



**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2023 AND 2022

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Habitat for Humanity of Greater Sacramento, Inc.**

Opinion

We have audited the accompanying consolidated financial statements of Habitat for Humanity of Greater Sacramento, Inc. (Habitat) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Greater Sacramento, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Greater Sacramento, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the entity'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity'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.

A handwritten signature in blue ink that reads "WILLIAMS & POTTS". The signature is stylized and cursive.

Sacramento, California
November 27, 2023

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,485,142	\$ 8,454,741
Restricted cash and cash equivalents	96,983	88,405
Investments	205,775	61,166
Grants receivable	304,610	570,995
Neighborhood revitalization receivable, net	713,568	348,059
Prepaid expenses and deposits	81,714	61,338
Inventories	193,779	154,117
Current portion of mortgages receivable, net	404,852	264,143
Current portion of pledged mortgages receivable, net	227,935	221,431
Homes awaiting transfer	112,952	-
Current portion of construction in progress	3,567,255	1,368,975
Total current assets	12,394,565	11,593,370
Non-current assets		
Mortgages receivable, net of current portion	4,919,061	3,611,533
Pledged mortgages receivable, net of current portion	1,932,041	2,147,250
Cal-Home mortgages receivable	2,329,975	2,069,401
Land, buildings, and equipment, net of accumulated depreciation	1,195,919	867,875
Construction in progress, net of current portion	301,345	286,213
Operating lease right-of-use-assets	2,272,681	-
Total non-current assets	12,951,022	8,982,272
TOTAL ASSETS	\$ 25,345,587	\$ 20,575,642
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 572,864	\$ 381,982
Current portion of secured financing	130,888	126,612
Current portion of notes payable	53,481	52,178
Total current liabilities	757,233	560,772
Non-current liabilities		
Contract liabilities	391,000	363,000
Secured financing, net of current portion	2,758,268	2,869,577
Notes payable, net of current portion	350,861	445,349
Operating lease liability	2,286,287	-
Total non-current liabilities	5,786,416	3,677,926
TOTAL LIABILITIES	6,543,649	4,238,698
COMMITMENTS AND CONTINGENCIES		
	-	-
NET ASSETS		
Without donor restrictions	11,326,016	9,554,268
With donor restrictions	7,475,922	6,782,676
TOTAL NET ASSETS	18,801,938	16,336,944
TOTAL LIABILITIES AND NET ASSETS	\$ 25,345,587	\$ 20,575,642

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	June 30, 2023			June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 595,706	\$ 3,065,648	\$ 3,661,354	\$ 6,263,906	\$ 2,325,039	\$ 8,588,945
Homes transferred	3,122,912	1,320,720	4,443,632	3,237,540	-	3,237,540
ReStore sales	1,234,381	-	1,234,381	973,907	-	973,907
Grants	1,066,676	-	1,066,676	598,495	-	598,495
Neighborhood revitalization	674,357	-	674,357	292,169	-	292,169
Amortization of mortgage discounts	614,115	-	614,115	624,428	-	624,428
Contributions of nonfinancial assets	338,443	-	338,443	68,517	-	68,517
Special events, net of direct costs	7,487	136,602	144,089	27,191	106,989	134,180
Interest income	142,805	-	142,805	11,645	-	11,645
Donated securities	103,078	-	103,078	-	-	-
Investment return, net	41,532	-	41,532	(37,810)	-	(37,810)
Other revenue	35,772	-	35,772	8,287	-	8,287
<i>Net assets released from restrictions</i>	3,829,724	(3,829,724)	-	933,051	(933,051)	-
TOTAL SUPPORT AND REVENUE	11,806,988	693,246	12,500,234	13,001,326	1,498,977	14,500,303
EXPENSES						
Program services	8,347,712	-	8,347,712	6,459,421	-	6,459,421
Management and administrative	1,012,818	-	1,012,818	702,082	-	702,082
Fundraising	674,709	-	674,709	539,000	-	539,000
TOTAL EXPENSES	10,035,240	-	10,035,240	7,700,503	-	7,700,503
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	1,771,748	693,246	2,464,994	5,300,823	1,498,977	6,799,800
NON-OPERATING ACTIVITIES:						
Forgiveness of SBA loan	-	-	-	284,877	-	284,877
CHANGE IN NET ASSETS	1,771,748	693,246	2,464,994	5,585,700	1,498,977	7,084,677
NET ASSETS AT BEGINNING OF YEAR	9,554,268	6,782,676	16,336,944	3,968,568	5,283,699	9,252,267
NET ASSETS AT END OF YEAR	\$ 11,326,016	\$ 7,475,922	\$ 18,801,938	\$ 9,554,268	\$ 6,782,676	\$ 16,336,944

