Habitat for Humanity of Hillsborough County Florida, Inc.
Audited Financial Statements
June 30, 2022 and 2021
Habitat for Humanity of Hillsborough County Florida, Inc.

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Independent Auditors’ Report

To the Board of Directors
Habitat for Humanity of Hillsborough County Florida, Inc.

Opinion
We have audited the accompanying financial statements of Habitat for Humanity of Hillsborough County Florida, Inc. (the “Organization”), which comprise the statement of financial position as of June 30, 2022 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 the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Hillsborough County Florida, 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.

Other Matter
The financial statements of the Organization as of and for the year ended June 30, 2021 were audited by other auditors, whose report dated December 7, 2021, 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.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Hillsborough County Florida, Inc.’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Hillsborough County Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Hillsborough County Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PAUL, PLLC

St. Petersburg, Florida
November 23, 2022
Habitat for Humanity of Hillsborough County Florida, Inc.
Statements of Financial Position
June 30, 2022 and 2021

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2022</th>
<th>June 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,371,678</td>
<td>$624,775</td>
</tr>
<tr>
<td>Due from related party</td>
<td>347,655</td>
<td>5,901</td>
</tr>
<tr>
<td>Unconditional promise to give</td>
<td>12,587</td>
<td>23,334</td>
</tr>
<tr>
<td>Other receivables</td>
<td>33,060</td>
<td>33,449</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>536,357</td>
<td>54,000</td>
</tr>
<tr>
<td>Inventory - construction and ReStore</td>
<td>2,431,151</td>
<td>2,059,122</td>
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<tr>
<td>Assets held in escrow</td>
<td>189,708</td>
<td>151,958</td>
</tr>
<tr>
<td>Mortgages receivable, net</td>
<td>445,868</td>
<td>707,184</td>
</tr>
<tr>
<td>Land held for development</td>
<td>2,624,267</td>
<td>2,465,439</td>
</tr>
<tr>
<td>Beneficial interest in assets held by foundation</td>
<td>2,824,734</td>
<td>71,762</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,305,560</td>
<td>1,379,956</td>
</tr>
<tr>
<td>Investment in joint venture</td>
<td>1,246,278</td>
<td>-</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>79,147</td>
<td>-</td>
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<tr>
<td>Other assets</td>
<td>68,023</td>
<td>41,760</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$16,516,073</strong></td>
<td><strong>$7,618,640</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>June 30, 2022</th>
<th>June 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$529,148</td>
<td>$584,064</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>361,845</td>
<td>-</td>
</tr>
<tr>
<td>Escrow deposits</td>
<td>189,708</td>
<td>151,958</td>
</tr>
<tr>
<td>Agency payable</td>
<td>39,379</td>
<td>39,440</td>
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<tr>
<td>HOME deferred note payable</td>
<td>-</td>
<td>654,000</td>
</tr>
<tr>
<td>Lines of credit</td>
<td>600,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Notes payable</td>
<td>2,946,637</td>
<td>1,885,578</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>4,666,717</strong></td>
<td><strong>4,215,040</strong></td>
</tr>
</tbody>
</table>

**Net assets**

| Without donor restrictions                       | 11,151,615     | 3,211,938     |
| With donor restrictions                          | 697,741        | 191,662       |
| **Total net assets**                             | **11,849,356** | **3,403,600** |

| **Total liabilities and net assets**             | **$16,516,073** | **$7,618,640** |

The accompanying notes are an integral part of these financial statements
## Statements of Activities

