

HABITAT FOR HUMANITY OF GREATER
GREENSBORO, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024



HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

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Independent Auditor's Report

To the Board of Directors
Habitat for Humanity of Greater Greensboro, Inc.
Greensboro, North Carolina

Opinion

We have audited the financial statements of Habitat for Humanity of Greater Greensboro, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Habitat for Humanity of Greater Greensboro, Inc. as of June 30, 2024, and the changes in its 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 (GAAS). 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 Greater Greensboro, 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 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 the Habitat for Humanity of Greater Greensboro, Inc.'s ability to continue as a going concern for 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 of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 for Humanity of Greater Greensboro, 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 Habitat for Humanity of Greater Greensboro, 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.

Supplementary Information

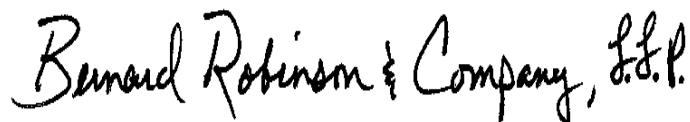
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The ReStore Services Schedule of Activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Supplementary Information (Continued)

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Habitat for Humanity of Greater Greensboro, Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Bernard Robinson & Company, L.L.P." The signature is written in a cursive, flowing style.

Greensboro, North Carolina
December 10, 2024

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
Statement of Financial Position
June 30, 2024
(With Comparative Totals as of June 30, 2023)

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 220,533	\$ 1,046,765
Cash - escrow for homeowners' taxes, insurance, and maintenance	114,595	79,762
Pledges receivable	25,000	2,500
Construction-in-process	3,544,958	2,585,531
Current portion of mortgage receivables	650,156	680,959
Restore inventory	-	140,111
Other receivables	98,879	273,486
Prepaid expenses	11,575	-
Total Current Assets	<u>4,665,696</u>	<u>4,809,114</u>
Net Property, Plant, and Equipment	<u>1,813,557</u>	<u>1,513,150</u>
Noncurrent Assets:		
Real estate held for development or resale, at cost	1,085,555	286,947
Long-term mortgages receivable	3,461,342	3,853,750
Endowment fund	227,248	193,686
Total Noncurrent Assets	<u>4,774,145</u>	<u>4,334,383</u>
Total Assets	<u>\$ 11,253,398</u>	<u>\$ 10,656,647</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Current portion of notes payable	\$ 1,031,054	\$ 27,045
Accounts payable and other liabilities	176,100	212,723
Escrow liability for homeowners' taxes, insurance, and maintenance	110,117	60,619
Total Current Liabilities	<u>1,317,271</u>	<u>300,387</u>
Line of Credit	1,516,023	516,264
Noncurrent Portion of Notes Payable	527,844	734,158
Total Liabilities	<u>3,361,138</u>	<u>1,550,809</u>
Net Assets:		
Without donor restrictions	7,061,458	8,153,281
With donor restrictions	830,802	952,557
Total Net Assets	<u>7,892,260</u>	<u>9,105,838</u>
Total Liabilities and Net Assets	<u>\$ 11,253,398</u>	<u>\$ 10,656,647</u>

