

**HABITAT FOR HUMANITY
CLARK & FLOYD, INDIANA, INC. -
NEW ALBANY, INDIANA**

FINANCIAL STATEMENTS

**YEARS ENDED
JUNE 30, 2023 AND 2022**

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.

CONTENTS

	Page
Independent Auditor's Report	3-4
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES	6
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9-17



Independent Auditor's Report

Board of Directors
Habitat for Humanity Clark & Floyd Indiana, Inc.
New Albany, Indiana

Opinion

We have audited the accompanying financial statements of **Habitat for Humanity Clark & Floyd Indiana, Inc.** (a nonprofit Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Habitat for Humanity Clark & Floyd Indiana, Inc.** 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Habitat for Humanity Clark & Floyd Indiana, 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.

Prior Period Financial Statements

The financial statements of **Habitat for Humanity Clark & Floyd Indiana, Inc.** as of and for the year ended June 30, 2022, were audited by other auditors whose report dated February 10, 2023, expressed an unmodified opinion on those statements.

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.

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, 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 Clark & Floyd Indiana, 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 Clark & Floyd Indiana, 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.

Manoe Shine

New Albany, Indiana
March 18, 2024

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 312,707	\$ 152,940
Restricted cash	143,180	84,957
Mortgage receivables:		
Non-interest bearing mortgage loans	1,903,233	1,924,409
Less discounts on non-interest bearing mortgage loans	<u>(897,372)</u>	<u>(888,335)</u>
Net Receivables	<u>1,005,861</u>	<u>1,036,074</u>
Prepaid expenses and other assets	4,037	3,677
Construction-in-progress	491,410	384,007
Land for housing development	6,800	6,800
Property and Equipment		
Land	4,000	4,000
Building and improvements	72,050	72,050
Equipment	<u>10,080</u>	<u>10,080</u>
	86,130	86,130
Less accumulated depreciation	<u>47,098</u>	<u>43,931</u>
Net Property and Equipment	<u>39,032</u>	<u>42,199</u>
TOTAL ASSETS	<u>\$ 2,003,027</u>	<u>\$ 1,710,654</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 68,119	\$ 7,209
Escrow and other deposits	11,522	7,262
Payroll liabilities	961	9,151
Line of credit	-	2,279
Total Liabilities	<u>80,602</u>	<u>25,901</u>
Net Assets		
Without donor restrictions		
Undesignated	1,564,407	1,622,308
Board designated for construction	<u>142,960</u>	<u>62,095</u>
	1,707,367	1,684,403
With donor restrictions	<u>215,058</u>	<u>350</u>
Total Net Assets	<u>1,922,425</u>	<u>1,684,753</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,003,027</u>	<u>\$ 1,710,654</u>

See notes to financial statements.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Without Donor Restrictions	With Donor Restrictions	Total	Percent To Revenue	Without Donor Restrictions	With Donor Restrictions	Total	Percent To Revenue
Support and Revenue								
Grants	\$ 300	\$ 375,000	\$ 375,300	42.37	\$ 75,300	\$ -	\$ 75,300	12.21
Transfers to homeowners	220,000	-	220,000	24.83	250,772	-	250,772	40.65
Mortgage discount amortization	122,931	-	122,931	13.89	155,252	-	155,252	25.18
Cash contributions	52,842	-	52,842	5.97	37,288	-	37,288	6.05
Employee retention credit	50,883	-	50,883	5.74	-	-	-	-
Special events	23,311	-	23,311	2.63	63,133	-	63,133	10.24
Home sales	20,804	-	20,804	2.35	17,991	-	17,991	2.92
Interest income	6,260	-	6,260	0.71	265	-	265	0.04
Rental income	6,134	-	6,134	0.69	4,324	-	4,324	0.70
In-kind contributions	4,910	-	4,910	0.55	10,767	-	10,767	1.75
Late fee income	1,370	-	1,370	0.15	913	-	913	0.15
Miscellaneous income	550	-	550	0.06	-	-	-	-
Application fees	500	-	500	0.06	675	-	675	0.11
	<u>510,795</u>	<u>375,000</u>	<u>885,795</u>	<u>100.00</u>	<u>616,680</u>	<u>-</u>	<u>616,680</u>	<u>100.00</u>
Net assets released from restrictions	160,292	(160,292)	-	-	-	-	-	-
Total Support and Revenue	671,087	214,708	885,795	100.00	616,680	-	616,680	100.00
Expenses								
Program expenses	475,868	-	475,868	53.72	452,289	-	452,289	73.34
Administration	103,500	-	103,500	11.68	83,492	-	83,492	13.54
Fundraising	68,755	-	68,755	7.76	82,400	-	82,400	13.36
Total Expenses	<u>648,123</u>	<u>-</u>	<u>648,123</u>	<u>73.16</u>	<u>618,181</u>	<u>-</u>	<u>618,181</u>	<u>100.24</u>
Change in Net Assets	<u>22,964</u>	<u>214,708</u>	<u>237,672</u>	<u>26.84</u>	<u>(1,501)</u>	<u>-</u>	<u>(1,501)</u>	<u>(0.24)</u>
Net Assets at Beginning of Year	<u>1,684,403</u>	<u>350</u>	<u>1,684,753</u>		<u>1,685,904</u>	<u>350</u>	<u>1,686,254</u>	
Net Assets at End of Year	<u>\$ 1,707,367</u>	<u>\$ 215,058</u>	<u>\$ 1,922,425</u>		<u>\$ 1,684,403</u>	<u>\$ 350</u>	<u>\$ 1,684,753</u>	