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	June 30, 2023				June 30, 2022			
	Program Services	Management and Administrative	Fund- raising	Total	Program Services	Management and Administrative	Fund- raising	Total
Salaries	\$ 1,072,317	\$ 312,949	\$ 364,963	\$ 1,750,229	\$ 733,521	\$ 305,362	\$ 335,539	\$ 1,374,422
Payroll taxes and employee benefits	335,141	65,920	80,520	481,582	189,578	55,930	47,527	293,035
Total salaries and related costs	1,407,458	378,869	445,483	2,231,810	923,099	361,292	383,066	1,667,457
Mortgage discount given	2,595,306	-	-	2,595,306	1,818,649	-	-	1,818,649
Cost of homes sold	1,705,890	-	538	1,706,428	2,831,553	11,157	-	2,842,710
Home preservation	1,274,914	14,591	11,317	1,300,822	-	-	-	-
Forgiven mortgages	529,846	1,109	-	530,955	160,450	-	-	160,450
Rent and occupancy	328,802	49,098	32,344	410,244	161,934	-	17,408	179,342
Equipment, small tools and supplies	165,370	66,557	29,881	261,808	144,506	29,942	8,906	183,354
Professional services	47,240	113,347	46,562	207,149	26,625	57,829	6,042	90,496
Miscellaneous	38,897	70,008	535	109,440	30,413	9,830	1,756	41,999
Bank fees and loan interest	23,735	72,090	369	96,195	201,939	30,830	553	233,322
Affiliation fees	25,000	66,784	-	91,784	25,340	15,668	876	41,884
Marketing	16,972	1,253	70,285	88,510	13,973	1,382	68,914	84,269
Depreciation	-	71,565	-	71,565	-	56,246	-	56,246
Repairs and maintenance	48,473	16,498	3,448	68,420	35,756	8,953	3,167	47,876
Insurance	33,321	11,107	11,107	55,535	20,981	4,182	6,562	31,725
Tithes to Habitat International	37,237	14,904	-	52,142	-	85,624	-	85,624
Utilities and phone	38,976	4,749	5,268	48,993	33,216	4,795	4,580	42,591
Travel and training	13,282	16,133	6,722	36,137	13,745	16,756	9,044	39,545
Postage and freight	-	34,519	-	34,519	487	2,699	853	4,039
Printing	16,446	5,770	10,848	33,065	16,680	4,447	27,283	48,410
Board travel and meetings	547	3,866	-	4,413	75	450	-	525
	<u>\$ 8,347,712</u>	<u>\$ 1,012,818</u>	<u>\$ 674,709</u>	<u>\$ 10,035,240</u>	<u>\$ 6,459,421</u>	<u>\$ 702,082</u>	<u>\$ 539,010</u>	<u>\$ 7,700,513</u>

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,464,994	\$ 7,084,677
<i>Adjustments to reconcile the change in net assets to net cash provided by/(used in) operating activities:</i>		
Depreciation	71,565	56,247
Amortization of loan fees	1,732	1,732
Amortization of secured financing costs	2,465	3,403
Provision for bad debt expense	20,116	(1,161)
Sale of homes recognized through issuance of mortgage notes	(4,668,593)	(2,828,585)
Amortization of mortgage loan discount	(381,240)	(635,111)
Discount on secured financing	19,580	18,645
Mortgage discount given	1,757,209	1,127,868
Write-off of forgiveness	106,925	160,450
Cal-Home mortgage discount given	838,097	701,462
Cal-Home mortgage reuse	71,930	7,350
Gain on debt forgiveness	-	(284,877)
Donated securities	(103,078)	(61,166)
Loss (gains) on investments	(41,531)	-
<i>Change in operating assets and liabilities</i>		
Grant receivable	266,385	(538,495)
Neighborhood revitalization receivable	(365,509)	(112,546)
Prepaid expenses and deposits	(20,376)	10,163
Inventories	(39,662)	(31,526)
Construction in progress	(2,213,412)	114,856
Homes awaiting transfer	(112,952)	-
Operating lease assets and liabilities	13,606	-
Accounts payable and accrued expenses	150,036	105,137
Impound accounts held	40,846	(30,305)
Contract liabilities and deferred lease liability	28,000	38,074
NET (CASH USED IN) PROVIDED BY OPERATING ACTIVITIES	(2,092,867)	4,906,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on mortgage notes receivable	385,608	282,855
Payments received on pledged mortgage notes receivable	297,911	225,349
Payments received on Cal-Home mortgages receivable	71,931	7,350
Leasehold improvements and equipment	(399,609)	(64,749)
NET CASH PROVIDED BY INVESTING ACTIVITIES	355,841	450,805