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support and Revenue:				
Public Support:				
Contributions	\$ 498,913	\$ 492,199	\$ 991,112	\$ 1,493,780
In-kind	58,982	-	58,982	14,304
Governmental and housing finance agency revenue	87,116	139,920	227,036	200,750
Mission trip donations	-	5,048	5,048	5,585
Total public support	<u>645,011</u>	<u>637,167</u>	<u>1,282,178</u>	<u>1,714,419</u>
Revenue:				
ReStore revenue	627,938	-	627,938	1,075,327
Home sales	3,368,000	-	3,368,000	683,257
Imputed mortgage interest income	318,388	-	318,388	452,110
Other revenue	15,415	-	15,415	34,084
Net assets released from restrictions	772,484	(772,484)	-	-
Total revenue	<u>5,102,225</u>	<u>(772,484)</u>	<u>4,329,741</u>	<u>2,244,778</u>
Total support and revenue	<u>5,747,236</u>	<u>(135,317)</u>	<u>5,611,919</u>	<u>3,959,197</u>
Expenses:				
Program services	5,554,476	-	5,554,476	2,620,372
Management and general expenses	522,316	-	522,316	263,363
Fundraising expenses	761,287	-	761,287	555,252
Total expenses	<u>6,838,079</u>	<u>-</u>	<u>6,838,079</u>	<u>3,438,987</u>
Other gains and (losses):				
Loss on disposal of property	(980)	-	(980)	(108,923)
Investment income (loss) on endowment funds	-	13,562	13,562	(4,479)
Total other gains and (losses)	<u>(980)</u>	<u>13,562</u>	<u>12,582</u>	<u>(113,402)</u>
Changes in net assets	(1,091,823)	(121,755)	(1,213,578)	406,808
Net assets, beginning	<u>8,153,281</u>	<u>952,557</u>	<u>9,105,838</u>	<u>8,699,030</u>
Net assets, ending	<u>\$ 7,061,458</u>	<u>\$ 830,802</u>	<u>\$ 7,892,260</u>	<u>\$ 9,105,838</u>

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services					Support Services		2024 Total	2023 Total
	Construction Services	Homeowner Services	Volunteer Services	ReStore Services	Total Program Services	Management and General	Fundraising		
Salaries	\$ 380,679	\$ 232,788	\$ -	\$ 468,301	\$ 1,081,768	\$ 224,243	\$ 409,281	\$ 1,715,292	\$ 1,380,497
Payroll taxes and employee benefits	91,460	43,358	-	108,167	242,985	61,809	70,398	375,192	321,815
Professional development	4,788	2,561	2,630	-	9,979	10,814	14,658	35,451	28,652
Meetings and conferences	2,015	1,840	-	1,924	5,779	2,231	19,529	27,539	17,096
Travel	-	2,227	-	-	2,227	1,892	5,342	9,461	8,249
AmeriCorps	-	-	-	-	-	-	-	-	3,576
Contract labor	6,284	-	-	64,486	70,770	4,443	124,403	199,616	228,625
Marketing	374	5,786	-	3,160	9,320	4,798	45,622	59,740	63,833
Events	-	-	-	-	-	-	39,860	39,860	52,840
Rental and maintenance	1,774	-	-	-	1,774	651	-	2,425	175,213
Office expenses	2,622	-	324	5,646	8,592	17,348	1,491	27,431	27,306
Utilities	8,586	1,545	-	47,655	57,786	-	3,940	61,726	70,758
Information technology	5,241	16,797	192	16,128	38,358	33,708	26,113	98,179	141,966
Insurance	8,762	-	4,339	-	13,101	34,940	-	48,041	37,791
Interest expense	-	-	-	19,097	19,097	32,323	-	51,420	23,668
Professional services	-	111,431	-	19,748	131,179	67,289	650	199,118	110,590
Vehicle expense	45,444	896	-	32,270	78,610	50	-	78,660	53,890
Depreciation	18,474	-	-	54,853	73,327	10,434	-	83,761	89,253
Miscellaneous	8,870	8,963	-	2,856	20,689	11,470	-	32,159	30,311
Cost of sales	3,337,519	-	-	-	3,337,519	-	-	3,337,519	306,003
Warranty and lot acquisition and maintenance	39,116	-	-	-	39,116	-	-	39,116	51,800
Habitat for Humanity International Tithe/Stewardship & Organizational Sustainability Initiative & NC Stat Support Organization	60,000	-	-	-	60,000	3,873	-	63,873	49,323
Mission trips and outreach	-	13,600	-	-	13,600	-	-	13,600	15,177
Education and training	-	39	-	-	39	-	-	39	297
Volunteer appreciation	1,267	-	12,844	-	14,111	-	-	14,111	4,182
Cost of inventory	-	-	-	224,750	224,750	-	-	224,750	146,276
Total expenses	<u>\$ 4,023,275</u>	<u>\$ 441,831</u>	<u>\$ 20,329</u>	<u>\$ 1,069,041</u>	<u>\$ 5,554,476</u>	<u>\$ 522,316</u>	<u>\$ 761,287</u>	<u>\$ 6,838,079</u>	<u>\$ 3,438,987</u>

