgages	-	(13,144)
Change in construction in progress valuation allowance	1,068,567	326,493
Change in discount on long-term contributions receivable	48,378	(2,031)
Donated inventory	(328,277)	(551,090)
Changes in assets and liabilities:		
Contributions receivable	(514,307)	(80,013)
Mortgages receivable	863,929	1,146,757
Grants receivable	90,645	112,201
Other receivable	-	2,705
Inventory	(58,980)	(27,139)
Prepaid expenses and other	(29,620)	829
Construction-in-progress	(1,015,769)	(971,507)
Other assets	16,844	95,598
Accounts payable and accrued liabilities	149,070	(133,942)
Refundable advances and other	(404,156)	1,232
Net Cash (Used In) Provided By Operating Activities	(98,798)	7,609,956
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(7,977,115)	-
Purchase of property and equipment	(706,506)	(20,344)
Net Cash Used In Investing Activities	(8,683,621)	(20,344)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	350,000	
Payments on line of credit	(150,000)	-
Proceeds from notes payable	(25,529)	-
Principal payments on notes payable	(485,222)	(410,164)
Net Cash Used In Financing Activities	(310,751)	(410,164)
Net (Decrease) Increase In Cash And Cash Equivalents	(9,093,170)	7,179,448
CASH AND CASH EQUIVALENTS		
Beginning of year	10,343,310	3,163,862
End of year	$ 1,250,140	$ 10,343,310
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 320,000	$ 118,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment through notes payable	$ 2,989,403	$ 57,085

See notes to consolidated financial statements.

NOTE 1 - ORGANIZATION

Habitat for Humanity - MidOhio (HFHMO), a nonprofit organization, was incorporated in 1986. Habitat is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian nonprofit 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. Habitat International assists with information resources, training, publications, prayer support, and in other ways. Habitat Capital Resources Corporation (HCRC) and Habitat N21st Street LLC (N21st) were formed in 2022. These entities are wholly owned subsidiaries of Habitat for Humanity - MidOhio. HCRC is an emerging CDFI that will provide financing of mortgages to HFHMO partner families. N21st owns a commercial shopping center in Newark, Ohio that rents space to the HFHMO Newark ReStore and other third parties.

Since inception, HFHMO has served one thousand two hundred and fifty-eight (1,258) families by building four hundred and eight (408) new homes, rehabilitating forty-nine (49) homes and impacting eight hundred and one (801) families through providing critical repairs and other services, including Rock the Blocks. During the year ended June 30, 2023, HFHMO served one hundred and seven (107) families by building and rehabilitating nineteen (19) new homes and providing eighty-eight (88) home repair services. In addition, through the Habitat International Tithe program, HFHMO has impacted three hundred and fifty-two (352) families in Zambia and Cote'd Ivoire, including twelve (12) for the year ended June 30, 2023.

HFHMO is primarily and directly responsible for the legal, organizational, fundraising, family selection and nurture, financial and construction aspects of the development of affordable housing for the community of Central Ohio. HFHMO, through its many volunteers, constructs affordable housing and sells the homes to qualified families at fair market (appraised) value. HFHMO holds the non-interest-bearing mortgage loan, providing a hand up to its partner families while also sustaining the mission.

HFHMO also operates three retail stores (ReStores) that sell new and previously used items donated by retail businesses, contractors, other organizations and the general public. The proceeds from the ReStores fund HFHMO's mission to combat the affordable housing challenge in central Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements (financial statements) follows:

Principles of Consolidation - The financial statements include the accounts of HFHMO, HCRC and N21st (Habitat). All significant intercompany accounts and transactions have been eliminated in consolidation.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets - Resources are classified into two net asset categories according to donor-imposed restrictions. A description of these categories follows:

> Net Assets Without Donor Restrictions - Net assets without donor restrictions are not restricted by donor-imposed restrictions and are available for use in Habitat's ongoing operations.
>
> The Board has approved designating 25% of the original note balance from mortgages sold to third parties to cover the potential buy back of nonperforming loans. The amount that the board designated at June 30, 2023 and 2022 was approximately $1,548,000 and $1,468,000, respectively, and is included in net assets without restrictions.
>
> Net Assets With Donor Restrictions - Net assets whose use by Habitat is limited by donor-imposed restrictions that expire by passage of time, that can be fulfilled or removed by actions of Habitat, or must be retained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Cash and Cash Equivalents - Habitat maintains cash in various financial institutions that may exceed federally insured amounts at times. For purposes of the statement of cash flows, Habitat considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents. Certain grants require that cash proceeds received from the grants be segregated in separate bank accounts from cash received from other sources.

