

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

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

**June 30, 2024 and 2023**

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

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## **INDEPENDENT AUDITOR’S REPORT**

**The Board of Directors of  
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, 2024 and 2023, 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, 2024 and 2023, 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.

Sacramento, California  
\_\_\_\_\_, 2024

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 7,088,130	\$ 6,485,142
Restricted cash and cash equivalents	56,549	96,983
Investments	2,223,677	205,775
Grants receivable	635,000	304,610
Neighborhood revitalization receivable, net	1,358,065	713,568
Prepaid expenses and deposits	100,919	81,714
Inventories	423,419	193,779
Current portion of mortgages receivable, net	448,906	404,852
Current portion of pledged mortgages receivable, net	319,142	227,935
Homes awaiting transfer	-	112,952
Current portion of construction in progress	1,774,848	3,567,255
Total current assets	14,428,655	12,394,565
Non-current assets		
Mortgages receivable, net of current portion	5,849,546	4,919,061
Pledged mortgages receivable, net of current portion	2,865,724	1,932,041
Cal-Home mortgages receivable	3,052,952	2,329,975
Land, buildings, and equipment, net of accumulated depreciation	387,721	1,195,919
Construction in progress, net of current portion	184,750	301,345
Operating lease right-of-use-assets	1,822,483	2,272,681
Total non-current assets	14,163,176	12,951,022
<b>TOTAL ASSETS</b>	<b>\$ 28,591,831</b>	<b>\$ 25,345,587</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 521,670	\$ 572,864
Current portion of secured financing	236,118	130,888
Current portion of notes payable	40,382	53,481
Total current liabilities	798,170	757,233
Non-current liabilities		
Deferred revenue	709,000	391,000
Secured financing, net of current portion	4,510,641	2,758,268
Notes payable, net of current portion	363,633	350,861
Operating lease liability	1,865,233	2,286,287
Total non-current liabilities	7,448,507	5,786,416
<b>TOTAL LIABILITIES</b>	<b>8,246,677</b>	<b>6,543,649</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without donor restrictions	12,201,632	11,326,016
With donor restrictions	8,143,522	7,475,922
<b>TOTAL NET ASSETS</b>	<b>20,345,154</b>	<b>18,801,938</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 28,591,831</b>	<b>\$ 25,345,587</b>

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, 2024 AND 2023

	June 30, 2024			June 30, 2023		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
<b>SUPPORT AND REVENUE</b>						
Homes transferred	\$ 7,895,038	\$ 845,000	\$ 8,740,038	\$ 3,122,912	\$ 1,320,720	\$ 4,443,632
Contributions	1,387,674	2,073,543	3,461,217	595,706	3,065,648	3,661,354
ReStore sales	1,331,633	-	1,331,633	1,234,381	-	1,234,381
Amortization of mortgage discounts	1,256,082	-	1,256,082	614,115	-	614,115
Neighborhood revitalization	1,131,235	-	1,131,235	674,357	-	674,357
Grants	972,870	-	972,870	1,066,676	-	1,066,676
Gain of sale of donated property	208,587	-	208,587	-	-	-
Contributions of nonfinancial assets	240,239	-	240,239	338,443	-	338,443
Interest income	235,832	-	235,832	142,805	-	142,805
Investment return, net	210,487	-	210,487	41,532	-	41,532
Special events, net of direct costs	87,494	45,000	132,494	7,487	136,602	144,089
Other revenue	10,059	-	10,059	35,772	-	35,772
Donated securities	2,083	-	2,083	103,078	-	103,078
<i>Net assets released from restrictions</i>	2,295,943	(2,295,943)	-	3,829,724	(3,829,724)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>17,265,256</b>	<b>667,600</b>	<b>17,932,856</b>	<b>11,806,988</b>	<b>693,246</b>	<b>12,500,234</b>
<b>EXPENSES</b>						
Program services	14,425,141	-	14,425,141	8,347,716	-	8,347,716
Management and administrative	1,070,731	-	1,070,731	1,012,817	-	1,012,817
Fundraising	893,768	-	893,768	674,707	-	674,707
<b>TOTAL EXPENSES</b>	<b>16,389,640</b>	<b>-</b>	<b>16,389,640</b>	<b>10,035,240</b>	<b>-</b>	<b>10,035,240</b>
<b>CHANGE IN NET ASSETS</b>	<b>875,616</b>	<b>667,600</b>	<b>1,543,216</b>	<b>1,771,748</b>	<b>693,246</b>	<b>2,464,994</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>11,326,016</b>	<b>7,475,922</b>	<b>18,801,938</b>	<b>9,554,268</b>	<b>6,782,676</b>	<b>16,336,944</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 12,201,632</b>	<b>\$ 8,143,522</b>	<b>\$ 20,345,154</b>	<b>\$ 11,326,016</b>	<b>\$ 7,475,922</b>	<b>\$ 18,801,938</b>