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.**Statement of Cash Flows****Year Ended June 30, 2024****(With Comparative Totals for the Year Ended June 30, 2023)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Changes in net assets	\$ (1,213,578)	\$ 406,808
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	83,761	89,253
Loss on disposal of property, plant, and equipment	980	108,923
Interest and dividends reinvested	(8,112)	(7,061)
Net realized and unrealized (gain) loss reinvested	(5,450)	11,540
Change in reserve for uncollectible mortgages	(46,654)	(3,413)
(Increase) decrease in:		
Pledges receivable	(22,500)	2,500
Construction-in-process	(959,427)	(1,828,061)
Mortgages receivable	469,865	579,553
ReStore inventory	140,111	47,966
Other receivables	174,607	(51,236)
Prepaid expenses	(11,575)	14,500
Real estate held for development or resale	(798,608)	233,406
Increase (decrease) in:		
Accounts payable and other liabilities	(36,623)	69,446
Escrow liability for homeowners' taxes, insurance, and maintenance	49,498	25,238
Net cash used in operating activities	<u>(2,183,705)</u>	<u>(300,638)</u>
Cash flows from investing activities:		
Purchase of investments	(20,000)	-
Purchase of property, plant, and equipment	(388,398)	(202,973)
Proceeds from sale of property, plant, and equipment	3,250	-
Net cash used in investing activities	<u>(405,148)</u>	<u>(202,973)</u>
Cash flows from financing activities:		
Proceeds from notes payable	1,000,000	22,750
Proceeds on line of credit, net	999,759	516,264
Payments on notes payable	(202,305)	(21,939)
Net cash provided by financing activities	<u>1,797,454</u>	<u>517,075</u>
Increase (decrease) in cash, cash equivalents and restricted cash	(791,399)	13,464
Cash, cash equivalents and restricted cash, beginning	<u>1,126,527</u>	<u>1,113,063</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 335,128</u>	<u>\$ 1,126,527</u>
Reconciliation of cash, cash equivalents and restricted cash reported on the statement of financial position to cash, cash equivalents and restricted cash shown above:		
Cash and cash equivalents	\$ 220,533	\$ 1,046,765
Cash - escrow for homeowners' taxes, insurance, and maintenance	114,595	79,762
	<u>\$ 335,128</u>	<u>\$ 1,126,527</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 46,777</u>	<u>\$ 23,668</u>

See Notes to Financial Statements

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 1 - NATURE OF OPERATIONS

Organization

Habitat for Humanity of Greater Greensboro, Inc. (“Habitat”) was incorporated on October 12, 1987 as a nonprofit organization which works with donors, volunteers, contractors, and homeowners to create affordable housing for those in need in Greensboro, North Carolina. Habitat also promotes self-reliance through home ownership, providing affordable mortgages and preparing its applicant families for home ownership through the provision of family support services, credit counseling, and resource management training.

Program services provided by Habitat are as follows:

Construction Services – This program constructs or rehabilitates modest housing for sale to low-income residents.

Homeowner Services – This program recruits and selects eligible homeowners, recruits, and trains volunteers who provide family support and services. Additionally, it provides affordable mortgage financing for low-income residents.

Volunteer Services – This program recruits and trains volunteers to assist in the construction of homes, retail services, and administrative work.

ReStore Services – This program sells donated household and salvaged building materials to the general public at below market prices, with the net proceeds going towards the support of Habitat’s mission. Effective May 4, 2024, Habitat closed its ReStore operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standards

On July 1, 2023, Habitat adopted the requirements of Accounting Standards Update (“ASU”) 2016-13, Financial Instruments - Credit Losses (Topic 326). This ASU, along with related ASU issued subsequently, revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

Habitat does not expect Topic 326 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Basis of Accounting

The financial statements of Habitat are prepared on the accrual basis of accounting, whereby, revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to generally accepted accounting principles in the United States of America (“U.S. GAAP”).