Mortgages Receivable - Sales to homeowners are recorded on the date title transfers. All mortgages are non-interest-bearing and, as a result, receivables are recorded at the gross amount less a discount based on prevailing market interest rates at the inception of the mortgages. Amortization income is recognized as the discounted amount decreases over the life of the mortgage.

Habitat monitors its credit risk by establishing credit policies for its loans and reviewing compliance with these policies. Mortgages receivable are considered past due when a homeowner fails to make scheduled payments. Provisions are made for estimated uncollectible mortgages receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to foreclose on a mortgage are based on policies and procedures approved by the board of directors and on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. Given its mission, Habitat tries to work with homeowners, and foreclosures are kept to a minimum. Receivables are written off at the conclusion of any foreclosure proceedings. The balance in the allowance for doubtful accounts for mortgages receivable as of June 30, 2023 and 2022 is approximately $201,000.

Contributions and Grants - Unconditional contributions and grants are recognized as revenue in the period in which the commitment or payment is first received. Conditional grants are recorded as refundable advances until all conditions are met. At June 30, 2023, Habitat has approximately $201,000 of conditional contributions and grants outstanding. This amount is recorded as a refundable advance in place at June 30, 2023, which will be recognized as revenue when all conditions are met. These conditions require Habitat to complete home repairs for Habitat partner families. All contributions and grants are considered available for general operations unless specifically restricted by the donor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions are made for estimated uncollectible contributions and grants receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to charge off receivables are based on policies and procedures approved by the board of directors and management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. There was no allowance for doubtful accounts as of June 30, 2023 and 2022 deemed necessary for contributions or grants receivable.

Inventory - Inventory consists primarily of furniture and household goods contributed to Habitat. Inventory is stated at estimated fair value. Inventory purchased by Habitat is valued at the lower of cost or net realizable value. Habitat began recognizing contributed inventory during the year ended June 30, 2022, pursuant to Habitat International's guidance for consistency between affiliates. As of June 30, 2023 and 2022, the value of purchased items approximated 12% and 10%, respectively, of total inventory.

Construction-in-Progress - Construction-in-progress is presented net of an allowance representing the estimated loss on the ultimate sale of the underlying houses. The estimated loss is determined by comparing the actual or anticipated sales prices of the various houses included in construction-in-progress to their estimated total cost at completion. The amount in the allowance for losses on construction-in-progress as of June 30, 2023 and 2022 is approximately $1,420,000 and $351,000, respectively.

Investments - Investments are reported at fair value in the consolidated statements of financial position. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Investment income and realized and unrealized gains and losses are included in the change in net assets. Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Property and Equipment - Property and equipment are recorded at cost if purchased, or fair value if received as a donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (ranging from three to 30 years). Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in income. Property and equipment are reviewed for impairment whenever changes in circumstances or events might indicate that the carrying amounts are not recoverable. No impairment was recognized for the years ended June 30, 2023 and 2022.

Revenue Recognition - Habitat's significant revenue streams consist of the following:

Sale of Homes - Habitat builds and sells houses to low-income individuals. Such revenues are recognized at the date of closing for the house as this is the point in time Habitat has determined to satisfy their performance obligation.