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(115,769)
Payments on Habitat for Humanity International, Inc. notes payable	(9,624)	(10,848)
Proceeds from secured financing	-	80,510
Payments on secured financing	(129,077)	(233,622)
Principal payments on mortgage securitization loan payable	(85,294)	(40,743)
	<u>(223,995)</u>	<u>(320,472)</u>
NET CASH USED IN FINANCING ACTIVITIES		
	<u>(223,995)</u>	<u>(320,472)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,961,021)	5,036,625
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>8,543,146</u>	<u>3,506,521</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 6,582,125</u>	<u>\$ 8,543,146</u>
<u>SUPPLEMENTAL INFORMATION:</u>		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 75,168</u>	<u>\$ 79,293</u>

The accompanying notes are an integral part of these financial statements.

**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE A - ORGANIZATION

Habitat for Humanity of Greater Sacramento, Inc., formerly Sacramento Habitat for Humanity, Inc., (“Habitat”) (a nonprofit corporation) was incorporated on September 11, 1985. Habitat is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a non-denominational, Christian, nonprofit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with resources such as information, training and publications, Habitat is primarily and directly responsible for its own operations which are located in Sacramento and Yolo counties. Habitat receives the majority of its funding through grants and cash and noncash contributions.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The consolidated financial statements of Habitat have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require Habitat to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Habitat’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Habitat or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Consolidation: The accompanying consolidated financial statements reflect the consolidation of Habitat and its wholly-owned single member limited liability company, SHFH Funding Company, LLC.

Measure of Operations: The Statements of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Habitat’s ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents: Habitat considers all highly liquid investments available for current use with a maturity of three months or less at the time of purchase to be cash equivalents.

**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Land, Buildings, and Equipment: Land, buildings, and equipment are recorded at acquisition cost or at estimated fair market value as of date of donation. Depreciation expense is provided on a straight-line basis over the estimated useful life of the respective asset, ranging from three to twenty-five years. Maintenance and repairs are charged to expense as incurred. Renewals and betterments over \$500, which extend useful lives of assets, are capitalized.

Construction in Progress: The costs associated with the construction of a home, including direct labor, are recognized as construction in progress (CIP). Total payroll costs capitalized during the years ended June 30, 2023 and 2022 amounted to \$319,373 and \$225,564 respectively. Upon completion of a home, the home's CIP balance is reclassified to the Homes Awaiting Transfer account until such time as title transfers to the homeowners. Management reviews CIP for impairment, based primarily on the expected sales price of each home, whenever circumstances arise which could impact Habitat's ability to recover its costs. Management believes that no such impairments have occurred at June 30, 2023 and 2022.

Fair Value: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between marketplace participants. Various valuation approaches can be used to determine fair value, each requiring different valuation inputs. The following hierarchy classifies the inputs used to determine fair value into three levels:

- *Level 1* – quoted prices in active markets for identical assets or liabilities
- *Level 2* – inputs, other than quoted prices, observable by a marketplace participant either directly or indirectly; and
- *Level 3* – unobservable inputs significant to the fair value measurement.

Habitat utilizes the active market approach (level 1) to measure fair value for its monetary assets, with the exception of pledges and mortgages receivable and land value included in construction in progress, which are valued using the income approach (level 3). The carrying value of Habitat's nonmonetary assets and liabilities approximates fair value.

Contributions and Grants: Contributions and grants are recognized when cash, securities, or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some contributions and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Assets received with donor-imposed conditions are reported as "Refundable Advances" in the Statement of Financial Position until the conditions have been substantially met.

**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

Contributions of nonfinancial assets: A substantial number of volunteers have made significant contributions of their time to Habitat’s program and supporting services. The value of most of this donated time is not reflected in these consolidated financial statements since it is not susceptible to objective measurement, valuation, or does not require a specialized skill. Donated architectural and other professional services associated with construction are recognized if estimated values are received.