See notes to financial statements.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023					2022				
	<u>Program Expenses</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Percent To Revenue</u>	<u>Program Expenses</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Percent To Revenue</u>
Cost of construction	\$ 270,349	\$ -	\$ -	\$ 270,349	30.52	\$ 257,424	\$ -	\$ -	\$ 257,424	41.74
Discount on mortgages issued	131,968	-	-	131,968	14.90	148,623	-	-	148,623	24.10
Payroll expenses	26,237	14,405	45,385	86,027	9.71	41,960	23,038	50,192	115,190	18.68
Professional fees	-	38,244	-	38,244	4.32	-	17,628	-	17,628	2.86
Contract labor	30,158	-	-	30,158	3.40	-	-	-	-	-
Special events	-	-	20,158	20,158	2.28	-	-	29,266	29,266	4.75
Dues and memberships	-	12,118	894	13,012	1.47	-	9,152	723	9,875	1.60
Construction supplies	9,177	-	-	9,177	1.04	1,273	-	-	1,273	0.21
Insurance expense	142	7,912	-	8,054	0.91	104	5,810	-	5,914	0.96
Computer supplies	1,861	5,764	-	7,625	0.86	1,211	3,752	-	4,963	0.80
Miscellaneous expenses	771	5,270	654	6,695	0.76	355	7,368	775	8,498	1.38
Utilities	-	6,233	-	6,233	0.70	-	4,918	-	4,918	0.80
Property taxes	-	1,772	-	1,772	0.20	-	-	-	-	-
Depreciation	690	2,477	-	3,167	0.36	674	2,420	-	3,094	0.50
Small tools	2,745	-	-	2,745	0.31	467	-	-	467	0.08
Advertising	-	1,065	1,664	2,729	0.31	-	924	1,444	2,368	0.38
Office supplies	142	2,575	-	2,717	0.31	70	1,272	-	1,342	0.22
Volunteers	1,628	814	-	2,442	0.28	128	64	-	192	0.03
Telephone and internet	-	1,915	-	1,915	0.22	-	1,296	-	1,296	0.21
Tithe	-	1,500	-	1,500	0.17	-	3,000	-	3,000	0.49
Repairs and maintenance	-	1,436	-	1,436	0.16	-	2,850	-	2,850	0.46
Total Expenses	\$ 475,868	\$ 103,500	\$ 68,755	\$ 648,123	73.19	\$ 452,289	\$ 83,492	\$ 82,400	\$ 618,181	100.25

See notes to financial statements.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 237,672	\$ (1,501)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,167	3,094
Mortgage discount amortization	(122,931)	(155,252)
Mortgage discounts issued	131,968	148,623
(Increase) decrease in current asset:		
Prepaid expenses and other current assets	(360)	1,279
Construction in progress	(107,403)	(139,358)
Land for housing development	-	21,800
Increase (decrease) in current liabilities:		
Accounts payable	60,910	(19,540)
Escrow deposits	4,260	(3,330)
Payroll liabilities	(8,190)	2,209
Net Cash Provided by (Used in) Operating Activities	199,093	(141,976)
INVESTING ACTIVITIES		
Mortgage payments received	241,176	317,415
Mortgages originated	(220,000)	(250,772)
Net Cash Provided by Investing Activities	21,176	66,643
FINANCING ACTIVITIES		
Proceeds from line of credit	-	2,279
Payments on line of credit	(2,279)	-
Net Cash Provided by (Used in) Financing Activities	(2,279)	2,279
Net Increase (Decrease) in Cash and Restricted Cash	217,990	(73,054)
Cash and Restricted Cash at Beginning of Year	237,897	310,951
Cash and Restricted Cash at End of Year	\$ 455,887	\$ 237,897
Cash and Restricted Cash		
Cash	\$ 312,707	\$ 152,940
Restricted cash	143,180	84,957
	\$ 455,887	\$ 237,897
Supplemental Disclosure of Cash Flow Information		
Donated materials	\$ -	\$ 1,067