ReStore - Habitat sells various donated and purchased goods to individuals through its ReStore locations. Such revenues are recognized at the date of sale as this is the point in time Habitat has determined that their performance obligation is satisfied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions - In-kind contributions are accounted for as follows:

Donated Inventory - Donated inventory is recognized as a contribution at the estimated fair values at the time of donation. The fair value of donated inventory is determined by obtaining current prices for similar goods at a discounted rate. Donated inventory of approximately $3,244,000 and $3,280,000 was recorded for the years ended June 30, 2023 and 2022, respectively.

Donated Goods and Services - Donated goods and services are recognized as contributions at their estimated fair value at the time of donation. The fair value of donated goods is determined by obtaining current prices for similar goods. Donated services are recognized only if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Habitat. The fair value of donated services is determined by obtaining current prices for similar services. Donated goods and services of approximately $265,000 and $106,000 were recorded for the years ended June 30, 2023 and 2022, respectively, and relate primarily to construction materials and real estate and brokerage services.

Income Taxes - Habitat is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Habitat has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. There were no interest or penalties recognized in the statements of activities for the periods ended June 30, 2023 and 2022 related to uncertain tax positions. Habitat is no longer subject to U.S. federal or state tax examinations for years prior to 2019.

Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and right-of-use asset at the commencement date for all leases, with the exception of short-term leases. Habitat adopted the provisions of ASU 2016-02 on July 1, 2022, and elected the “practical expedient” transition, permitting it to not reassess its prior conclusions about lease identification, lease classification and initial direct costs. Habitat has also elected to not apply ASU 2016-02 to those leases that are less than 12 months in duration. The adoption of ASU 2016-02 did not have a material impact on Habitat’s financial statements.

In August 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The pronouncement seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance will be effective for Habitat with fiscal year beginning July 1, 2023. Habitat is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

Subsequent Events - Management has evaluated subsequent events through October 2, 2023, which is the date that the financial statements were available to be issued. Subsequent events are defined as events or transactions that occur after the statement of financial position date but before the financial statements are issued or available to be issued. There have been no subsequent events.

NOTE 3 - LIQUIDITY

The following reflects Habitat's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the statement of financial position date.

	2023	2022
Cash and cash equivalents	$ 1,250,140	$ 10,343,310
Receivables current, net	1,837,415	1,653,943
Investments	8,257,728	-
Total Financial Assets	11,345,283	11,997,253
Less: Long-term investments	(507,000)	-
Less: Net assets unavailable for general expenditures with donor restriction	(653,623)	(84,396)
Less: Net assets board-designated for mortgage buy back (25% of sold mortgages)	(1,547,501)	(1,467,876)
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	$ 8,637,159	$ 10,444,981

In addition to these available assets, a significant portion of Habitat's annual expenditures will be funded with operating revenues from the affiliate's three ReStores as well as grant and contribution support for the following year build cycle.

Habitat has a variable line of credit with a bank with a maximum borrowing amount of $1,540,000. The purpose for the line of credit is to give Habitat access to liquidity to support operations when there are fluctuations in working capital. The outstanding balance on the line of credit at June 30, 2023 was $200,000. There was no outstanding balance as of June 30, 2022.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of commitments made by various individuals and organizations under pledge agreements. Certain contributions have been made as part of the Habitat Housing Initiative (HHI) Capital Campaign or the Licking County Habitat initiative, a five-year plan to transform lives and communities through homebuilding, rehabs and repairs. Both of the Initiatives have given the affiliate the opportunity to purchase buildings for ReStores and create Family and Program Centers in Franklin and Licking Counties. Contributions receivable consisted of the following at June 30:

	2023	2022
Receivable in less than one year	$ 557,345	$ 337,645
Receivable in one to five years	294,607	-
Less: Discount to present value	(49,138)	(759)
Contributions Receivable, Net	$ 802,814	$ 336,886

NOTE 4 - CONTRIBUTIONS RECEIVABLE (Continued)

At June 30, 2023, the present value of contributions receivable has been determined using a discount rate of 5.50%.