**Year ended June 30, 2022 (with comparative totals for 2021)**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$8,082,745</td>
<td>$412,552</td>
<td>$8,495,297</td>
<td>$924,413</td>
</tr>
<tr>
<td>Donated lots</td>
<td>-</td>
<td>146,701</td>
<td>146,701</td>
<td>47,424</td>
</tr>
<tr>
<td>In-kind</td>
<td>424,660</td>
<td>3,622</td>
<td>428,282</td>
<td>335,880</td>
</tr>
<tr>
<td>Transfers to homeowners</td>
<td>4,282,660</td>
<td>-</td>
<td>4,282,660</td>
<td>1,936,427</td>
</tr>
<tr>
<td>Sales - Habitat ReStore</td>
<td>2,650,633</td>
<td>-</td>
<td>2,650,633</td>
<td>2,534,213</td>
</tr>
<tr>
<td>Foundations and grants</td>
<td>2,684,845</td>
<td>75,000</td>
<td>2,759,845</td>
<td>542,400</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>47,649</td>
<td>-</td>
<td>47,649</td>
<td>41,886</td>
</tr>
<tr>
<td>Other</td>
<td>86,028</td>
<td>-</td>
<td>86,028</td>
<td>202,895</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>131,796</td>
<td>(131,796)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>18,259,220</td>
<td>637,875</td>
<td>18,897,095</td>
<td>6,565,538</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehab/Construction</td>
<td>6,003,462</td>
<td>-</td>
<td>6,003,462</td>
<td>2,828,631</td>
</tr>
<tr>
<td>Homeowner services</td>
<td>680,261</td>
<td>-</td>
<td>680,261</td>
<td>512,839</td>
</tr>
<tr>
<td>Habitat ReStore</td>
<td>2,547,881</td>
<td>-</td>
<td>2,547,881</td>
<td>2,391,318</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>591,515</td>
<td>-</td>
<td>591,515</td>
<td>508,972</td>
</tr>
<tr>
<td>Fundraising</td>
<td>338,863</td>
<td>-</td>
<td>338,863</td>
<td>255,029</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>10,161,782</td>
<td>-</td>
<td>10,161,782</td>
<td>6,496,789</td>
</tr>
<tr>
<td><strong>Change in Net Assets before Other Changes</strong></td>
<td>8,229,234</td>
<td>506,079</td>
<td>8,735,313</td>
<td>68,749</td>
</tr>
<tr>
<td><strong>Other changes - revenue (expense)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment (loss) gain</td>
<td>(253,260)</td>
<td>-</td>
<td>(253,260)</td>
<td>17,887</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(101,079)</td>
<td>-</td>
<td>(101,079)</td>
<td>(31,642)</td>
</tr>
<tr>
<td>Gain on forgiveness - PPP Loan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>524,894</td>
</tr>
<tr>
<td>Gain on sale of mortgages</td>
<td>64,782</td>
<td>-</td>
<td>64,782</td>
<td>33,881</td>
</tr>
<tr>
<td><strong>Total other changes</strong></td>
<td>(289,557)</td>
<td>-</td>
<td>(289,557)</td>
<td>545,020</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>7,939,677</td>
<td>506,079</td>
<td>8,445,756</td>
<td>613,769</td>
</tr>
<tr>
<td><strong>Net Assets, beginning of year</strong></td>
<td>3,211,938</td>
<td>191,662</td>
<td>3,403,600</td>
<td>2,789,831</td>
</tr>
<tr>
<td><strong>Net Assets, end of year</strong></td>
<td>$11,151,615</td>
<td>$697,741</td>
<td>$11,849,356</td>
<td>$3,403,600</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Habitat for Humanity of Hillsborough County Florida, Inc.
### Statement of Activities
#### Year ended June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>832,300</td>
<td>92,113</td>
<td>$924,413</td>
</tr>
<tr>
<td>Cash</td>
<td>$6,427,751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated lots</td>
<td>5,750</td>
<td>41,674</td>
<td>47,424</td>
</tr>
<tr>
<td>In-kind</td>
<td>331,880</td>
<td>4,000</td>
<td>335,880</td>
</tr>
<tr>
<td>Transfers to homeowners</td>
<td>1,936,427</td>
<td></td>
<td>1,936,427</td>
</tr>
<tr>
<td>Sales - Habitat ReStore</td>
<td>2,534,213</td>
<td></td>
<td>2,534,213</td>
</tr>
<tr>
<td>Foundations and grants</td>
<td>542,400</td>
<td></td>
<td>542,400</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>41,886</td>
<td></td>
<td>41,886</td>
</tr>
<tr>
<td>Other</td>
<td>202,895</td>
<td></td>
<td>202,895</td>
</tr>
<tr>
<td></td>
<td>6,703,232</td>
<td>(137,694)</td>
<td>6,565,538</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehab/Construction</td>
<td>2,828,631</td>
<td></td>
<td>2,828,631</td>
</tr>
<tr>
<td>Homeowner services</td>
<td>512,839</td>
<td></td>
<td>512,839</td>
</tr>
<tr>
<td>Habitat ReStore</td>
<td>2,391,318</td>
<td></td>
<td>2,391,318</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>508,972</td>
<td></td>
<td>508,972</td>
</tr>
<tr>
<td>Fundraising</td>
<td>255,029</td>
<td></td>
<td>255,029</td>
</tr>
<tr>
<td></td>
<td>6,496,789</td>
<td></td>
<td>6,496,789</td>
</tr>
<tr>
<td><strong>Change in net assets before other changes</strong></td>
<td>206,443</td>
<td>(137,694)</td>
<td>68,749</td>
</tr>
<tr>
<td><strong>Other changes - revenue (expense)</strong></td>
<td>17,887</td>
<td></td>
<td>17,887</td>
</tr>
<tr>
<td>Investment gain</td>
<td>(31,642)</td>
<td></td>
<td>(31,642)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>524,894</td>
<td></td>
<td>524,894</td>
</tr>
<tr>
<td>Gain on forgiveness of debt</td>
<td>33,881</td>
<td></td>
<td>33,881</td>
</tr>
<tr>
<td>Gain on sale of mortgages</td>
<td>(31,642)</td>
<td></td>
<td>(31,642)</td>
</tr>
<tr>
<td></td>
<td>545,020</td>
<td></td>
<td>545,020</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>751,463</td>
<td>(137,694)</td>
<td>613,769</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>2,460,475</td>
<td>329,356</td>
<td>2,789,831</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$3,211,938</td>
<td>$191,662</td>
<td>$3,403,600</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### Habitat for Humanity of Hillsborough County Florida, Inc.
#### Statement of Functional Expenses
Year ended June 30, 2022 (with comparative totals for 2021)