Financial Statement Presentation

As required by U.S. GAAP, Habitat reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

As required by U.S. GAAP, Habitat is required to report information regarding its financial position and activities according to two classes of net assets:

- *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 Habitat. These net assets may be used at the discretion of Habitat's management and the Board of Directors.
- *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 Habitat or by passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Summarized Financial Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Cash, Cash Equivalents and Restricted Cash

Habitat maintains its cash in several North Carolina financial institutions. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. Habitat from time to time may have amounts on deposit in excess of the insured limits. For purposes of reporting cash flows, Habitat considers all cash accounts and all highly liquid investments with a maturity of three months or less to be cash and cash equivalents, other than money market funds included in investment accounts. Restricted cash includes escrow accounts for homeowners' taxes, insurance and maintenance.

Pledges Receivable

Pledges receivable represent valid pledges and are reported at their estimated net realizable value. Pledges receivable due in more than one year are recorded at the present value of estimated future cash flows using current prime interest rates. If amounts are deemed uncollectible after periodic review by management, they will be charged to activities when the determination is made. An allowance for uncollectible pledges is maintained based on a combination of factors, including Habitat's historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of receivables. All pledges are considered fully collectible as of June 30, 2024; accordingly, no allowance for uncollectible pledges is required.

Mortgages Receivable

Mortgages receivable are reported at their outstanding principal balances discounted to their present value. Mortgages receivable are generally considered delinquent when payment is 30 days past due; however, delinquency status may be mitigated by other qualitative factors.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable (Continued)

Habitat estimates its allowance for credit losses based on a combination of factors, including Habitat's knowledge of the current composition of receivables, historical losses, existing economic conditions and reasonable and supportable forecasts about the future ability to collect on the receivables. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination. Habitat has established an allowance for credit losses of \$62,269 as of June 30, 2024 to cover the principal balance for delinquent monthly payments that are uncollectible.

ReStore Inventory

ReStore inventory is purchased at cost or donated and valued at fair value which due to the quick turnover of inventory, is typically subsequent sales.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, and if donated, are recorded at the approximate fair market value at the date of donation. Habitat capitalizes all significant expenditures for property and equipment whose life exceeds one year. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Maintenance, repair costs, and minor replacements are charged to expense as incurred.

Real Estate Held for Development or Resale

Real estate, including acquisition and building materials, are recorded at cost when the assets are acquired. Foreclosed homes purchased by Habitat are recorded at fair market value when the homes are acquired.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Unrealized gains and losses due to changes in market valuations are included in the statement of activities and changes in net assets. Realized gains and losses are determined using the specific identification method.

Restricted and Unrestricted Support and Revenue

Donor support, contributions and government grants received are recognized as revenue when received or unconditionally promised. Grants and contributions of cash and other assets are reported as without donor restrictions or with donor restrictions depending on the donors intent. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, the net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions received with donor restrictions that are satisfied in the same year as received are classified as net assets without donor restrictions in the statement of activities and changes in net assets.

Cost-reimbursement type grant revenues are recorded when the costs are incurred.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ReStore Services

A portion of Habitat's revenue is derived from ReStore sales during the year. Such revenue is conditioned upon meeting one performance obligation, the sales transaction is completed at the ReStore, and amounts received are recognized as revenue at the point in time that the sale has been made. These transactions are considered to be contracts with customers as they have commercial substance through the transaction of cash payment at the time of sale in return for the goods purchased. Due to the nature of these transactions, there is no variable consideration and only one performance obligation.

Home Sales

A portion of Habitat's revenue is derived from home sales. Due to the nature of the contracts, there is no variable consideration and only one performance obligation. Such revenue is conditioned upon fulfilling a certain performance obligation, and amounts received are recognized as revenue at the point in time the requirement has been met. Once construction is complete on a home and closing procedures have been completed, buyers take possession of the home and the performance obligation is considered to have been met. Each home sold has a defined purchase price based on a third-party appraisal. Contracts are considered to have commercial substance as they all involve a cash down payment and a signed promissory note, which is paid in accordance with the note terms.