NOTE 5 - MORTGAGES RECEIVABLE

Mortgages receivable, net at June 30, consisted of the following:

	2023	2022
Face value	$ 12,779,632	$ 13,206,738
Other mortgage-related receivables	208,498	162,057
Less: Unamortized discount based on imputed interest at rates ranging from 3.19% to 8.75%	(3,782,718)	(3,866,404)
Less: Allowance for uncollectible mortgages	(201,447)	(201,447)
Mortgages receivable, net	9,003,965	9,300,944
Less: Current portion	(1,231,665)	(1,178,007)
Mortgages Receivable Long Term, Net	$ 7,772,300	$ 8,122,937

The following is a reconciliation of the face value of mortgages receivable and other mortgage-related receivables as of June 30:

	2023	2022
Beginning balance	$ 13,206,738	$ 14,010,330
Plus:		
Mortgages issued	1,051,312	767,403
Change in other mortgages receivable	(15,290)	17,538
	14,242,760	14,795,271
Less:		
Foreclosures, deeds in lieu, and loan modifications	(4,553)	(163,843)
Payments received during the year	(1,458,575)	(1,424,690)
Ending Balance	$ 12,779,632	$ 13,206,738

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

Habitat considers the performance of the loan portfolio when determining the allowance for uncollectible mortgages. It is reasonably possible that management's estimate of uncollectible mortgages will change. The following table presents activity in the allowance for uncollectible mortgages for the years ended June 30:

	2023	2022
Beginning balance	$ 201,447	$ 188,303
Additions for loans not previously allowed	-	-
Write-offs of the allowance due to foreclosures	-	-
Recoveries	-	-
Change in the estimate of the allowance	-	13,144
Ending balance	$ 201,447	$ 201,447

As a result of serving exclusively low-income families and making extraordinary efforts to help them maintain homeownership, Habitat's loan portfolio's delinquency rate can generally be expected to be higher than that of a conventional lender. The following table summarizes the delinquency status of mortgages receivable as of June 30, 2023:

1 Month Past Due	2 - 6 Months Past Due	7 - 12 Months Past Due	13 - 24 Months Past Due	Greater than 24 Months Past Due	Loans Not Past Due	Total
$ 1,224,063	$ 838,357	$ 43,383	$ 30,167	$ 49,200	$ 10,594,462	$ 12,779,632

Habitat works with homeowners and, generally, if a delinquent homeowner shows promise and makes six straight months of full payments, Habitat will work with the homeowner on a payment plan, so the mortgage will be current within a 12-month period. No loan modifications were made in the period ending June 30, 2023.

The following is a schedule of anticipated reductions of the face value of mortgages as of June 30, 2023:

Year Ending June 30	Payments from Homeowners	Amortization of Discount	Net Reduction
2024	$ 1,048,513	$ 310,355	$ 738,158
2025	1,020,110	301,948	718,162
2026	995,996	294,811	701,185
2027	963,321	285,139	678,182
2028	931,101	275,602	655,499
Thereafter	7,820,591	2,314,863	5,505,728
	$ 12,779,632	$ 3,782,718	$ 8,996,914

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

Mortgages receivable are secured by a first mortgage on the related property. Mortgages receivable, net, is included in current assets on the statements of financial position, which includes approximately $63,000 and $87,000 due for escrow and other mortgage-related receivables from homeowners as of June 30, 2023 and 2022, respectively.

NOTE 6 - CONSTRUCTION-IN-PROGRESS

Construction in progress at June 30 consisted of the following:

	2023	2022
Construction-in-progress, cost	$ 3,073,982	$ 2,182,325
Property held for development	124,112	-
Allowance for estimated loss on sale	(1,420,288)	(351,721)
Construction-In-Progress, Net	$ 1,777,806	$ 1,830,604

Construction-in-progress includes houses where construction has been completed but the house has not yet sold. Property held for development is for the land or in-fill lots acquired for future plans to build or develop within the next 12-18 months. Habitat currently has 15 single family lots held for development. There are currently no large land acquisitions in process.