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th></th>
<th>Supporting Services</th>
<th></th>
<th>Total</th>
<th>Supporting Services</th>
<th>Total</th>
<th>2021 Summarized</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rehab/ Construction</td>
<td>Homeowner Services</td>
<td>ReStore</td>
<td>Total Program Services</td>
<td>Fundraising</td>
<td>Management and General</td>
<td>Supporting Services</td>
<td>Total</td>
<td>Totals</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$1,001,906</td>
<td>$435,807</td>
<td>$1,586,682</td>
<td>$3,024,395</td>
<td>$178,410</td>
<td>$171,219</td>
<td>$349,629</td>
<td>$3,374,024</td>
<td>$2,865,677</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$95,556</td>
<td>$238,378</td>
<td>$233,325</td>
<td>$567,259</td>
<td>$103,380</td>
</tr>
<tr>
<td>Admin and general</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,765,266</td>
<td>-</td>
<td>$4,765,266</td>
<td>-</td>
<td>$4,765,266</td>
</tr>
<tr>
<td>Cost of home/land sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$23,491</td>
<td>$2,930</td>
<td>$409,318</td>
<td>$435,739</td>
<td>$6,862</td>
</tr>
<tr>
<td>Facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$92,104</td>
<td>-</td>
<td>$92,104</td>
<td>-</td>
<td>$92,104</td>
</tr>
<tr>
<td>Home rehabilitation</td>
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<td></td>
<td></td>
<td></td>
<td>$5,893</td>
<td>$1,519</td>
<td>$80,990</td>
<td>$88,402</td>
<td>$39,422</td>
</tr>
<tr>
<td>Special events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$5,893</td>
<td>$1,519</td>
<td>$80,990</td>
<td>$88,402</td>
<td>$39,422</td>
</tr>
<tr>
<td>Total expenses before other non-cash items</td>
<td>$5,984,216</td>
<td>$678,634</td>
<td>$2,485,204</td>
<td>$9,148,054</td>
<td>$337,485</td>
<td>$568,939</td>
<td>$906,424</td>
<td>10,054,478</td>
<td>6,354,445</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$13,158</td>
<td>$1,627</td>
<td>$62,677</td>
<td>$77,462</td>
<td>$1,178</td>
<td>$22,576</td>
<td>$23,754</td>
<td>$101,216</td>
<td>142,344</td>
</tr>
<tr>
<td>Amortization</td>
<td>$23,491</td>
<td>$6,088</td>
<td></td>
<td></td>
<td>$22,576</td>
<td>$136,678</td>
<td>136,678</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>$6,003,462</td>
<td>$680,261</td>
<td>$2,547,811</td>
<td>$9,231,604</td>
<td>$338,663</td>
<td>$591,515</td>
<td>$930,178</td>
<td>10,161,782</td>
<td>6,496,789</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Statement of Functional Expenses

### Year ended June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rehab Construction</td>
<td>Homeowner Services</td>
<td>Habitat ReStore</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$768,057</td>
<td>$325,591</td>
<td>$1,480,390</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$62,898</td>
<td>$181,793</td>
<td>$171,141</td>
</tr>
<tr>
<td>Admin and general</td>
<td>$1,854,844</td>
<td>$431,662</td>
<td>$447,103</td>
</tr>
<tr>
<td>Cost of home/land sales</td>
<td>$13,804</td>
<td>$159,759</td>
<td>$159,759</td>
</tr>
<tr>
<td>Facilities</td>
<td>$1,637</td>
<td>-</td>
<td>$116,141</td>
</tr>
<tr>
<td>Cost of Goods Sold - ReStore</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Home rehabilitation</td>
<td>$2,520</td>
<td>$49,755</td>
<td>$52,275</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>$2,815,744</td>
<td>$511,541</td>
<td>$2,292,707</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$12,887</td>
<td>$1,298</td>
<td>$98,611</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses before other non-cash items</td>
<td>$2,828,631</td>
<td>$512,839</td>
<td>$2,391,318</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$2,828,631</td>
<td>$512,839</td>
<td>$2,391,318</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Habitat for Humanity of Hillsborough County Florida, Inc.

### Statements of Cash Flows

**Years ended June 30, 2022 and 2021**

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 8,445,756</td>
<td>$ 613,769</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:

- **Loss (gain) on investments**: 253,250 (17,887)
- **Gain on forgiveness of debt**: - (524,894)
- **Gain on sale of mortgages**: (64,782) (33,881)
- **Donated land for development**: (146,701) (47,424)
- **Bad debt expense**: 2,673 1,639
- **Depreciation and amortization**: 107,304 142,344

(Decrease) in assets:

- **Due from related party**: (341,754) (5,901)
- **Unconditional promises to give**: 10,747 (3,334)
- **Other receivables**: 389 (4,785)
- **Grant receivable**: (482,357) -
- **Inventory - construction and ReStore**: (372,029) (1,638,756)
- **Assets held in escrow**: (37,750) (13,494)
- **Mortgage notes receivable, net**: 323,425 473,023
- **Land held for development**: (12,127) (1,555,485)
- **Other assets**: (26,263) 7,645

(Decrease) in liabilities:

- **Accounts payable and accrued expenses**: (54,916) 152,724
- **Deferred rent**: 361,845 (36,831)
- **Escrow deposits**: 37,750 13,494
- **Agency payable**: (61) (46,827)

**Net cash provided by (used in) operating activities**: 8,004,399 (2,524,861)

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(3,006,222)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>(26,820)</td>
<td>(717,600)</td>
</tr>
</tbody>
</table>

**Net cash used in investing activities**: (3,033,042) (717,600)

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction - NMTC</td>
<td>243,015</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from notes payable</td>
<td>41,250</td>
<td>1,834,862</td>
</tr>
<tr>
<td>Lines of credit, net</td>
<td>(300,000)</td>
<td>400,000</td>
</tr>
<tr>
<td>(Payment) proceeds from HOME note payable</td>
<td>(654,000)</td>
<td>600,000</td>
</tr>
<tr>
<td>Payments on notes payable - Small Business Administration</td>
<td>-</td>
<td>(150,475)</td>
</tr>
<tr>
<td>Payments on notes payable</td>
<td>(554,719)</td>
<td>(74,792)</td>
</tr>
</tbody>
</table>