In-Kind Donated Materials, Services, and Facilities

A substantial number of volunteers have made significant contributions of their time to Habitat, principally in the areas of house construction, administration, and fundraising. The value of non-professional contributed time is not reflected in the accompanying financial statements. However, donated materials, specialized services, and facilities received by Habitat are reflected as both contributions and expenses in the accompanying statement of activities and changes in net assets at their estimated fair market value at the time of receipt.

Advertising

Advertising costs for the year ended June 30, 2024 was \$3,602.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets, and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Status

As Habitat is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, the financial statements contain no provision for federal or state income taxes. Habitat is not classified as a private foundation.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status (Continued)

It is Habitat's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified during the year ended June 30, 2024.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Habitat has evaluated events and transactions for potential recognition or disclosure through December 10, 2024, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures consisting of expenses for program, fundraising, and management and general expenses that are without donor or other restrictions, limiting their use within one year of the statement of financial position date, are comprised of the following as of June 30, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 220,533
Pledges receivable	25,000
Other receivables	98,879
Current portion of mortgage receivables	650,156
Endowment funds	227,248
Total financial assets	<u>1,221,816</u>
Less amounts available to be used within one year:	
Net assets with donor restrictions	<u>830,802</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 391,014</u></u>

NOTE 4 - ESCROW FUNDS

Habitat held \$114,595, which had been collected from homebuyers by Habitat for payment of deposits towards closing costs as of June 30, 2024. This amount was held in a separate escrow account by Habitat.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 5 - CONSTRUCTION-IN-PROCESS

During the year ended June 30, 2024, Habitat had 29 houses under construction which were still in progress at year-end. Houses under construction totaled \$3,544,958 as of June 30, 2024.

NOTE 6 - MORTGAGES RECEIVABLE

It is Habitat's policy to sell homes to selected families through the issuance of noninterest bearing mortgages. Mortgages receivable consists of amounts due from home sales to first time homeowners who complete Habitat's program for home ownership. Mortgages are discounted to their present value and adjusted annually, based on the interest rate applicable in the year of issuance of each mortgage, ranging from 7.23% to 9.00%. Gross mortgages receivable of \$14,565,871 were outstanding as of June 30, 2024. The mortgages receivable are secured by their respective homes.

Habitat participates in a program sponsored by the North Carolina Housing Finance Agency ("NCHFA"), whereby NCHFA provides a co-first to Habitat's homeowners. Habitat also receives grants from the City of Greensboro that provides a second mortgage to homeowners. These programs allow Habitat to recover those funds immediately and Habitat is paid a nominal servicing fee by NCHFA. Habitat has the contingency to continue payments if a homeowner is not paying co-first or second mortgage.

As of June 30, 2024, mortgages receivable consisted of the following:

Gross mortgages receivable	\$14,505,871
Mortgage discount	(2,946,546)
Mortgage allowance	(62,269)
NCHFA mortgage liability	(3,630,691)
Third party liability	(3,610,275)
City of Greensboro mortgage liability	(144,592)
Net mortgages receivable	4,111,498
Less current portion	(650,156)
Noncurrent portion of mortgages receivable	<u>\$ 3,461,342</u>

These mortgages do not earn interest and are secured by deeds of trust on the houses. As of June 30, 2024, the total discount was \$2,946,546.

U.S. GAAP requires receivables that are contractual rights to receive money in the future at a fixed or determinable date be recorded at the present value of the consideration given in the exchange.