Contributions of nonfinancial assets were comprised of the following during the years ended June 30:

		2023		
		Without Donor restriction	With donor restriction	Total
Construction material	\$	705	\$ 62,476	\$ 63,181
Property		145,592	-	145,592
Services		-	128,670	128,670
Miscellaneous		1,000	-	1,000
	\$	147,297	\$ 191,146	\$ 338,443

		2022		
		Without Donor restriction	With donor restriction	Total
Construction material	\$	54,891	\$ -	\$ 54,891
Property		6,771	-	6,771
Services		-	-	-
Miscellaneous		6,855	-	6,855
	\$	68,517	\$ -	\$ 68,517

**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition: Revenue is measured based on the amount of consideration specified in a contract with a customer. Revenue is recognized when earned and as our performance obligations under the terms of the contract are satisfied which generally occurs when the services are provided.

Homes Transferred – Homes transferred are recognized as income at the time the homes are sold. Once all qualifying requirements are met, homes are transferred to the buyer at appraised value, unless grantor restrictions require different sales prices. The resulting non-interest bearing mortgages are discounted based upon annual market rates for affordable housing as determined annually by Habitat for Humanity International and amortized over the term of the mortgages.

ReStore Sales – Restore sales are recognized as income at the time the goods are sold.

Neighborhood Revitalization – Revenue is recognized over time generally using the cost-to-cost method (e.g., costs incurred to date relative to total estimated costs at completion) to measure progress because it depicts the transfer of value to the customer. Contract costs include all direct materials, labor and subcontractor costs and an allocation of indirect costs related to contract performance.

Contract Assets and Liabilities - When billing occurs subsequent to revenue recognition, resulting in unbilled revenue, a contract asset ensues and is presented under the caption “Contract assets” in the Statements of Financial Position. This represents unbilled revenues which arise when revenue has been earned, but the amount will not be billed until a later date. When advances or deposits from customers are received, resulting in deferred revenue, a contract liability ensues and is presented under the caption “Contract liabilities” in the Statements of Financial Position. This represents deferred revenue when Habitat has billed a customer in excess of revenue recognized to date or when payments are received in advance.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, taxes and benefits	Job duties; time and effort
Rent and occupancy	Square footage
Utilities and phone	Square footage

Income Taxes: Habitat has received an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat International by the Internal Revenue Service. Habitat is also exempt from taxation by the State of California under Section 23701d of the Revenue and Taxation Code.

**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates in the Consolidated Financial Statements: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Uncertainty in Income taxes: Habitat is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is, therefore, subject to federal and state taxes only on nonexempt income earned. SHFH Funding Company, LLC is a California single member limited liability company and, for federal income tax purposes, it is considered a disregarded entity. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Habitat to report information regarding its exposure to various tax positions taken. Habitat has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that Habitat has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to Habitat are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the change in net assets.

Leases: Habitat determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and as lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Habitat does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

New accounting pronouncements: The adoption of new accounting guidance is not expected to have a material impact on Habitat's consolidated financial statements.

**HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,485,142	\$ 8,454,741
Cash restricted for:		
SHFH Funding Company, LLC	24,068	25,382
Impound account	<u>72,915</u>	<u>63,023</u>
Total restricted cash	<u>96,983</u>	<u>88,405</u>
 Total cash, cash equivalents, and restricted cash	 \$ <u>6,582,125</u>	 \$ <u>8,543,146</u>

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for investments measured at fair value.

Common stock and money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are appropriate and consistent within the industry, the use of different methodologies or assumption to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table summarizes the investments at June 30, 2023 based on the inputs used to value them:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ <u>205,775</u>	-	-	\$ <u>205,775</u>
Total investments	\$ <u>205,775</u>	\$ -	\$ -	\$ <u>205,775</u>

NOTE E - DONATED INVENTORIES/ReSTORE AND DONATED CONSTRUCTION COSTS

Habitat operates a “ReStore” which sells donated building materials. The fair value of the donated ReStore inventory is not ultimately determined until such time as the inventory is actually sold. ReStore sales in 2023 and 2022 amounted to \$1,234,381 and \$973,907, respectively. Management uses historical records and experience to estimate the value of donated ReStore inventory on hand. Construction materials donated for use in homes under construction and donated professional services are recognized at estimated fair value at time of donation.