See notes to financial statements.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Habitat for Humanity Clark & Floyd Indiana, Inc. (the “Organization”) is a not-for-profit corporation governed by its Board of Directors. The Organization is an affiliate of Habitat for Humanity International, Inc. (Habitat International). Habitat International is a nondenominational, non-profit organization whose purpose is to create decent and 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, and other support services, the Organization is directly responsible for its own operations. The Organization began operations in 1991 and has provided new or renovated homes for over 50 families.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities in two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Contributions whose restrictions are met in the same period are treated as net assets without donor restrictions. The terms are defined below:

Net assets without donor restrictions – Net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

Certain prior year accounts have been reclassified to conform with current year presentations.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

Concentration of Credit Risk

The Organization maintains its cash and temporary cash investments at financial institutions. At times the balance may be in excess of federally insured limits. As of June 30, 2023, the Organization had \$101,798 in excess of uninsured balances.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(1 - continued)

Revenue Recognition

Home sales represent the sale to qualified families of homes built in southern Indiana by the Organization. The home sales are financed by the Organization utilizing non-interest bearing 10 to 30 year mortgages due in monthly installments from the families. The mortgages are secured by the underlying real estate and are carried at the unpaid principal balances. The mortgages receivable are discounted at time of issuance using a reasonable rate as established annually by Habitat International. The financing discounts are amortized and reflected as revenue when mortgage payments are collected. The present value discount on mortgages for homes sold is shown as a discount on mortgages issued under program expenses. Revenue is recognized at a point in time as the homes are sold.

The Organization recognizes revenues from contracts at the closing of the sales using the deposit method. Revenues are reported at the estimated net realizable amounts for the home. During construction, all direct material and labor costs and those indirect costs related to acquisition and construction are capitalized, and all customer deposits are treated as liabilities. Capitalized costs are charged to earnings upon closing. Transaction prices vary according to type, level and volume of services rendered. Amounts are generally billed as services are rendered.

The Organization has determined that the nature, amount, timing, and uncertainty of contract revenues and cash flows are affected by the economy. In this industry, laws and regulations are complex and subject to interpretation and can also be subject to future government review and revision. The current level of the Organization's operations and program services may be impacted if funding is significantly decreased.

Cash, Restricted Cash, and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase. At June 30, 2023 and 2022, there were no cash equivalents.

Restricted cash consists of cash required to be used or held for specific purposes, such as escrow balances and for home builds.

	<u>2023</u>	<u>2022</u>
Cash designated for home builds	\$ 142,960	\$ 62,095
Cash designated for escrow	220	22,862
	<u>\$ 143,180</u>	<u>\$ 84,957</u>

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(1 - continued)

Mortgages Receivable

Mortgages receivable are discounted at time of issuance using a reasonable rate as established annually by Habitat International. The financing discounts are amortized and reflected as revenue when mortgage payments are collected. The present value discount on mortgage for homes sold is shown as a discount on mortgages issued under the program expenses.

Mortgages generally have two installment contracts, one for the amount normally repaid to the Organization, and a second that represents the enhanced market value of the house when compared to the sale price. The second mortgage becomes relevant if a homeowner defaults on the loan or the house is sold within the period of the note. These secondary mortgage events are deemed as unlikely to occur and are therefore not recorded as an asset. This practice encourages the homeowner to live in the house for longer periods of time, thus deterring the sale of the house solely to make a profit. Each year that family owns its home, the amount of the secondary mortgage is reduced, eventually to zero.

Due to the extensive selection process, the use of financial counseling, and the Organization's right of first refusal to buy back the property at its original purchase price or fair value (as determined by the Organization) from the homeowner should they choose to sell, management does not believe a loan loss reserve is necessary.