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, 2024 AND 2023**

	June 30, 2024				June 30, 2023			
	Program Services	Management and Administrative	Fund- raising	Total	Program Services	Management and Administrative	Fund- raising	Total
Salaries	\$ 1,085,821	\$ 431,435	\$ 510,646	\$ 2,027,901	\$ 1,072,317	\$ 312,949	\$ 364,963	\$ 1,750,229
Payroll taxes and employee benefits	406,278	120,496	103,626	630,400	335,141	65,920	80,520	481,581
Total salaries and related costs	1,492,099	551,930	614,272	2,658,301	1,407,458	378,869	445,483	2,231,810
Cost of homes sold	6,077,504	645	(19)	6,078,130	1,705,890	-	538	1,706,428
Mortgage discount given	4,067,512	-	-	4,067,512	2,595,306	-	-	2,595,306
Home preservation	1,178,833	1,745	5,783	1,186,361	1,274,914	14,591	11,317	1,300,822
Equipment, small tools and supplies	157,162	63,565	44,394	265,120	165,370	66,557	29,881	261,808
Forgiven mortgages	601,773	-	-	601,773	529,846	1,109	-	530,955
Rent and occupancy	442,388	43,681	42,284	528,353	328,802	49,098	32,344	410,244
Professional services	77,842	148,001	54,185	280,028	47,240	113,347	46,562	207,149
Bank fees and loan interest	50,130	79,003	4,025	133,159	23,735	72,090	369	96,194
Repairs and maintenance	46,995	34,537	5,199	86,731	48,473	16,498	3,448	68,419
Depreciation	-	70,117	-	70,117	-	71,565	-	71,565
Insurance	43,912	11,386	14,637	69,936	33,321	11,107	11,107	55,535
Marketing	31,059	2,039	33,064	66,162	16,972	1,253	70,285	88,510
Utilities and phone	43,692	11,473	5,714	60,879	38,976	4,749	5,268	48,993
Postage and freight	-	-	49,339	49,339	-	34,519	-	34,519
Travel and training	17,607	12,545	9,851	40,003	13,286	16,133	6,722	36,141
Miscellaneous	17,599	15,534	6,299	39,432	38,897	70,008	535	109,440
Affiliation fees	25,000	13,911	385	39,297	25,000	66,784	-	91,784
Tithes to Habitat International	39,000	-	-	39,000	37,237	14,904	-	52,141
Printing	15,013	8,586	4,356	27,955	16,446	5,770	10,848	33,064
Board travel and meetings	22	2,034	-	2,056	547	3,866	-	4,413
	<u>\$ 14,425,141</u>	<u>\$ 1,070,731</u>	<u>\$ 893,768</u>	<u>\$ 16,389,640</u>	<u>\$ 8,347,716</u>	<u>\$ 1,012,817</u>	<u>\$ 674,707</u>	<u>\$ 10,035,240</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, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,543,216	\$ 2,464,994
<i>Adjustments to reconcile the change in net assets to net cash used in operating activities:</i>		
Depreciation	65,919	71,565
Amortization of loan fees	1,732	1,732
Amortization of secured financing costs	2,467	2,465
Provision for bad debt expense	58,220	20,116
Sale of homes recognized through issuance of mortgage notes	(7,042,328)	(4,668,593)
Amortization of mortgage loan discount	(1,178,999)	(381,240)
Discount on secured financing	(886,694)	19,580
Mortgage discount given	3,349,661	1,757,209
Write-off of forgiveness	123,685	106,925
Cal-Home mortgage discount given	732,720	838,097
Cal-Home mortgage reuse	383,850	71,930
Donated securities	(2,083)	(103,078)
Gain/loss on sale of property	983,633	-
Loss (gains) on investments	(23,511)	(41,531)
<i>Change in operating assets and liabilities</i>		
Grant receivable	(330,390)	266,385
Neighborhood revitalization receivable	(644,497)	(365,509)
Prepaid expenses and deposits	(19,205)	(20,376)
Inventories	(229,640)	(39,662)
Construction in progress	1,909,002	(2,213,412)
Homes awaiting transfer	112,952	(112,952)
Operating lease assets and liabilities	29,144	13,606
Accounts payable and accrued expenses	(44,484)	150,036
Impound accounts held	(6,710)	40,846
Deferred revenues	318,000	28,000
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(794,340)</b>	<b>(2,092,867)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments received on mortgage notes receivable	448,905	385,608
Payments received on pledged mortgage notes receivable	319,142	297,911
Payments received on Cal-Home mortgages receivable	82,737	71,931
Proceeds from sale of investment	277,648	-
Purchase of investment	(2,269,956)	-
Leasehold improvements and equipment	(241,354)	(399,609)
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(1,382,878)</b>	<b>355,841</b>