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**NOTE E - DONATED INVENTORIES/ReSTORE AND DONATED CONSTRUCTION COSTS –
Continued**

Inventory consists of the following at June 30:

	<u>2023</u>		<u>2022</u>
ReStore inventory	\$ 112,107	\$	80,728
Construction inventory	<u>81,672</u>		<u>73,389</u>
Total	\$ <u>193,779</u>	\$	<u>154,117</u>

NOTE F - MORTGAGES RECEIVABLE

Habitat provides non-interest bearing mortgage loans, payable in monthly installments, to qualified low-income individuals in the greater Sacramento area. All loans are secured by real property with fair values estimated to exceed mortgage balances. Because interest is not charged, Habitat discounts each note using applicable market interest rates for the year of origination. These rates are determined by Habitat for Humanity International at the end of each fiscal year based upon low-income housing credits published by the Federal Government. Discount rates for mortgages held range from 7.23% to 8.48%.

New mortgages received during the years ended June 30, 2023 and 2022 were discounted at 7.49% and 7.23%, respectively.

Mortgages are issued based upon the value of the home and the buyer's qualifications. These may include a "silent second" mortgage or a forgiveness portion, which represents the difference between total construction costs and the sales price of the property. Sales price is determined by appraisal unless grantors impose other restrictions.

The silent second mortgages or forgiveness portions are forgiven at a rate of 5% of the original amount at the end of each anniversary date if all first mortgage payments have been received timely during the prior year. This is used as an incentive for the buyer to remain in the home for a specified period of time and to keep current on mortgage payments. Habitat usually charges 5% interest or \$20, whichever is greater, on past due payments. Forgiveness written off totaled \$530,955 and \$289,512 during 2023 and 2022, respectively.

During the year ended June 30, 2023, discounts recorded for first and second mortgages granted during the year amounted to \$1,757,209 and accretion of discounts amounted to \$758,664. During the year ended June 30, 2022, discounts recorded for first and second mortgages granted during the year amounted to \$1,117,186 and accretion of discounts amounted to \$513,218.

During the year ended June 30, 2023, Habitat on-boarded 23 mortgage loans. It acquired these mortgages from Habitat for Humanity of San Joaquin County, Inc., due to the affiliate ceasing its operations in the year ended June 30, 2023. The mortgages acquired were discounted at a rate of 7.49% and are secured by real property with fair values estimated to exceed mortgage balances.

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JUNE 30, 2023 AND 2022

NOTE F - MORTGAGES RECEIVABLE – Continued

All mortgages are secured by the property and management has estimated an allowance for bad debts based upon overall collection issues. Uncollectible amounts are rare and occur at management’s discretion after all collection efforts have failed. Mortgages receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
First mortgages (including homeowner receivables)	\$ 7,438,490	\$ 5,432,365
Less: unamortized discount	(3,669,687)	(2,833,137)
Less: allowance for uncollectible amounts	(86,466)	(66,350)
	<u>3,682,337</u>	<u>2,532,878</u>
 Second mortgages receivable	 2,849,923	 2,299,944
Less: unamortized discount	(1,208,347)	(957,146)
	<u>1,641,576</u>	<u>1,342,798</u>
	 <u>\$ 5,323,913</u>	 <u>\$ 3,875,676</u>

Cal-Home Mortgage Assistance Program: During the fiscal year ended June 30, 2006, Habitat began use of the State of California, Department of Housing and Community Development, Cal-Home Mortgage Assistance Program. This program provides qualified first-time homebuyers with mortgage assistance funding. The notes are non-interest bearing, require no monthly payments and are due-in-full thirty years from the date of the note. The Cal-Home notes require immediate repayment under certain circumstances, and, if a home is subsequently sold, funds from the payoff are restricted for future first-time qualified homebuyers (Cal-Home ReUse funds).

At June 30, 2023 and 2022, Habitat had \$6,190,850 and \$4,947,629 of Cal-Home mortgage receivables, respectively. At June 30, 2023 and 2022, \$136,683 and \$148,071 is available for Cal-Home ReUse loans, respectively.

Cal-Home mortgages receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cal-Home mortgage receivable	\$ 6,190,850	\$ 4,947,629
Less: unamortized discount	(3,860,875)	(2,878,228)
	<u>\$ 2,329,975</u>	<u>\$ 2,069,401</u>

Habitat discounts the Cal-Home mortgage notes to present value based on an estimated expected repayment term of 20 years. The discount rates range from 7.23% to 8.14% as of June 30, 2023 and 2022. During the year ended June 30, 2023, discounts recorded for Cal-Home mortgages granted during the year amounted to \$838,097 and accretion of discounts amounted to \$144,549. During the year ended June 30, 2022, discounts recorded for Cal-Home mortgages granted during the year amounted to \$701,463 and accretion of discounts amounted to \$111,210.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE G - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 662,835	\$ 662,835
Office and special event equipment	198,786	196,807
Tenant improvements	201,979	155,958
Vehicles	436,716	93,285
Construction equipment	37,079	28,900
	<u>1,537,395</u>	<u>1,137,785</u>
Accumulated depreciation	<u>(341,476)</u>	<u>(269,910)</u>
	<u>\$ 1,195,919</u>	<u>\$ 867,875</u>