**Net cash (used in) provided by financing activities**: (1,224,454) 2,609,595

**Net change in cash**: 3,746,903 (632,866)

**Cash, beginning of year**: 624,775 1,257,641

**Cash, end of year**: $ 4,371,678 $ 624,775

### Supplemental Disclosure of Cash Flow Information

- **Transfer of property to homeowners**: $ 4,282,660 $ 1,936,427
- **In-kind donations**: 428,282 335,880
- **Donated lots**: 146,701 47,424
- **Interest paid**: 101,079 31,642

The accompanying notes are an integral part of these financial statements
Habitat for Humanity
of Hillsborough County Florida, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. **Organization and Operations**

Habitat for Humanity International, Inc. (“HFHI”) was founded in 1976 by Millard and Linda Fuller. The concept of Habitat for Humanity is that each Habitat Affiliate and those in need of adequate shelter would work side-by-side with volunteers to build affordable, decent homes. Habitat for Humanity of Hillsborough County Florida, Inc. (“Habitat” or the “Organization”) became an Affiliate in 1987 and is a tax-exempt Not-for-Profit organization. Seeking to put God’s love into action, Habitat brings people together to build homes, communities, and hope.

The Organization’s Program Services include its home construction program, thrift retail operations (d.b.a. the ReStore), and homeowner service programs, all of which are provided principally to residents in Hillsborough County.

2. **Significant Accounting Policies**

**Basis of Accounting**
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

**Basis of Presentation**
Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. The accompanying financial statements include the accounts of the Organization. The Organization 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 available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various reasons.
- **Net assets with donor restrictions** – Net assets subject to donor-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 that 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.
Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on deposit with financial institutions. The Organization considers all highly liquid instruments with initial maturity of three months or less as cash equivalents.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash held in financial institutions in excess of federally insured limits. From time to time the Organization’s cash balances may have exceeded the federally insured limits. The Organization has not experienced any losses on such accounts, and by managing the deposit concentration risk by placing cash with credit-worthy financial institutions, management believes it is not exposed to any significant risk on bank deposit accounts.

Contributions and Unconditional Promises
Contributions and unconditional promises to give are measured at their fair values and are reported as an increase in net assets when received. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized.

Amounts restricted for future periods or restricted for specific purposes are reported as net assets with donor restrictions. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified to net assets without donor restrictions and reported as satisfactions of program restrictions and net assets released. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Other Receivables
Other receivables consist primarily of closing costs and escrow funds due from homeowners.
Inventory
ReStore inventory includes donated and purchased household building materials, appliances, and furniture that are sold at the Habitat Restores. With few exceptions, the donated items are used, resulting in an undeterminable net realizable value. For those items, inventory is not recorded. Purchased merchandise is stated at lower of cost or net realizable value, with cost being determined by the first-in, first-out method.

The Organization’s inventory includes homes under construction, consisting of labor, material, and lot costs using the specific identification method. It also includes indirect construction costs incurred during the construction period. The Organization transferred 20 homes to homeowners in 2022, and 10 in 2021.

Assets Held in Escrow
The Organization currently services some of the mortgage notes on certain homes it sells. Some are serviced by Amerinat, a third party servicer. Included in assets held in escrow are cash amounts received for insurance and property taxes on such homes. These cash amounts are recorded as an asset, which is offset by a related liability.

Mortgages Receivable
Mortgages receivable consist predominantly of non-interest bearing residential first mortgages secured by real estate and payable in monthly installments over the life of the mortgage, generally over 30 years. All of the mortgages are related to new construction or the rehabilitation of existing homes rehabilitated by the Organization. These mortgages receivable are shown on the statement of financial position discounted by the average commitment rate per the Freddie Mac Primary Mortgage Market Survey prevailing interest rates at the inception of each mortgage.

In addition to the mortgages receivable included in the statement of financial position, the Organization also enters into equity creation agreements with certain homebuyers. These equity creation agreements known as a "silent second mortgage" originate at the same time of the first mortgage and reflect the difference between the purchase price and the fair market value of the house. This equity creation agreement is part of the mortgage document and is executed for protection against homeowners who may sell their house for a profit before the mortgage is repaid and to protect the homeowner by preventing predatory lenders from paying off the first mortgage and saddling the homeowners with an onerous new mortgage. This amount is considered forgiven by the mortgagee over the life of the mortgage and the mortgagor agrees that the remaining balance is secured by the mortgage until forgiven in full. The Organization does not
record a value for the equity creation agreements as it is unlikely that the amount will ever be collected.

The Organization uses established underwriting criteria to ensure that only applicants who meet the Organization’s financial and credit criteria are approved to be partner homeowners and receive a non-interest bearing mortgage loan from the Organization. This includes, but is not limited to, a thorough review of each prospective homeowner's credit report, sources of income, and financial history. The Organization regularly reviews its mortgages receivable and monitors the accounts for delinquencies.

The Organization, through their mortgage servicing agent, has documented delinquency procedures that are followed starting 5 days after the payment due date. Once a payment is 30 days or more delinquent, the servicing agent will send a letter that will include the Consumer Financial Protection Bureau mandated notification informing the borrower of the available loss mitigation options. If the homeowner does not cure the default within 120 days, foreclosure proceedings may be initiated.

