

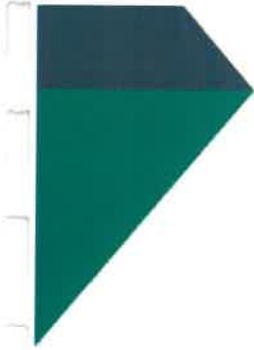
**Habitat for Humanity of East
and Central Pasco County, Inc.**

Financial Statements

For the Year Ended
June 30, 2023



DGPerry
CPAs + Advisors



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Independent Auditors' Report

Board of Directors
Habitat for Humanity of East and Central Pasco County, Inc.
Dade City, FL 33525

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of East and Central Pasco County, Inc. ("Habitat for Humanity") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity as of June 30, 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity 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.

Effect of Adopting New Accounting Standard

As discussed in Note A to the financial statements, as of January 1, 2022 the Company adopted ASU 2016-02, Leases (Topic 842) issued by the Financial Accounting Standards Board, which supersedes existing accounting standards for leases and requires companies to account for leases as either finance leases or operating leases and to recognize right-of-use lease assets and corresponding lease liabilities on the balance sheet for all leases other than leases with terms of 12 months or less. Our opinion is not modified with respect to this matter.

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 for Humanity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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, including omissions, 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 for Humanity'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'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.



DGPerry PLLC
Zephyrhills, Florida
February 09, 2024

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Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Financial Position

June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,121,924	\$ -	\$ 1,121,924
Escrow funds	66,440	-	66,440
Accounts receivable	1,130	-	1,130
Construction in progress	905,069	-	905,069
Inventory of lots for development	809,685	-	809,685
Thrift store inventory	59,146	-	59,146
Total Current Assets	2,963,394	-	2,963,394
Non-current Assets			
Non-interest bearing mortgage loans	1,002,165	-	1,002,165
Discount on non-interest bearing mortgage loans	(473,729)	-	(473,729)
Total Non-current Assets	528,436	-	528,436
Property and Equipment			
Property and equipment	654,350	-	654,350
Land	50,975	-	50,975
Total Property and Equipment	705,325	-	705,325
Less: accumulated depreciation	(268,548)	-	(268,548)
Net Property and Equipment	436,776	-	436,776
Other Assets			
Utility deposits	600	-	600
Operating lease right of use asset	242,124	-	242,124
Total Other Assets	242,724	-	242,724
Total Assets	<u>\$ 4,171,330</u>	<u>\$ -</u>	<u>\$ 4,171,330</u>

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Financial Position

June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	\$ 11,224	\$ -	\$ 11,224
Note payable to PCCD	66,877	-	66,877
Escrow accounts	75,001	-	75,001
Current portion - mortgage and notes payable	25,155	-	25,155
Current portion of operating lease liability	101,781	-	101,781
Total Current Liabilities	280,038	-	280,038
Long-term Liabilities			
Mortgage payable, less current portion	137,552	-	137,552
Operating lease liability	140,343	-	140,343
Net Long-term Liabilities	277,895	-	277,895
Net Assets			
Without donor restrictions	3,613,396	-	3,613,396
With donor restrictions	-	-	-
Total Net Assets	3,613,396	-	3,613,396
Total Liabilities and Net Assets	\$ 4,171,330	\$ -	\$ 4,171,330

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 97,837	\$ -	\$ 97,837
Grants	304,264	-	304,264
In-kind contributions			
Materials and supplies donations	562	-	562
ReStore merchandise donations	57,895	-	57,895
Transfers to homeowners	676,867	-	676,867
United Way contributions	22,800	-	22,800
Mortgage loan discount amortization	113,366	-	113,366
Restore revenue	830,109	-	830,109
Total Support and Revenue	<u>2,103,700</u>	<u>-</u>	<u>2,045,805</u>
Revenues			
Fund-raising receipts - other	7,878	-	7,878
Interest income	4,193	-	4,193
Other income	19,503	-	19,503
Total Other Revenue	<u>31,574</u>	<u>-</u>	<u>31,574</u>
Total Support and Revenue	2,135,274	-	2,135,274
Expenses			
Program Services		-	
Home Construction and rehabilitation	1,154,021	-	1,154,021
ReStore	634,115	-	634,115
Management and general	58,847	-	58,847
Fund-raising	8,561	-	8,561
Total Expenses	<u>1,855,544</u>	<u>-</u>	<u>1,855,544</u>
Change in Net Assets	279,730	-	279,730
Net Assets at Beginning of Year	<u>3,333,666</u>	<u>-</u>	<u>3,333,666</u>
Net Assets at End of Year	<u>\$ 3,613,396</u>	<u>\$ -</u>	<u>\$ 3,613,396</u>