NOTE H – NOTE PAYABLE

Notes payable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Note payable to Banner Bank (formerly Premier West Bank), dated April 17, 2012, total amount of credit granted \$979,029, principal and interest payments of \$4,274 are due monthly. Note matures on November 15, 2039.	\$ 404,994	\$ 490,288
Various notes payable to Habitat for Humanity International, Inc. for site improvement costs on approved properties receiving SHOP (HUD’s Self-Help Homeownership Opportunity Program) funding. Non-interest-bearing notes due in monthly principal payments ranging from \$78 to \$537. Notes mature from January 2022 to January 2027.	<u>23,453</u>	<u>33,076</u>
Total principal balance	428,447	523,364
Less unamortized loan fees	<u>(24,105)</u>	<u>(25,836)</u>
Notes payable including current portion of \$53,481 and \$52,178	<u>\$ 404,342</u>	<u>\$ 497,528</u>

Banner Bank

During the year ended June 30, 2012, Habitat entered into a securitization agreement to borrow against fifteen of its mortgage notes receivable. In order to facilitate the securitization, Habitat created a single member limited liability company, SHFH Funding Company, LLC (the LLC) which has been consolidated in the accompanying financial statements. Habitat sold the fifteen mortgages to the LLC and subsequently,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE H - DEBT - Continued

the LLC entered into a note purchase agreement with Banner Bank (“BB”). Under the agreement, Banner Bank purchased the rights to payments of the fifteen mortgage notes at an annual discount rate of 2.8% resulting in an aggregate amount of \$979,029. The fifteen mortgages are serviced by the LLC and payments are remitted to Premier. In connection with the securitization, Habitat incurred loan fees of \$43,300 which are being amortized using the straight-line method over the life of the loan. Loan fees, net of accumulated amortization, of \$24,105 and \$25,826 as of June 30, 2023 and 2022, respectively, are netted against the note payable balance in the accompanying statements of financial position.

Line of Credit

Habitat has a line of credit per annum through May 15, 2024 with River City Bank to provide borrowing capacity up to \$250,000, bearing interest on any outstanding balance at 6.25%. As of June 30, 2023, no balance is outstanding on the line of credit.

NOTE I - SECURED FINANCING AND MORTGAGE LOAN SALES

On June 17, 2021 and July 23, 2020, Habitat entered into a loan purchase and sale agreements with East West Bank. The loans were sold for \$1,160,592 and 977,280, at an annual discount rate of 2.25% and 2.00%. As part of the agreements the 13 mortgages were sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value. Habitat has first right of refusal to repurchase the property if sold by the homeowner. Habitat is responsible for servicing these loans. As of June 30, 2023 and 2022, 13 mortgage loans were outstanding, the loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

On July 23, 2013, Habitat entered into a loan origination agreement with River City Bank. Loans are sold at an annual discount rate of 2.8%. As part of the agreement the mortgages are sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value. Habitat has first right of refusal to repurchase the property if sold by the homeowner. Habitat is responsible for servicing these loans. As of June 30, 2023 and 2022, 11 mortgage loans were outstanding, the loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

On July 23, 2013, Habitat entered into a loan origination agreement with Safe Credit Union. Loans are sold at an annual discount rate of 2.8%. As part of the agreement the mortgages are sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value. Habitat has first right of refusal to repurchase the property if sold by the homeowner. Habitat is responsible for servicing these loans. As of June 30, 2023 and 2022, 7 mortgage loans were outstanding, the loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE I - SECURED FINANCING AND MORTGAGE LOAN SALES - Continued

During the year ended June 30, 2011, Habitat sold seven mortgages to the California Housing Finance Agency (Cal-HFA). The mortgages were sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value.