House construction activity for the years ended June 30 is as follows:

	2023	2022
Houses in progress at beginning of year	15	8
Houses started during the year	10	18
Houses completed during the year	(19)	(11)
Houses In Progress At End Of Year	6	15
Houses Not Yet Sold At End Of Year	11	7

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment, net at June 30 consisted of the following:

	2023	2022
Building	$ 4,769,511	$ 3,200,411
Transportation	788,395	474,584
Office and warehouse equipment	337,649	217,265
Building improvements	1,062,829	864,209
Furniture and fixtures	245,773	223,910
	7,204,157	4,980,379
Less: Accumulated depreciation	(2,015,708)	(1,585,986)
	5,188,449	3,394,393
Land	2,528,924	1,076,074
Property And Equipment, Net	$ 7,717,373	$ 4,470,467

NOTE 8 - INVESTMENTS

Investments by type consist of the following at June 30:

	2023	
	Cost	Fair Value
Money markets	$ 1,672,624	$ 1,672,624
Fixed income	3,539,590	3,558,182
Exchange-traded funds	1,408,300	1,498,018
Mutual funds	513,601	523,483
Alternative assets	1,005,421	1,005,421
	$ 8,139,536	$ 8,257,728

Investment gains for the year ended June 30 consisted of the following:

	2023
Interest income and dividends, net of fees	$ 37,774
Realized gains, net	-
Unrealized gains, net	242,839
	$ 280,613

NOTE 9 - FAIR VALUE MEASUREMENT

Fair value guidance establishes a framework 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 Fair Value Measurements are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Habitat has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Fixed Income: Valued using pricing models maximizing the use of observable inputs for similar securities. These include basing value on yields currently available on comparable securities of issues with similar credit ratings.

Exchange-Traded Funds: Valued at the quoted price reported on the active market on which the individual securities are traded.

Money Markets and Mutual Funds: Valued at the daily quoted price as reported by the fund. Money markets and mutual funds held by Habitat are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The funds held by Habitat are deemed to be actively traded.

Alternative Assets: Valued at the estimated fair value of the underlying investments.

NOTE 9 - FAIR VALUE MEASUREMENT (Continued)

The methods described above might produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Furthermore, although Habitat believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Habitat uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities.

The fair value of investments at June 30, by asset category, is as follows:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money markets	$ 1,672,624	-	-	$ 1,672,624
Fixed income	-	$ 3,558,182	-	3,558,182
Exchange-traded funds	1,498,018	-	-	1,498,018
Mutual funds	523,483	-	-	523,483
Alternative assets	-	-	$ 1,005,421	1,005,421
Total Assets At Fair Value	$ 3,594,125	$ 3,558,182	$ 1,005,421	$ 8,257,728

NOTE 10 - LINES OF CREDIT

Habitat maintains a revolving line-of-credit agreement with a bank with maximum borrowings of $1,540,000. The line is collateralized with the land and building at the ReStore location at 3140 Westerville Road. The line has an interest rate of Prime minus 0.5% (7.75% at June 30, 2023) on any outstanding balance. The outstanding balance on the line at June 30, 2023 was $200,000. There was no amount outstanding at June 30, 2022. The line expires in February 2024.

NOTE 11 - NOTES PAYABLE

The following summarizes Habitat's notes payable at June 30:

	2023	2022
Funding agreements with Habitat International identified as SHOP notes. (See table on Page 24)	$ 48,964	$ 70,780
Note payable to GM Financial. In December 2018, Habitat received financing for a vehicle in the amount of $29,153. The note is secured by the vehicle. The note provides for interest at a rate of 6.24%. The note was payable in 60 monthly installments of $568 and was scheduled to mature in December 2023.	-	9,547
Note payable to United Midwest Savings Bank (the Bank). This note is secured by 18 one-to-four-bedroom family home mortgages receivable as agreed to with the Bank. The carrying value of the assets held as collateral is $600,690 at June 30, 2023, which is included in the mortgages receivable on the statement of financial position. The note provides for interest at the prime rate minus 1.50% (6.75% as of June 30, 2023). The note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in May 2027.	451,382	518,157
Notes payable to United Midwest Savings Bank. This note is non-interest-bearing and is secured by a second position as the same above-listed mortgages. The note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in May 2029.	240,299	268,917
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of $48,660. The note is non-interest-bearing and is secured by the vehicle. The note is payable in monthly installments of $811 over 60 months and is scheduled to mature in June 2024.	12,165	21,897
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of $27,213. The note is non-interest-bearing and is secured by the vehicle. The note is payable in monthly installments of $454 over 60 months and is scheduled to mature in March 2025.	9,525	14,967
Notes payable to United Midwest Savings Bank. Habitat received financing for store equipment in the amount of $26,672. The note was non-interest-bearing and payable in monthly installments of $741 over 36 months. The note matured in April 2023.	-	7,409
Subtotal Carried Forward	762,335	911,674