Prior to the fiscal year ended June 30, 2001, homebuyers purchased houses from Habitat at less than fair value with the equity amount determined as the difference between the purchase price and the fair value. Beginning with the fiscal year ended June 30, 2001, homebuyers purchased houses at fair value and Habitat discounts the mortgages receivable. Under both methods, homebuyers pay the equity over the life of their mortgages, typically between 20 and 30 years (not to exceed 40 years) or as the mortgages are repaid. If the homebuyers default on their mortgages, Habitat retains all or a portion of the equity in the house. If homebuyers wish to dispose of their property, Habitat retains the right of first refusal.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 6 - MORTGAGES RECEIVABLE (Continued)

At June 30, 2024, the delinquencies in Habitat's mortgages receivables consisted of the following:

<u>Mortgages Receivable</u>	
Current	\$ 4,004,205
Past due (0-29 days)	21,515
Past due (30-59 days)	11,027
Past due (60-89 days)	6,667
Past due (90+ days)	68,084
Total mortgages receivable	<u>\$ 4,111,498</u>

A loan is defined as impaired when, based on current information and events, it is probable a creditor will be unable to collect all amounts due under the contractual terms of the loan agreement. Habitat considers single family mortgage loans and consumer installment loans to be homogeneous and, therefore, does not generally evaluate them for impairment, unless they are considered troubled debt restructurings. All other loans are evaluated for impairment on an individual basis. AmeriNat services all of these mortgages.

Current changes in the mortgages receivable accounts are summarized as follows:

Beginning balance, June 30, 2023	\$ 4,534,709
New loans	3,179,775
New mortgage liabilities	(2,819,001)
Payoffs	(136,442)
Payments received	(629,513)
Write-Offs	(18,030)
Ending balance, June 30, 2024	<u>\$ 4,111,498</u>

NOTE 7 - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following as of June 30, 2024:

Land	\$ 750,000
Building	732,953
Leasehold improvements	627,955
Office equipment	31,392
Vehicles	210,962
Equipment	178,293
Total property, plant, and equipment	<u>2,531,555</u>
Less accumulated depreciation	<u>(717,998)</u>
Net property, plant, and equipment	<u>\$ 1,813,557</u>

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 8 - ENDOWMENT FUND

Habitat follows the Uniform Prudent Management of Institutional Funds Act of 2006 as enacted by the state of North Carolina on March 19, 2009 (“UPMIFA”) and its own governing documents.

The Board of Directors of Habitat has interpreted the enacted versions of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Habitat classifies as permanently or temporarily restricted net assets as (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, or (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in the endowment funds for the year ended June 30, 2024 were as follows:

Endowment fund, June 30, 2023	<u>\$ 193,686</u>
Investment returns:	
Interest and dividends	8,112
Net realized and unrealized gain	<u>5,450</u>
Total investment gain	<u>13,562</u>
Contributions	<u>20,000</u>
Endowment fund, June 30, 2024	<u><u>\$ 227,248</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Habitat to retain as a fund of perpetual duration. These deficiencies result primarily from unfavorable market fluctuations that occur during the year.

The value, liquidity, and related income of the securities held by the endowment funds is sensitive to changes in economic conditions and may be adversely affected by shifts in the market’s perception of the issuers and changes in interest rates.

NOTE 9 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair values for assets and liabilities using one of the following valuation measurements:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant management judgment or estimation.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 9 - FAIR VALUE MEASUREMENTS (Continued)

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The asset 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.

The following table set forth by level, within the fair value hierarchy, represents Habitat's fair value measurements as of June 30, 2024:

Description	Level 1	Level 2	Level 3
Money market funds	\$ 30,796	\$ -	\$ -
Mutual funds	196,452	-	-
Total assets in the fair value hierarchy	<u>\$ 227,248</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 10 - NOTES PAYABLE

Notes payable consisted of the following:

Note payable to Habitat Mortgage Solutions, LLC to finance the development of 40 for-sale housing units located throughout the service area of Habitat for Humanity of Greater Greensboro, Inc. Accrued interest on the note is payable in monthly installments at a fixed rate of 2.75%. The note is to be paid in full, along with any unpaid interest, on December 31, 2024. \$ 1,000,000

Note payable to a financial institution in monthly installments of \$3,735 including interest at a fixed rate of 4.25%, secured by a building with a carrying value of \$415,301, with the remaining balance due June 2030. 517,330