Non-interest bearing mortgages originated are discounted based on prevailing market rates at the time of the sale, which results in the net mortgage receivable balances being generally less than 50% of the home's fair market value. Therefore, the Organization believes that losses resulting from non-payment of mortgage notes receivable, given its collateral value, are not likely. Accordingly, the Organization has not recorded an allowance for mortgages receivable.

**Land Held for Development**
Land held for development includes the cost of land and improvements to land or, if donated, the approximate fair value of the land at the date of the donation, held for future construction of homes.

**Beneficial Interest in Assets Held by Foundation**
The beneficial interest in assets held by foundation is recorded at fair value in the statement of financial position. Changes in the fair value of the beneficial interest in assets held by foundation are recorded as investment income in the statement of activities and changes in net assets.

**Fair Value of Financial Instruments**
The Organization measures beneficial interest in assets held by foundation at fair value on a recurring basis (at least annually). The Organization follows accounting guidance, which defines fair value and specifies a hierarchy of valuation techniques used to measure fair value. The
disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

- **Level 1** – Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Organization.

- **Level 2** – Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.

- **Level 3** – Unobservable inputs based on the Organization’s own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment when the asset has a useful life beyond one year or when the expenditure extends the useful life of an existing asset. Depreciation is provided using the straight-line method over the estimated useful lives of assets which range from 3 to 39 years. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as assets with donor restrictions. In the absence of such stipulations, gifts of property are recorded as assets without donor restrictions.

**Impairment on Long-Lived Assets**

The Organization’s long-lived assets, such as land, building, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the asset.
Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position. The Organization recognized no impairment for the years ended June 30, 2022 and 2021.

**Investment in Joint Venture**
In November 2021, The Organization entered into the New Markets Tax Credits (the “NMTC”) program. NMTC programs were established as part of the Community Renewal Tax Relief Act of 2000. The goal of NMTC programs is to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in a certified community development entity (the “CDE”). The tax credit for investors equals 39% of the investment, which is credited over a seven-year period. A CDE is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities.

**Intangible Assets**
Intangible assets consist of an Affiliate Guaranty Fee relating to NMTC. The intangible asset is amortized over 84 months.

**Other Assets**
Other assets consist mainly of prepaid expenses and refundable deposits.

**Revenue Recognition**
The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (Topic 606), which provides a five-step model for recognizing revenue from contracts with customers as follows:
- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied
The Organization’s activities are primarily supported through sales of homes, contributions from individual, corporate, and foundation donors, store product sales, grants, and fundraising activities.

The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

**Contributions**
Contributions represent a nonreciprocal transfer and do not represent the sale of goods or services. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, or when a pledge becomes due, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

**Transfers to Homeowners**
The Organization recognizes revenue from home sales when a closing occurs. A closing is considered to occur, and performance obligation satisfied when title, possession, and other attributes of ownership have been transferred to the buyer; and the Organization is not obligated to perform significant activities after the sale. Revenue from the sale of homes is recorded on the statement of activities as transfers to homeowners. Transfers to homeowners are recorded at the gross mortgage amount plus down payment received.
Non-interest bearing mortgages have been discounted based upon the average commitment rate per the Freddie Mac Primary Mortgage Market Survey. Utilizing the effective interest method, this discount will be recognized as mortgage discount amortization income over the term of the mortgage.

**Habitat ReStore Sales**

Habitat ReStore sales are recognized as revenue at the time merchandise is transferred to the customer, the single performance obligation. Historically, sales returns have not been significant.

**Federal, State, and Local Government Grants**

The Organization receives awards from government agencies. Such award instruments are to be used for specific programs in accordance with compliance requirements. These grants are considered conditional contributions and the recognition of grant revenue is deferred until barriers imposed under the grant document are met by the Organization. Revenue is recognized as the related qualifying expenses are incurred as allowable by the grants.

**Sales of Mortgages**

The Organization accounts for sales of mortgages receivable under FASB ASC 860-20, Sales of Financial Assets. Gain on sale of loans sold are recognized when the loans are sold and include cash from any sale and the write off of any discounts on the mortgage.

**Donated Services and In-Kind Contributions**

Donated services, materials, and land are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. These are reflected in the accompanying statement of activities, at their estimated fair market values at the date of receipt. Contributions of services are recorded if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2022 and 2021, the Organization recorded donation revenue of $428,282 and $335,880, respectively, related to donations of building materials and services. During the years ended June 30, 2022 and 2021, the Organization received $146,701 and $47,424, respectively, in donated lots from various financial institutions and donors recorded at their appraised value which approximates fair value.
Advertising Costs
Advertising costs are expensed as incurred and were $72,574 and $60,387 for the years ended June 30, 2022 and 2021, respectively.

Functional Expenses
The costs of providing the programs and supporting services have been reported on a functional basis in the statement of functional expenses. Certain direct, indirect, and administrative expenses are incurred which benefit more than one program. The Organization, therefore, allocates these expenses accordingly using time charged to employees and other various methods.