NOTE 11 - NOTES PAYABLE (Continued)

	2023	2022
Subtotal Brought Forward	$ 762,335	$ 911,674
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase various vehicles up to $300,000. The note is non-interest-bearing. The note is payable in monthly installments of $5,000 beginning July 1, 2023 over 60 months and is scheduled to mature in June 2028.	300,000	57,085
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase various equipment and vehicles up to $150,000. The note is non-interest-bearing. The note is payable in monthly installments of $2,500 beginning August 1, 2023 over 60 months and is scheduled to mature in July 2028.	124,471	-
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase a property and to remodel to safe living conditions up to $175,000. The note is non-interest-bearing. The note will be paid off upon completion and sale of home to HFHMO Partner Family.	97,700	-
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase a property and to remodel to safe living conditions up to $175,000. The note is non-interest-bearing. The note will be paid off upon completion and sale of home to HFHMO Partner Family.	98,788	-
Mortgage note payable to Huntington Bank. The note bears interest at a rate of 3.63% and is payable in monthly installments of $3,009. The note is secured by the building and land at 6665 Busch Boulevard and potential rents. The note is scheduled to mature in September 2035.	357,414	379,914
Mortgage note payable to Huntington Bank. This note is secured by the building and land at 2555 Bethel Road (a ReStore location), capital improvements and potential rents. Interest on the note is a floating rate at SOFR (7.16% at June 30, 2023). The note is scheduled to mature in September 2039.	1,846,491	1,917,313
Note payable to Northern Trust. This note is non-interest-bearing and secured by nine mortgages receivable as agreed upon with the bank. The carrying value of the assets held as collateral is $528,912 as of June 30, 2023. This note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in November 2041.	553,735	697,293
Subtotal Carried Forward	4,140,934	3,963,279

NOTE 11 - NOTES PAYABLE (Continued)

	2023	2022
Subtotal Brought Forward	$ 4,140,934	$ 3,963,279
Note payable to Park National Bank. This note is secured by the building and land at 1660 N21st Street, Newark Ohio (Shopping Center), capital improvements and potential rents. Interest on the note is 5.040% and the note is scheduled to mature in July 2037.	2,300,114	-
Less: Imputed interest - SHOP notes	(994)	(1,877)
Future principal payments	6,440,054	3,961,402
Less: Current portion	(495,197)	(302,217)
Notes Payable, Total	$ 5,944,857	$ 3,659,185

Habitat has various funding agreements with Habitat International identified as SHOP notes. Of the funding, 75% is in the form of a grant to Habitat and the other 25% is in the form of a note payable to Habitat International. The promissory note portion is non-interest-bearing and provides for interest at a rate of 10% per annum upon default by Habitat of any of the terms of the note. The notes are payable in monthly installments ranging from $156 to $510 and are scheduled to mature at various times between July 2023 and January 2027. The average total monthly payment approximated $1,800 during the year ended June 30, 2023.