Cal-HFA is responsible for servicing these loans. In addition to receiving the mortgage principal payments, Cal-HFA also receives impound payments for property taxes and insurance, and in turn is responsible for making property tax and insurance payments on behalf of the homeowners. Full disclosure was made to the homeowners prior to the sale of their mortgage notes to Cal-HFA, and permission was provided to Habitat to receive information from Cal-HFA on their performance. The seven mortgage loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

The secured financing balances as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
East West Bank	\$ 1,939,816	\$ 2,020,936
River City Bank	927,004	956,620
Safe Credit Union	<u>548,228</u>	<u>566,570</u>
Total secured financing balance	2,415,049	3,544,126
Less: unamortized financing discounts and fees	<u>(525,892)</u>	<u>(547,937)</u>
Total secured financing balance, including current portion of \$130,888 and \$126,611	<u>\$ 2,889,156</u>	<u>\$ 2,996,188</u>

The underlying pledged mortgages receivable balance as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
East West Bank	\$ 1,955,940	\$ 2,031,368
River City Bank	1,400,866	1,371,587
Safe Credit Union	418,238	766,910
Banner Bank	<u>620,607</u>	<u>523,697</u>
Total pledged mortgages receivable	4,395,651	4,693,562
Less: unamortized discount	<u>(2,235,675)</u>	<u>(2,324,881)</u>
Total pledged mortgages receivable, including current portion of \$227,935 and \$221,431	<u>\$ 2,159,976</u>	<u>\$ 2,368,681</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE I - SECURED FINANCING AND MORTGAGE LOAN SALES – Continued

The future remaining contractual maturity of the pledged mortgages receivable are as follows at June 30, 2023:

<u>Year Ending June 30</u>		
2024	\$	227,935
2025		227,935
2026		227,935
2027		227,935
2028		227,935
Thereafter		<u>3,255,976</u>
Total	\$	<u>4,395,651</u>

NOTE J - LEASE COMMITMENTS

Habitat leases its office space and warehouse space under a long term non-cancellable operating lease agreement, which originally commenced on September 13, 2011. The lease was amended on March 1, 2023 and expires February 29 2028. The weighted-average discount rate is based on the discount rate implicit in the lease. Habitat has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Lease right-of-use assets and liabilities are recognized in the consolidated financial statements based on the present value of future minimum lease payments over the expected lease term on the lease commencement date. The expected lease term includes options to extend or terminate the lease when it is reasonably certain Habitat will exercise such options. The risk-free discount rate applied to calculate lease liabilities as of June 30, 2023, was 4.27%. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease terms.

Total right-of-use assets and lease liabilities at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Lease asset:		
Operating right-of-use assets	<u>\$ 2,272,681</u>	<u>\$ -</u>
Lease liability:		
Operating lease liability	<u>\$ 2,286,287</u>	<u>\$ -</u>

The following summarizes the remaining lease term and risk-free discount rate:

Remaining lease term in years	5.00
Risk-free discount rate	4.27%

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JUNE 30, 2023 AND 2022

NOTE J - LEASE COMMITMENTS - Continued

The future minimum lease payments under non-cancelable operating lease are listed below as of June 30, 2023:

2024	\$	508,714
2025		523,963
2026		539,682
2027		555,873
2028		395,377
Total lease payments		<u>2,523,609</u>
Less: present value discount		<u>(237,322)</u>
Total lease obligations	\$	<u><u>2,286,287</u></u>

Habitat also leases a printer with monthly payments of \$269, which expires August 2023. Habitat has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. Rental expense was \$3,223 under the short-term lease during the years ended June 30, 2023 and 2022.

NOTE K - CONTINGENCIES

Habitat receives grants and restricted contributions from various sources for construction costs and other specific projects which are subject to audit by the grantors. While it is possible that an expenditure may be disallowed and required to be refunded to a grantor, management believes the fiscal impact, if any, would be insignificant.

Habitat has entered into a disposition and development agreement with the Sacramento Housing and Redevelopment Agency to build Cornerstone, an all-electric affordable housing community, alongside Mutual Housing California (MHC) and other partners. The development will combine 18 single-family homes built by Habitat and 108 affordable multi-family rental units built by MHC. The project started in 2023. This is a cornerstone project that is about 50% complete at June 30, 2023.

NOTE L - CONCENTRATION OF RISK

Financial Instruments: Financial instruments that potentially subject Habitat to concentrations of credit risk consist principally of cash and cash equivalents. Habitat manages the deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Habitat to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Habitat has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members, governmental agencies, and foundations supportive of the Habitat's mission. Investments are made by diversified investment managers whose performance is monitored by the Habitat. Although the fair values of investments are subject to fluctuation on a year-to-year basis, Habitat believes that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE L - CONCENTRATION OF RISK – Continued

Mortgages Receivable: In accordance with its exempt purpose, Habitat extends credit to low-income individuals in Sacramento and Yolo counties. The individuals must qualify based upon both monetary and time commitment criteria. All mortgages are secured by underlying real estate, which the homeowner is required to maintain as part of the purchase agreement. Therefore, risk of loss to Habitat would occur if the market value of the secured property decreases to an amount that is less than the underlying mortgage, less the allowance for bad debts on these consolidated financial statements.