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services			Supporting Services		
	House Construction and Rehabilitation	ReStore	Total Program Services	Fund Raising	Management and General	Total Support Services
	\$	\$	\$	\$	\$	\$
Salaries	320,088	308,740	628,828	-	35,565	35,565
Payroll taxes	24,676	24,886	49,562	-	2,742	2,742
Employee benefits	28,881	11,471	40,352	-	3,209	3,209
Grants	30,000	-	30,000	-	-	-
Office expenses	20,988	17,324	38,312	-	2,332	2,332
Occupancy	37,669	126,281	163,950	-	4,185	4,185
Travel	4,835	1,472	6,307	-	-	-
Interest	6,132	28	6,160	-	-	-
Accounting fees	41,266	18,761	60,027	-	-	-
Advertising and promotion	650	1,930	2,580	-	-	-
Insurance	47,557	14,052	61,609	-	-	-
Building material and lots	493,701	-	493,701	-	-	-
Books and subscriptions	11,709	348	12,057	-	-	-
Bank and merchant fees	233	25	258	-	-	-
Car and truck expense	16,175	28,365	44,540	-	1,797	1,797
Other	45,510	77,087	122,597	8,561	9,017	17,578
Depreciation expense	18,853	3,345	22,198	-	-	-
Legal fees	5,098	-	5,098	-	-	-
Total Expenses	\$ 1,154,021	\$ 634,115	\$ 1,788,136	\$ 8,561	\$ 58,847	\$ 67,408
						\$ 1,855,544

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Cash Flows For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Change in net assets	\$	279,730
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		22,198
Mortgage loan discounts		(113,366)
(Increase) decrease in operating assets:		
Notes receivable, net of discounts		(817)
Inventory		(49,366)
Construction in progress		(481,210)
Lots for development		(187,639)
Mortgages receivable		102,878
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		(10,004)
Escrow accounts		(3,014)
Net Cash Provided (Used) by Operating Activities		(440,610)

Cash Flows from Investing Activities

Purchases of property and equipment	(41,864)
Net Cash (Used) by Investing Activities	(41,864)

Cash Flows from Financing Activities

Principal payments of long-term debt	(11,075)
Net Cash (Used) by Financing Activities	(11,075)

Net Increase (Decrease) in Cash and Cash Equivalents (493,549)

Cash and Cash Equivalents - Beginning of Year 1,681,912

Cash and Cash Equivalents - End of Year \$ 1,188,363

Supplementary Cash Flow Disclosures

Other in-kind contributions	\$ 562
Restore merchandise donations	\$ 57,895
Interest paid during year	\$ 6,161

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note A - Summary of Significant Accounting Policies

Nature of Organization

Habitat for Humanity of East and Central Pasco County, Inc., ("Habitat") (a Florida not-for-profit corporation) was created by way of merger of East Pasco Habitat for Humanity, Inc., and Habitat for Humanity of Central Pasco County, Inc., on April 14, 2010. The organization 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. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations. The geographical area served by the organization covers central and eastern Pasco County and a portion of Hernando County, Florida.

East Pasco Habitat for Humanity, Inc., was originally incorporated in Florida on July 13, 1994, and Habitat for Humanity of Central Pasco County, Inc., was incorporated in Florida on December 3, 2001.

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate assets without donor restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no temporarily or permanently restricted net assets with donor restrictions at June 30, 2023.

Recently Adopted Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standard Codification (ASC) 842, Leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022, and recognized and measured leases existing at July 1, 2022, if any, (the beginning of the period of adoption through a cumulative effect adjustment with certain practical expedients available.) Lease disclosures, if any, for the year ended June 30, 2022, are made under prior lease guidance under FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note A - Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards (continued)

Leases (continued)

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, lease liabilities of \$341,018, which represents the present value of the remaining operating lease payments of \$341,018, using the incremental borrowing rate of 2.88% and a ROU asset of \$341,018.

The standard had a material impact on the statement of financial position but did not have an impact on the statements of activities and changes in net assets, nor the statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while counting for finance leases remained substantially unchanged.

Cash and Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds totaling \$440,096 were on deposit in excess of balances covered by FDIC at June 30, 2023.

Mortgages Receivable

The mortgages receivable consists of non-interest-bearing mortgages which are secured by real estate and payable in monthly installments over the life of the mortgage. Escrow accounts are maintained for each homeowner (restricted bank account) to fund the annual insurance and property tax amounts owed on the respective properties. No allowance for uncollectible amounts is deemed necessary.

Fair value of these mortgages is estimated by discounting the future cash flows using current rate, when the mortgage is issued, at which similar loans would be made to borrowers with similar credit ratings for the same maturity period.

Transfers to Homeowners

Transfers to homeowners are recorded at the gross amount of payments to be received by Habitat over the lives of mortgages. Non-interest-bearing mortgages are discounted for the current year based upon prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight-line method over the lives of the mortgages.