Income Tax Status
Habitat is organized as a not-for-profit organization under the laws of the State of Florida and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and corresponding Florida provisions. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Organization follows the guidance of Accounting Standards Codification (“ASC”) 740, Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the year ended June 30, 2022. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

Reclassifications
Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Recent Accounting Pronouncements Adopted
In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets. The purpose of this ASU is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of financial assets were received and how they are used and recognized by the NFP.
Recent Accounting Pronouncements Not Yet Adopted
In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This standard is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee is required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP – which requires only capital leases to be recognized on the balance sheet – this new ASU requires both types of leases to be recognized on the balance sheet. This ASU will take effect for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of this pending new standard.

3. Inventory
Inventory consists of the following as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction in process</td>
<td>$2,371,725</td>
<td>$1,993,759</td>
</tr>
<tr>
<td>ReStore inventory</td>
<td>59,426</td>
<td>65,363</td>
</tr>
<tr>
<td><strong>Total inventory</strong></td>
<td><strong>$2,431,151</strong></td>
<td><strong>$2,059,122</strong></td>
</tr>
</tbody>
</table>

4. Mortgages Receivable
The initial amount of each mortgage loan approximates the appraised value of the house, plus mortgage discount expense. The notes on these mortgages are non-interest bearing, payable in equal monthly installments, and are secured by deeds of trust on the properties. The payments collected on these mortgages are used to help fund future home construction. The notes have been discounted using the average commitment rate per the Freddie Mac Primary Mortgage Market Survey prevailing interest rates at the inception of each mortgage using the effective interest method over the lives of the mortgages. The interest rates used to determine the discount range from 3.9% to 7.0%. As mortgage payments are made, the Organization recognizes the amortization of the discount as revenue.
Mortgages receivable consist of the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing loans at face value</td>
<td>$ 764,411</td>
<td>$ 1,090,824</td>
</tr>
<tr>
<td>Less: unamortized discount based on imputed interest</td>
<td>(318,543)</td>
<td>(383,640)</td>
</tr>
<tr>
<td>Mortgage notes receivable, net</td>
<td>$ 445,868</td>
<td>$ 707,184</td>
</tr>
</tbody>
</table>

The Organization occasionally has loans that are past due on payments. The mortgages are secured by the property. Therefore, the Organization has not recorded an allowance against the non-performing loans.

Through relationships forged with local financial institutions, the Organization has the ability to sell individually identified mortgages receivable to regulated financial institutions. Amerinat continues to service these mortgages by collecting payments from homeowners on behalf of the purchasing financial institutions. Homeowner payments are remitted by the Organization to the purchasing financial institutions in arrears. Accordingly, the Organization has reported an agency payable liability in the amount of $39,379 and $39,440 as of June 30, 2022 and 2021, respectively. This reflects the homeowner payments held by the Organization that must be subsequently remitted to the purchasing financial institutions. For the years ended June 30, 2022 and 2021, Habitat sold 4 and 7 of its mortgages, respectively.

As of June 30, 2022, the balances due on the mortgages held by the Organization that are scheduled to be received for the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$ 20,083</td>
</tr>
<tr>
<td>2024</td>
<td>18,168</td>
</tr>
<tr>
<td>2025</td>
<td>17,475</td>
</tr>
<tr>
<td>2026</td>
<td>15,696</td>
</tr>
<tr>
<td>2027</td>
<td>16,928</td>
</tr>
<tr>
<td>Thereafter</td>
<td>357,518</td>
</tr>
<tr>
<td>Total</td>
<td>$ 445,868</td>
</tr>
</tbody>
</table>
5. Property and Equipment

Property and equipment consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2022</th>
<th>June 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$1,054,523</td>
<td>$1,052,049</td>
</tr>
<tr>
<td>Land</td>
<td>579,050</td>
<td>579,050</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>205,793</td>
<td>205,793</td>
</tr>
<tr>
<td>Automobile</td>
<td>112,009</td>
<td>107,766</td>
</tr>
<tr>
<td>Equipment</td>
<td>87,016</td>
<td>87,016</td>
</tr>
<tr>
<td>Office equipment</td>
<td>149,433</td>
<td>129,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,187,824</strong></td>
<td><strong>2,161,018</strong></td>
</tr>
</tbody>
</table>

Less: accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(882,264)</td>
<td>(781,062)</td>
<td></td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td><strong>$1,305,560</strong></td>
<td><strong>$1,379,956</strong></td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2022 and 2021 was $101,216 and $142,344, respectively.

6. Operating Leases

The Organization had multiple lease obligations during the year ended June 30, 2022, which expire on various future dates. These leases include rent, and several trucks. Lease expense for these operating leases for the years ended June 30, 2022 and 2021 was $258,629 and $308,553, respectively.

The following is a schedule by years of the future minimum lease payments:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$215,126</td>
</tr>
<tr>
<td>2024</td>
<td>224,181</td>
</tr>
<tr>
<td>2025</td>
<td>224,181</td>
</tr>
<tr>
<td>2026</td>
<td>204,841</td>
</tr>
<tr>
<td>2027</td>
<td>199,333</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,067,662</strong></td>
</tr>
</tbody>
</table>
7. Liquidity and Availability of Financial Assets

The Organization’s management monitors its liquidity so that it is able to cover operating expenses. Management budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the board of directors before the beginning of the next fiscal year.

The following represents the Organization’s financial assets available to meet general expenditures over the next 12 months at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,371,678</td>
<td>$624,775</td>
</tr>
<tr>
<td>Due from related party</td>
<td>347,655</td>
<td>5,901</td>
</tr>
<tr>
<td>Unconditional promise to give</td>
<td>12,587</td>
<td>23,334</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>536,357</td>
<td>54,000</td>
</tr>
<tr>
<td>Other receivables</td>
<td>33,060</td>
<td>33,449</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>$5,331,037</strong></td>
<td><strong>$741,459</strong></td>
</tr>
</tbody>
</table>

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. The Organization expects to cover operating expenses through contributions, home sales, ReStore sales and available cash.