The Organization's opening balances for mortgage receivables for 2023, 2022, and 2021 are as follows:

	June 30, 2023	June 30, 2022	June 30, 2021
Mortgage Receivables	1,903,233	1,924,409	1,991,052

Construction-in-Progress

Construction-in-progress represents costs incurred under construction for resale or pending finalization of related mortgage receivables. Construction-in-progress includes the cost of land, which is transferred to construction in progress from unimproved lots when it has been designated for a specific home build, as well as all direct material and labor at cost or fair value if contributed.

Homes to be Recycled

Homes to be recycled are homes represent homes brought back into the Organization's records as a result of a foreclosure.

Land for Housing Development

Land is recorded at cost or fair value at the date it was contributed and includes survey and site development costs.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(1 - continued)

Building Supplies Inventory

Building materials consist of purchased and contributed items. Items which have been contributed are valued at fair value when received; only usable materials are valued.

Property and Equipment

The Organization records land, buildings and equipment at cost if purchased and at the estimated fair value at the date of acquisition if donated. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization uses the straight-line method of computing depreciation at rates adequate to amortize the cost of the assets over their useful life. Building and improvements useful lives are five to thirty-nine years and equipment useful lives are five years.

Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations for the year.

Escrow Deposits

Through the process of servicing the mortgage notes held by the Organization, the Organization holds funds on behalf of mortgagors to be used to pay for termite warranty, insurance and taxes. The funds received are held in a separate bank account.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general and fundraising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

In-Kind Contributions

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. Donated services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Under those criteria, volunteer time to construct homes is recognized as contribution revenue and capitalized as construction in progress. When homes are transferred to recipient families, construction in progress is recorded as a component of cost of construction within program expenses. Professional services are also reflected under those criteria and are recognized as in-kind contribution revenue and professional fees expense in the period received.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(1 - continued)

Contributions

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization recognizes all contributions as income in the period received. All contributions are considered available without restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met during the same time year as the contribution is made are included in support without donor restrictions.

Contributions of noncash assets are recorded at their fair value at the date of donation.

Transfers to Homeowners

Transfers to homeowners represent the sale of houses built by the Organization through the use of seller financing. The resulting mortgages are non-interest bearing and have been discounted based upon prevailing market rates for low-income housing as annually determined by Habitat International.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. These expenses amounted to \$2,729 and \$2,368 for the years ended June 30, 2023 and 2022, respectively.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation. Accordingly, the financial statements do not provide for income taxes.

The Organization has implemented the accounting guidance for uncertainty in income taxes. Using that guidance, tax positions initially are recognized in financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2023, the Organization has no uncertain tax positions that qualify for either recognition or disclosures in the financial statements.

Newly Issued Standard Not Yet Effective

The Financial Accounting Standards Board issued the following accounting standard, which is effective in the next fiscal year: ASU No. 2016-13, Financial Instruments-Credit Losses, effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the impact this standard will have on the financial statements.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(2) **LIQUIDITY AND AVAILABILITY**

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash without restrictions	\$ 312,707	\$ 152,940
Mortgage receivables (current portion)	115,684	121,674
	428,391	274,614
Less: Net assets with donor restrictions	(215,058)	(350)
	<u>\$ 213,333</u>	<u>\$ 274,264</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Accordingly, these assets are listed in the information above. Cash listed above does not include the balance of escrow deposits received from mortgagors, which are restricted for the payment of the mortgagors' termite warranty, insurance and taxes and are not available for general expenditures of the Organization. Cash listed above also does not include balances that are board designated or donor restricted for home construction. Mortgage receivables listed above represent the amount of principle payments contractually due within one year. The Organization maintains a \$150,000 line of credit at Wesbanco, as discussed in more detail in Note 4. At June 30, 2023 and 2022, \$150,000 and \$147,721, respectively, remained available on the line of credit.

(3) **MORTGAGE RECEIVABLES AND UNAMORTIZED DISCOUNTS**

The Organization finances the sale of homes it sells with non-interest-bearing mortgage loans secured by the homes and payable in monthly installments. The mortgage loans are discounted at rates between 7.23 percent and 8.14 percent. This rate is dependent upon the date of issuance of the loan and is determined annually by Habitat International. This discount is amortized monthly over the month repayment period for each loan, which is between 240 and 360 months.

The remaining balances, at face value, of the loans being held by imputed interest rates at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
7.23% - 7.99%	\$ 1,863,449	\$ 1,860,480
8.00% - 8.18%	39,784	63,929
	\$ 1,903,233	\$ 1,924,409
	<u>\$ 1,903,233</u>	<u>\$ 1,924,409</u>

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(3 - continued)

Two homes were sold during the year ended June 30, 2023 and 2022. The average mortgage for homes sold was \$110,000 and \$125,000 for the years ended June 30, 2023 and 2022, respectively. There were 29 and 32 loans outstanding for the years ended June 30, 2023 and 2022 with an average remaining balance of \$66,000 and \$60,000, respectively.