Various unsecured non-interest bearing notes payable to Habitat for Humanity International; payable in monthly installments totaling \$920, due in various periods through June 2028. 41,568

Less current maturities

1,558,898
1,031,054
\$ 527,844

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 1,031,054
2026	35,024
2027	36,078
2028	34,489
2029	30,169
Thereafter	392,084
	<u>\$ 1,558,898</u>

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 11 - LINE OF CREDIT

Habitat has a secured line of credit agreement with non-residential real estate as collateral with a borrowing limit of \$3,000,000. The line of credit bears interest at 7% and the principal balance is due at maturity on July 15, 2026. Accrued interest on the outstanding principal balance is due monthly. The outstanding amount on the line at June 30, 2024 was \$1,516,023.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 consisted of the following:

Net assets with donor restrictions:	
Home sponsorship, repairs and assistance	\$ 562,106
Mission trips and scholarships	31,448
Endowment funds	227,248
Homeowner services	10,000
	<u>\$ 830,802</u>

NOTE 13 - IN-KIND DONATIONS

For the year ended June 30, 2024, Habitat received in-kind donations totaling \$58,982. The donations are valued using estimated current market values for the items donated and have been included in both revenues and expenses.

NOTE 14 - HOME SALES

During the current year, Habitat sold sixteen homes at a net income of the following:

Home sales	\$ 3,368,000
Contributions and in-kind related to home sales	754,687
Cost of construction	<u>(3,337,519)</u>
Net home sales	<u>\$ 785,168</u>

NOTE 15 - RELATED PARTY TRANSACTIONS

Habitat, as an affiliate of Habitat for Humanity International (“International”), made contributions to International of \$66,394 for the year ended June 30, 2024. These contributions represent a portion of unrestricted donations received, plus additional amounts approved by Habitat’s Board of Directors and are used to support International’s programs in Honduras and Kenya.

NOTE 16 - GRANT AUDITS

Habitat receives grant funds at times from various federal, state, and local governments. Such costs are subject to final approval by the grantor agencies and deficiencies, if any, are the responsibility of Habitat.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

Notes to the Financial Statements

NOTE 17 - RETIREMENT PLAN

Habitat has an IRSC 403(b) tax deferred annuity plan (the “Plan”) available to qualified employees. Habitat offers their employees the opportunity to make a voluntary contribution and Habitat contributes 2% of compensation after completion of 1,000 hours and a year of service. Habitat contributed \$24,631 for the year ended June 30, 2024 to the Plan.

NOTE 18 - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of activities or net assets.

NOTE 19 - SUBSEQUENT EVENTS

On October 22, 2024, Greater Reidsville Habitat For Humanity, Inc. voted to pass a plan of dissolution that distributes all assets to Habitat after liabilities and obligations are paid and discharged. As of the date of these financial statements, Habitat had not taken ownership of any assets.

Subsequent to year end, on October 30, 2024, Habitat received \$250,000 in loan proceeds from a financial institution to support short term working capital needs for Humanity of Greater Greensboro, Inc. Interest accrues at a fixed rate of 7.00% per annum and matures January 31, 2025.

Subsequent to year end, an additional line of credit was obtained with a borrowing limit of \$3,000,000 with interest at the Prime rate plus 1.00%, paid monthly, and a maturity date of December 31, 2025.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
ReStore Services Schedule of Activities
Year Ended June 30, 2024

Revenues and Support:	
Revenues	\$ 624,428
Cash donations	3,510
Total revenues and support	<u>627,938</u>
Operating Expenses:	
Cost of inventory	224,750
Salaries and wages	468,301
Interest expense	19,097
Utilities	47,655
Professional services	19,748
Depreciation and amortization	54,853
Marketing	3,160
Vehicle expense	32,270
Payroll taxes and benefits	108,167
Office expenses	5,646
Information technology	16,128
Miscellaneous	4,780
Contract labor	64,486
Total operating expenses	<u>1,069,041</u>
Expenses in excess of revenues	<u>\$ (441,103)</u>