In addition to the first mortgages, which are recorded as indicated, the organization also receives second or third mortgages and notes related to the transferred properties in an amount which approximates the excess of the fair market value of the homes over the actual amount to be repaid. As long as all terms and conditions related to the first mortgage are satisfied, this amount is forgiven annually based on the expected repayment terms of the first mortgage. No amounts for these second mortgages have been recorded on these financial statements.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note A - Summary of Significant Accounting Policies (continued)

Home Construction Costs

Costs incurred in conjunction with home construction are expensed when the home is transferred to the owner.

Following is a summary of home building activity for 2023:

	Number	Cost
Homes under construction July 1, 2022	11	\$ 423,860
Plus new homes started and additional construction in 2023	7	867,137
Homes transferred to homeowners in 2022	2	<u>(385,927)</u>
Total homes under construction June 30, 2023	16	<u>\$ 905,070</u>

ReStore Inventory

Habitat ReStore inventory includes donated and purchased household building materials, appliances, and furniture that are sold at the Habitat ReStore. Donated merchandise is stated at its estimated fair value which is determined based on its future economic benefit. Purchased merchandise is stated at the lower of cost or net realizable value with cost being determined by the first-in, first-out method. The balance of inventory at June 30, 2023, is \$59,146.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Acquisitions in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Donated Goods and Materials

The organization records the fair value of donated goods when there is an objective basis available to measure their values as contributions in-kind in the accompanying statement of activities and changes in net assets.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note A - Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) met in the same reporting period, contributions are reported as net assets without donor restrictions in the accompanying statement of activities. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period or are restricted by the grantor or donor for specific purposes, are reported as restricted support. There are no net assets with donor restrictions at June 30, 2023.

The organization derived 41 percent of its revenues from ReStore sales in point-of-sale transactions. Revenues are recognized when control of goods or services is transferred to customers in an amount that reflects the consideration the organization expects to be entitled to receive in exchange for those goods and services.

ReStore income is generated through the sale of home furnishings, appliances, and other miscellaneous items that are donated or purchased and then sold at a reduced price. The transaction price is a fixed amount set by the organization, and the revenue is recognized at the time of sale as that is when the performance obligation is satisfied. If this source of income was drastically reduced or if the organization's facilities were damaged, it could have a significant effect on the activities and services of the organization.

Most not-for-profit organizations receive significant support from sources that are outside the scope of ASU (FASB ASC 606), including contributions, nonreciprocal grants and contracts and investment income.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, support services, and fundraising functions. In addition, the ReStore center has primarily been used for providing participants with clothing and household needs. The operating expenses of the ReStore have been allocated to program costs.

Habitat annually remits a portion of its contributions (excluding in-kind, designated and any restricted contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2023, Habitat contributed \$30,000 to Habitat International. Such amount is included in program services expense in the Statements of Activities and Changes in Net Assets.

Income Taxes

The organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code under a group exemption granted to Habitat International. Under these provisions, no tax is paid on income it receives as long as it maintains its tax-exempt status. Accordingly, no provision for income taxes is provided in the accompanying financial statements. The organization annually files Form 990 as required for not-for-profit organizations. These returns are subject to examination by the applicable taxing authorities for the three preceding years. In addition, the organization qualifies for the charitable contribution deduction under Section 170(8)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(A)(2).

Management of the organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the organization's status as a not-for-profit entity. Management believes that the organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note A - Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Donated Services/In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Volunteer provided services at the organization's ReStore throughout the year are not recognized as contributions in the financial statements since the recognition criteria are not met.

A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services (which include accounting and construction services) are reflected in the statement of activities at their fair value.

Contributed land is used for the organization's mission. Construction commences upon the Organization's selecting homeowner candidates and receipt of required permits. Land is restricted to construct and sell to a homeowner candidate meeting certain eligibility requirements. Contributed land from various donors is recorded at their tax assessed just market value which approximates fair value. There was no land contributed during the year ended June 30, 2023.

The organization receives contributed merchandise for sale in the Habitat ReStore. These items are sorted, and those that can be renovated or reconditioned are processed by Organization employees for conversion to salable merchandise. Donated merchandise is recorded as contribution revenue and an increase in donated merchandise sold. The value of donated items at estimated fair value is based on the Organization's ultimate selling price. The items that cannot be renovated or reconditioned are sold as salvage. Proceeds from the sale of contributed non-financial assets are used to fund the Organization's programs.

Leases

The Organization leases shopping center space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. Some leases may include one or more options to renew, with renewal terms that can extend the lease. The exercise of lease renewal options is at the Organizations' sole discretion. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note B - Cash Balances

The organization maintained cash balances as of June 30, 2023, as follows:

Cash and equivalents for general expenditures	\$ 83,472
Escrow	66,440
Money Market	900,974
Construction	137,478
Total available for general expenditures	<u>\$ 1,188,363</u>

All deposits are held in accounts in the name of the organization.