The loan activity for the year ended June 30, 2023 is as follows:

	Loans/ Payments at Face Value	Imputed Interest Discounted	Loans/ Payments at Present Value
Balance at June 30, 2022	\$ 1,924,409	\$ (888,335)	\$ 1,036,074
New Loans made in 2023	220,000	122,931	342,931
Payments in 2023	<u>(241,176)</u>	<u>(131,968)</u>	<u>(373,144)</u>
Balance at June 30, 2023	<u>\$ 1,903,233</u>	<u>\$ (897,372)</u>	<u>\$ 1,005,861</u>

The loan activity for the year ended June 30, 2022 is as follows:

	Loans/ Payments at Face Value	Imputed Interest Discounted	Loans/ Payments at Present Value
Balance at June 30, 2021	\$ 1,991,052	\$ (894,964)	\$ 1,096,088
New Loans made in 2022	250,774	(148,622)	101,378
Payments in 2022	<u>(317,417)</u>	<u>155,251</u>	<u>(161,392)</u>
Balance at June 30, 2022	<u>\$ 1,924,409</u>	<u>\$ (888,335)</u>	<u>\$ 1,036,074</u>

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(3 - continued)

Following is a schedule by years of maturity requirements on the mortgage loans as of June 30, 2023:

2024	\$ 115,684
2025	115,684
2026	115,385
2027	112,087
2028	108,539
Thereafter	<u>1,335,854</u>
	<u><u>\$1,903,233</u></u>

There were no foreclosures in the year ended June 30, 2023. There was one foreclosure in the year ended June 30, 2022. There two significant delinquencies at June 30, 2023 and 2022.

(4) LINE OF CREDIT

The Organization has a line of credit secured by real estate with WesBanco for \$150,000, with an annually renewable maturity date. The interest rate charged on the line of credit as of June 30, 2023 and 2022 was 3.95%. There were no amounts drawn on the line of credit at June 30, 2023 and \$2,279 drawn as of June 30, 2022.

(5) CONTINGENT LIABILITY

The Organization provides each homeowner with a warranty covering repair or replacement of certain items for a specified period of time. There were no expenditures under these warranties in the years ended June 30, 2023 or 2022. Management is not aware of any future expenses. As a result, no provision has been made in the financial statements for these warranties.

(6) RELATED PARTY RELATIONSHIPS

The Organization periodically requests and receives various awards from Habitat for Humanity of Indiana. There was no revenue recognized from Habitat for Humanity of Indiana for the years ended June 30, 2023 and 2022. For each of the years ended June 30, 2023 and 2022, the Organization paid dues of \$750 to Habitat for Humanity of Indiana.

The Organization annually remits a sustainability fee to Habitat International. For each of the years ended June 30, 2023 and 2022, the Organization paid \$7,500 for this sustainability fee. The Organization also remits a minimum of ten percent of its cash contributions (excluding cash restricted to local use and in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For each of the years ended June 30, 2023 and 2022, the Organization contributed \$3,000 to Habitat International.

HABITAT FOR HUMANITY CLARK & FLOYD INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(6 - continued)

One of the Organization's Board Members works at Centra Credit Union, where the Organization maintains two savings accounts.

(7) NET ASSETS WITH DONOR RESTRICTIONS

The Organization had \$215,058 at June 30, 2023 in net assets with donor restrictions for the Spring Hill Station project. The Organization had \$350 at June 30, 2022 in net assets with donor restrictions for an individual for deposit in the future.

(8) IN-KIND CONTRIBUTIONS

The Organization's policy related to in-kind donations is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair value.

The Organization received donated services with an estimated fair value of \$4,754 and \$9,700 for the years ended June 30, 2023 and 2022, respectively. These services were for the construction and renovation of homes and were valued using hours and rates provided by the specialists.

The Organization received materials with an estimated fair value of \$156 and \$1,067 for the years ended June 30, 2023 and 2022, respectively. These materials were for the construction and renovation of homes and were valued based on replacement costs for similar items.

All in-kind donations received by the Organization for the years ended June 30, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

(9) SUBSEQUENT EVENTS

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through March 18, 2024, the date these financial statements were available to be issued. The Organization has determined that there are no subsequent events.