8. Beneficial Interest in Assets Held by Foundation

The Organization established a fund within the Community Foundation of Tampa Bay (CFTB). This fund is the Habitat for Humanity of Hillsborough County Reserve Fund, an agency reserve fund. This fund is used to hold the Organization’s non-endowment and reserve funds. The assets are composed of cash and cash equivalents, fixed income, equity securities, and real and tangible asset funds. The portfolio is managed by an investment company with oversight by CFTB. The balance in this fund as of June 30, 2022 amounted to $2,824,734.

In addition to the agency reserve fund disclosed above, the CFTB holds additional funds designated as benefiting the Organization. The CFTB has variance power over these funds, which allows the CFTB to modify any restrictions on the funds, including re-designating the funds to another beneficiary organization, as determined by the sole judgment of the CFTB’s governing board. As a result, these funds are not considered assets of the Organization and are not included in the Organization’s financial statements.
9. **Fair Value Measurement**

The Organization’s investments are reported at fair value in the accompanying statement of financial position. Following is a description of the valuation methodologies used for investments that are measured at fair value.

Beneficial interest in assets held by foundations – the investments are managed by a third party unrelated to the Organization. The assets are valued based upon the third party information without adjustment. The Organization does not develop, nor are they provided with, the quantitative inputs used to develop the fair market values.

Fair value of assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Total Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2022</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial interest in assets held by foundations</td>
<td>$ 2,824,734</td>
<td>–</td>
<td>–</td>
<td>$2,824,734</td>
</tr>
<tr>
<td><strong>June 30, 2021</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial interest in assets held by foundations</td>
<td>$ 71,762</td>
<td>–</td>
<td>–</td>
<td>$71,762</td>
</tr>
</tbody>
</table>

10. **Notes Payable**

Notes payable consists of the following as of June 30:

<table>
<thead>
<tr>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable in monthly payments of $4,656 including interest at 5.00% per annum until maturity in December 2021. Secured by a mortgage on the property.</td>
<td>$</td>
</tr>
<tr>
<td>Note payable in monthly payments of $443 including interest at 3.98% per annum until maturity in July 2021. Secured by vehicle purchased with proceeds.</td>
<td>–</td>
</tr>
</tbody>
</table>
Note payable in monthly payments of $634 including interest at 3.90% per annum until maturity in December 2022. Secured by vehicle purchased with proceeds.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>–</td>
<td>Note payable to Habitat International as part of the SHOP 2016 grant with total monthly payments ranging from $78 to $252 at 0% interest, maturing between June 2024 and December 2024.</td>
</tr>
<tr>
<td>11,650</td>
<td></td>
</tr>
<tr>
<td>7,859</td>
<td>Note payable to Habitat International as part of the SHOP 2017 grant with total monthly payments of $458 at 0% interest, maturing January 2026.</td>
</tr>
<tr>
<td>11,819</td>
<td></td>
</tr>
<tr>
<td>22,000</td>
<td>Note payable to Habitat International as part of the SHOP 2018 grant with total monthly payments of $437 at 0% interest, maturing July 2026.</td>
</tr>
<tr>
<td>22,000</td>
<td></td>
</tr>
<tr>
<td>21,000</td>
<td>Note payable to Habitat International as part of the SHOP 2019 grant with total monthly payments of $338 at 0% interest, maturing December 2026.</td>
</tr>
<tr>
<td>16,250</td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>Note payable to Habitat International as part of the SHOP 2020 grant with total monthly payments of $520 at 0% interest, maturing December 2027.</td>
</tr>
<tr>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>Note payable in monthly payments of $599 including interest at 7.34% per annum until maturity. Secured by vehicle purchased with proceeds.</td>
</tr>
<tr>
<td>–</td>
<td></td>
</tr>
<tr>
<td>29,926</td>
<td>Note payable, payable on demand. If no demand is made, then the Organization will make monthly payments of $3,437 including interest at 3.25% interest, maturing March 2036. Secured by mortgage on real property.</td>
</tr>
<tr>
<td>481,223</td>
<td></td>
</tr>
<tr>
<td>1,280,000</td>
<td>Note payable in monthly payments of interest only at 2.75% until maturity in March 2023 when all principal and accrued interest is due. Secured by mortgage on real property and personal property.</td>
</tr>
<tr>
<td>1,280,000</td>
<td></td>
</tr>
</tbody>
</table>
Note payable in monthly payments of interest only at 7.38% until November 5, 2029 when monthly payments of principal and interest of $62,289 begin. This loan matures in November 2050, is secured by real property and relates to NMTC transaction.  

1,297,550  –

Note payable in monthly payments of interest only at 7.38% until November 5, 2029 when monthly payments of principal and interest of $6,921 begin. This loan matures in November 2050, is secured by real property and relates to NMTC. 