Note C - Grant Revenues

The organization received the following grants during 2023:

Thrivent Grant	\$ 140
United Way	22,800
Pasco County	154,156
Publix Supermarkets Charities, Inc.	25,000
Jim Browne Chrysler Jeep Dodge Ram	136,000
Nathan Family Charitable Fund	100
Less: refunds and fees	(11,132)
Total Grants	<u>\$ • 327,064</u>

Note D - Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,188,363
Less: restricted by donors with purpose and time restrictions	<u>-</u>
Total available for general expenditures	<u>\$ 1,188,363</u>

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note E - Fair Value Measurements

The Fair Value Measurements Topic of FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The organization measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1 Fair Value Measurements

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements

Inputs in other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Fair Value Measurements

Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The organization's significant financial instruments are cash, accounts receivable, accounts payable, deferred revenue, and other short-term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short-term maturity of these instruments.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note F - Property and Equipment

The following is a summary of property and equipment, by function, as of June 30, 2023:

	<u>Estimated Useful life</u>	
ReStore		
Furniture and fixtures	7-15 yrs	\$ 23,911
Equipment	7-15 yrs	79,965
Improvements	5-40 yrs	14,987
Total Restore Property and Equipment		<u>118,863</u>
Administrative		
Furniture and fixtures	7-15 yrs	23,298
Equipment	7-15 yrs	134,526
Improvements	5-40 yrs	9,828
Buildings	5-40 yrs	360,756
Other	7-15 yrs	7,078
Land	-	50,975
Total Administrative Property and Equipment		<u>586,461</u>
Total Property and Equipment		705,324
Less accumulated depreciation		(268,548)
Net Property and Equipment		<u>\$ 436,776</u>

Depreciation expense totaled \$22,198 for the year ended June 30, 2023.

Note G - Line of Credit

The organization has an unsecured line of credit with the First National Bank of Pasco, with a maximum draw down of \$150,000. The interest rate is currently 4.25%, and amount outstanding as of June 30, 2023, was \$0.

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note H - Long-term Debt

Long-term debt consists of the following:

Mortgage Payable to First National Bank of Pasco secured by real estate; fixed interest rate of 5% with 60 monthly installments of \$703; and 59 payments beginning August 2023 with interest rate based on Index US Treasury securities with a maturity date of July 20, 2028.	\$ 100,346
Note payable to First National Bank of Pasco secured by 2016 Isuzu van; fixed interest rate of 4.5% with monthly instalments with maturity date of October 2022.	(25,154.66)
Notes payable to Pasco County Community Development Department secured by real estate; interest rate of 0% with monthly instalments of \$483.35 with maturity date of November 30, 2030.	37,206
Line of Credit with First National Bank of Pasco in the amount of \$150,000; interest rate of 4.25%.	-
Total long-term debt	137,552
Less: Current portion	(25,155)
Net long term debt	<u>\$ 112,397</u>

Future maturities of long-term debt obligations at June 30, 2023, are as follows:

June 30,	2024	\$ 25,155
	2025	28,162
	2026	29,810
	2027	31,579
	Thereafter	48,001
		<u>\$ 162,707</u>

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note I - Leases

Habitat is obligated under a five-year operating lease agreement with Zephyrhills Mini Storage, Inc., to lease real property consisting of a ReStore location in Zephyrhills, Florida. The lease term began September 1, 2010, for five years, with an option to extend for an additional five years after the original lease term ended and an option to renew the lease after the lease ends. The lease was renewed November 1, 2020, for \$8,930 per month.

The components of lease expense for the year ended June 30, 2023, were as follows:

	2023
Operating lease cost	<u>\$ 107,160</u>

Future minimum lease payments under non-cancellable leases were as follows:

Years Ending June 30,	Operating Leases
2023	<u>\$ 107,160</u>
2024	107,160
2025	<u>35,720</u>
Total future minimum lease payments	250,040
Less imputed interest	(7,916)
Total	<u>\$ 242,124</u>

Reported as of June 30, 2023:

Reported as of June 30, 2023	Operating Leases
Other current liabilities	<u>\$ 101,781</u>
Other long-term liabilities	140,343
	<u>\$ 242,124</u>

Habitat for Humanity of East and Central Pasco County, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2023

Note I - Leases (continued)

Other information related to leases for the year ended June 30, 2023, was as follows:

Supplemental Cash Flow information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 107,160
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 341,018
Weighted Average Remaining Lease Term	
Operating leases	2.26
Weighted Average Discount Rate	
Operating leases	2.88%

Note J - Commitments and Contingencies

The Organization is exposed to various unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or the results of its operations.

Note K - Subsequent Events

The Organization has evaluated subsequent events through February 09, 2024, which is the date the financial statements were available to be issued.