NOTE M - RELATED PARTIES

Habitat is an affiliate of Habitat for Humanity International, Inc. (“HFHI”). While the organizations share a common mission, HFHI does not own or control Habitat. Therefore, Habitat’s operations are not consolidated in the financial statements of HFHI. However, Habitat is an independent corporation which has subordinate status under HFHI’s Section 501(c)(3) exemption. As an affiliate, Habitat receives grant monies from HFHI. HFHI receives funds from grantors and allocates such funds to affiliates based on competitive applications. One of the most competitive of these is the SHOP grant program. The notes payable due to HFHI under these SHOP grants amounted to \$23,453 and \$33,076 at June 30, 2023 and 2022, respectively. Habitat donates funds to HFHI, these funds are used to construct homes in economically depressed areas around the world. During the years ended June 30, 2023 and 2022, the amount contributed was \$52,142 and \$85,624, respectively.

NOTE N - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2023	2022
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Cal-Home mortgage assistance	\$ 6,190,850	\$ 4,947,629
Low-income housing construction	807,741	294,987
Rock-the-block	136,291	299,000
SMUD Neighborhood Revitalization Initiative (NRI)	130,155	902,691
Gala	102,855	31,250
General NRI	52,640	30,370
Veterans NRI	21,217	95,000
District 2 NRI	18,253	20,000
West Sacramento NRI	13,749	13,749
Transient Occupancy Tax NRI	2,171	-
EV truck	-	113,000
Aging-in-place	-	35,000
Total Net Assets Subject to the Passage of Time or Expenditure for Specified Purpose	\$ 7,475,921	\$ 6,782,676

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NOTE N - NET ASSETS WITH DONOR RESTRICTIONS – Continued

Net assets released from restrictions includes the portion of construction in progress costs received from donors for specific homes when the home is sold and other net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets released from donor restrictions during the years ended June 30 are as follows:

	2023	2022
Purpose Restrictions Accomplished:		
Low-income housing construction	\$ 1,849,037	\$ 565,756
SMUD NRI	835,915	125,558
Rock-the-block	477,284	6,001
Rancho Cordova NRI	167,924	100,000
General NRI	134,785	76,506
EV Truck	113,000	-
Cal-Home mortgage assistance	77,499	7,350
Veterans NRI	73,783	-
Gala	63,750	51,880
Aging-in-place	35,000	-
District 2 NRI	1,747	-
Total restrictions released	\$ 3,829,724	\$ 933,051

NOTE O - BOARD DESIGNATED NET ASSETS

Habitat’s board of directors has designated certain net assets without donor restrictions for the purpose of holding reserves for cash flow purposes at June 30:

	2023	2022
Capacity building	\$ 3,481,075	\$ -
Mortgage sale	842,700	-
Future project funding	114,830	-
Interest credit and fees	66,719	-
Paid time off liability	34,286	-
Global Village fund	12,918	12,918
	\$ 4,552,528	\$ 12,918

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NOTE P - AVAILABILITY AND LIQUIDITY

The following represents Habitat's financial assets at June 30, 2023 and 2022:

Financial assets at year-end:	2023		2022
Cash and cash equivalents	\$ 6,485,142	\$	8,454,741
Investments	205,775		61,166
Grant receivable	-		570,995
Mortgages receivable	5,323,913		3,875,676
Neighborhood revitalization receivable, net	713,568		348,059
Total financial assets	<u>12,728,398</u>		<u>13,310,637</u>
Less amounts not available to be used within one year, due to:			
Contractual or donor-imposed restrictions:			
Restricted by donor with time or purpose restrictions	1,285,071		1,835,045
Board designated net assets	4,552,528		12,918
Contract liabilities	391,000		363,000
	<u>6,228,599</u>		<u>2,210,963</u>
Financial assets available to meet general expenditures within one year	\$ <u>6,499,799</u>	\$	<u>11,099,674</u>

Habitat's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, the Board will redesignate the reserves to meet current expenditures, and replenish the reserves when funds are available.

NOTE Q - SUBSEQUENT EVENTS

In preparing the consolidated financial statements, Habitat has evaluated subsequent events and transactions that occurred after the balance sheet date through November 27, 2023, the date that the financial statements were available to be issued.