396,767  –

Less – unamortized structuring fee and closing costs (119,789)  –

Total notes payable $2,946,637  $1,885,578

Future maturities of notes payable at June 30, 2022 are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$1,293,761</td>
</tr>
<tr>
<td>2024</td>
<td>19,940</td>
</tr>
<tr>
<td>2025</td>
<td>19,161</td>
</tr>
<tr>
<td>2026</td>
<td>13,571</td>
</tr>
<tr>
<td>2027</td>
<td>2,221</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,597,983</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,946,637</strong></td>
</tr>
</tbody>
</table>

11. Lines of Credit

On June 21, 2019, the Organization entered into a line of credit (LOC) with a financial institution in the amount of $500,000 with annual renewal at the discretion of the bank. The facility bears a variable interest Prime Rate as published by the Wall Street Journal plus one half of a percentage point, which results in a 5.25% rate at June 30, 2022. However, the rate has a floor of 4%. As of June 30, 2022 and 2021, the outstanding balance was $0 and $500,000 on this line of credit.
On June 28, 2019, the Organization entered into a LOC with a financial institution in the amount of $250,000 with no maturity date. The facility bears a variable interest at Prime Rate as published in the Wall Street Journal which was 5.25% at June 30, 2022 and matures on July 26, 2023. The underlying LOC agreement contains certain operational and financial covenants. The Organization is in compliance with those covenants at June 30, 2022. As of June 30, 2022 and 2021, the outstanding balance on the LOC was $0 and $250,000, respectively.

On July 23, 2020, the Company entered into a line of credit (LOC) with a financial institution in the amount of $150,000 with an annual renewal at discretion of the bank. The facility bears a variable interest Prime Rate as published by the Wall Street Journal plus 1.24%, which results in a 5.99% rate at June 30, 2022. As of June 30, 2022 and 2021, the outstanding balance on the LOC was $0 and $150,000, respectively.

On September 29, 2021, the Organization entered into a LOC with a financial institution in the amount of $600,000 with a maturity date of September 29, 2024. The facility bears a fixed interest rate of 3.25%. The underlying LOC agreement contains certain operational and financial covenants. The Organization is in compliance with those covenants at June 30, 2022. As of June 30, 2022 and 2021, the outstanding balance on the LOC was $600,000 and $0, respectively.

12. HOME Deferred Note Payable
On February 3, 2021, the Organization entered into an agreement to which Hillsborough County provides $654,000 in HOME Investment Partnerships Program Funds (“HOME funds”) to the Organization to provide funding for the acquisition of ten developable lots and one drainage lot for the purposes of constructing one single-family home on each of the developable lots to be marketed and sold to low income households. As condition to the receipt of the HOME funds, the Organization entered into a land use restriction agreement. Once the constructed homes are sold to eligible homeowners, those homeowners will enter into a land use restriction agreement with the County and the Organizations agreement will be released along with the note payable. The Organization had received all funds as of June 30, 2022. As the homes were sold and the county released the Organization from the note and associated mortgage, grant revenue was be recorded and the note payable was reduced to $0.
13. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject to expenditure for specified purpose or time restriction:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use restriction</td>
<td>$474,166</td>
<td>$78,226</td>
</tr>
<tr>
<td>Donated land</td>
<td>223,575</td>
<td>41,674</td>
</tr>
<tr>
<td></td>
<td>697,741</td>
<td>119,900</td>
</tr>
<tr>
<td>Subject to spending policy:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial interest in assets held by foundation</td>
<td>–</td>
<td>71,762</td>
</tr>
<tr>
<td>Total restricted net assets</td>
<td>$697,741</td>
<td>$191,662</td>
</tr>
</tbody>
</table>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use restriction</td>
<td>$60,034</td>
<td>$129,919</td>
</tr>
<tr>
<td>Donated labor and materials</td>
<td>–</td>
<td>1,945</td>
</tr>
<tr>
<td>Donated land</td>
<td>–</td>
<td>143,917</td>
</tr>
<tr>
<td>Beneficial interest in assets held by foundations</td>
<td>71,762</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>$131,796</td>
<td>$275,481</td>
</tr>
</tbody>
</table>

14. Transactions with Habitat International

The Organization remits a portion of its contributions without donor restrictions to Habitat International as tithe to support Habitat International’s efforts in other countries. The Organization contributed $52,031 and $33,750 to Habitat International during the years ended June 30, 2022 and 2021, respectively. These amounts are included in program services expense in the statements of activities.

NMTC financing allows organizations such as affiliates of HFHI to receive low interest loans or investment capital from CDEs, primarily financial institutions, which will allow their investors to receive tax credits. As a result of participation in the NMTC program, the Organization has obtained low interest loans amounting to $1,694,317 which are described in note 10. The Organization’s initial investment amounted to $1,246,278 consisting of construction in progress inventory.
Investments in joint ventures are accounted for under the equity method, with the Organization’s share of the operating results of the joint venture reflected in investment income. All distributions received will be used to pay off the Qualified Low Income Community Investments Loans as described in note 10.

15. Related Party Transactions
The Organization constructs homes for a non-profit related party who sells homes to qualified Habitat homeowner candidates. The Organization was paid $238,880 and approximately $1,086,000 for the years ended June 30, 2022 and 2021, respectively for those services. The Organization advances funds throughout the year for the related party to begin construction on homes. The related party sold 0 and 7 homes in 2022 and 2021, respectively.

16. 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.

17. Concentrations
For the year ended June 30, 2022, one donation accounted for 40% of the Organization’s support and revenue.

18. Subsequent Events
The Organization has evaluated the need for adjustments and/or disclosure resulting from subsequent events in these financial statements through November 23, 2022, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosures in the financial statements.