SHOP notes at June 30, 2023 are made up of the following:

SHOP Year	Award	June 30, 2022 Outstanding	Draws	Repayments	June 30, 2023 Outstanding
2015	$ 45,774	$ 29,012	-	$ (11,424)	$ 17,588
2016	31,862	22,268	-	(7,956)	14,312
2017	19,500	19,500	-	(2,436)	17,064
Total	$ 97,136	$ 70,780	-	$ (21,816)	$ 48,964

NOTE 11 - NOTES PAYABLE (Continued)

Aggregate minimum annual principal payments required on notes payable are as follows:

Year Ended June 30	Amount
2024	$ 495,197
2025	681,757
2026	482,836
2027	487,813
2028	591,274
Thereafter	3,702,171
	$ 6,441,048

Interest expense on notes payable approximated $239,000 and $120,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2023	2022
LCHI capital campaign	$ 615,257	-
Emergency Response Fund	26,306	$ 30,673
HHI capital campaign	10,000	49,950
Miscellaneous restriction	2,060	3,773
Total	$ 653,623	$ 84,396

A summary of assets held pertaining to net assets with donor restrictions as of June 30 is as follows:

	2023	2022
Contributions/grants receivable	$ 625,257	$ 49,950
Cash	28,366	34,446
Total	$ 653,623	$ 84,396

Net assets released from restrictions primarily by the completion of home construction and identifiable HHI and LCHI capital campaign activities during the years ended June 30, 2023 and 2022 amounted to approximately $783,000 and $159,000, respectively.

NOTE 13 - PAYCHECK PROTECTION PROGRAM LOANS

In February 2021, Habitat entered into a term note with a principal amount of $614,496 pursuant to the Second Draw Paycheck Protection Program (Second PPP loan) under the Consolidated Appropriations Act. The Second PPP loan was evidenced by a promissory note, which bore interest at a fixed annual rate of 1.00%. The Second PPP loan was unsecured and guaranteed by the SBA. In 2022, Habitat applied for and received full forgiveness of the Second PPP loan. Habitat recorded the Second PPP loan in accordance with ASC 740, Debt. The debt was recognized as revenue upon forgiveness in other income in the statement of activities and change in net assets for the year ended June 30, 2022.

NOTE 14 - TRANSACTIONS WITH AFFILIATES

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International in an annual tithing. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2023 and 2022, Habitat contributed $50,000 to Habitat International.

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International for the SOSI fee (U.S. Stewardship and Organizational Sustainability Fee). For the years ended June 30, 2023 and 2022, Habitat contributed $25,000 to Habitat International for this fee.

Habitat International facilitates a staffing program referred to as AmeriCorps VISTA. VISTA-related staffing expense approximated $68,000 and $76,000 for the years ended June 30, 2023 and 2022, respectively. In connection with the AmeriCorps VISTA program, Habitat paid 41% of the compensation and Habitat International contributed 59%, or approximately $35,000 and $45,000 for the years ended June 30, 2023 and 2022, respectively, which was recorded as in-kind contribution revenue and salary expense.

Habitat International also provides grants and loans as described in Note 11.

NOTE 15 - RETIREMENT PLAN

Habitat has a defined contribution retirement plan. To participate in the plan, individuals must be employed full-time for six months. Habitat matches employee contributions at the rate of 50% for each dollar contributed up to 6% of the employee’s eligible compensation. Habitat recognized expense for employer contributions of approximately $52,000 and $23,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 16 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and change in net assets. Specific expenses that are readily identifiable to a particular program or supporting service are charged directly to that function. Certain categories of expenses are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include utilities, other building and equipment expenses and supplies. Expenses incurred at 6665 Busch Boulevard are allocated based on full-time equivalents that work in the building. Expenses incurred at 3140 Westerville Road are allocated based on square footage utilized between ReStore and Construction.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Habitat has entered into agreements for financing transactions that involve the sale of mortgages to financial institutions. In the event that a mortgage that was sold becomes nonperforming (those past due more than 90 days), Habitat has agreed to substitute a performing mortgage or may repurchase the nonperforming mortgage. As of June 30, 2023 and 2022, 60 and 58 mortgages, respectively, have been sold or securitized. These mortgages are collateralized by the properties securing the mortgages. The outstanding principal balance of the sold mortgages is $3,968,607 and $4,196,938 at June 30, 2023 and 2022, respectively. The board has designated $1,547,501 and $1,467,876 at June 30, 2023 and 2022, respectively, to be used to buy back nonperforming loans should the need arise.

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