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, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Habitat for Humanity International, Inc. notes payable	-	(9,624)
Proceeds from secured financing	2,894,793	-
Proceeds on grants payable	40,640	-
Payments on secured financing	(152,963)	(129,077)
Principal payments on mortgage securitization loan payable	(42,698)	(85,294)
<b>NET PROVIDED BY (CASH USED) IN FINANCING ACTIVITIES</b>	<b>2,739,772</b>	<b>(223,995)</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>562,554</b>	<b>(1,961,021)</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b>6,582,125</b>	<b>8,543,146</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<b>\$ 7,144,679</b>	<b>\$ 6,582,125</b>
<b><u>SUPPLEMENTAL INFORMATION:</u></b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 98,905	\$ 75,168

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, 2024 AND 2023**

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**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, 2024 AND 2023**

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**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, 2024 and 2023 amounted to \$372,627 and \$319,373 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, 2024 and 2023.

**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, 2024 AND 2023**

**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:

		<b>2024</b>		
		<b>Without Donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
Construction material	\$	31,088	\$	-
Property		116,975		-
Services		1,200		67,814
Miscellaneous		-		23,161
	\$	149,263	\$	90,975
			\$	240,239
		<b>2023</b>		
		<b>Without Donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
Construction material	\$	705	\$	62,476
Property		145,592		-
Services		-		128,670
Miscellaneous		1,000		-
	\$	147,297	\$	191,146
			\$	338,443

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

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**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:

Expense	Method of Allocation
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, 2024 AND 2023**

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**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 lease 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**

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**NOTE C - CASH AND CASH EQUIVALENTS**

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 7,088,130	\$ 64,85142
Cash restricted for:		
SHFH Funding Company, LLC	6,250	24,068
Impound account	<u>50,299</u>	<u>72,915</u>
Total restricted cash	<u>56,549</u>	<u>96,983</u>
 Total cash, cash equivalents, and restricted cash	 \$ <u>7,144,679</u>	 \$ <u>6,582,125</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, 2024 based on the inputs used to value them:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,300,554	\$ -	\$ -	\$ 1,300,554
Bonds	\$ 762,086	\$ -	\$ -	\$ 762,086
Common Stock	<u>\$ 161,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,037</u>
 Total investments	 <u>\$ 2,223,677</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,223,677</u>

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>-</u>	<u>-</u>	<u>\$ 205,775</u>
 Total investments	 <u>\$ 205,775</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 205,775</u>

**HABITAT FOR HUMANITY OF  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**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 2024 and 2023 amounted to \$1,331,633 and \$1,234,381, 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.

Inventory consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
ReStore inventory	\$ 387,241	\$ 112,107
Construction inventory	<u>36,178</u>	<u>81,672</u>
Total	\$ <u>423,419</u>	\$ <u>193,779</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, 2024 and 2023 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 \$601,773 and \$530,955 during 2024 and 2023, respectively.

During the year ended June 30, 2024, discounts recorded for first and second mortgages granted during the year amounted to \$3,284,677 and accretion of discounts amounted to \$513,460. 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.

**HABITAT FOR HUMANITY OF  
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**NOTE F - MORTGAGES RECEIVABLE – Continued**

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.

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 receivables consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
First mortgages (including homeowner receivables)	\$ 8,173,480	\$ 7,438,490
Less: unamortized discount	(4,178,112)	(3,669,687)
Less: allowance for uncollectible amounts	<u>(144,686)</u>	<u>(86,466)</u>
	<u>3,850,682</u>	<u>3,682,337</u>
 Second mortgages receivable	 4,439,976	 2,849,923
Less: unamortized discount	<u>(1,992,206)</u>	<u>(1,208,347)</u>
	<u>2,447,770</u>	<u>1,641,576</u>
	 \$ <u>6,298,452</u>	 \$ <u>5,323,913</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, 2024 and 2023, Habitat had \$6,783,925 and \$6,190,850 of Cal-Home mortgage receivables, respectively. At June 30, 2024 and 2023, \$18,608 and \$136,683 is available for Cal-Home ReUse loans, respectively. Cal-Home mortgages receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cal-Home mortgage receivable	\$ 6,903,926	\$ 6,190,850
Less: unamortized discount	<u>(3,850,973)</u>	<u>(3,860,875)</u>
	<u>\$ 3,052,953</u>	<u>\$ 2,329,975</u>

**HABITAT FOR HUMANITY OF  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE F - MORTGAGES RECEIVABLE – Continued**

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, 2024 and 2023. During the year ended June 30, 2024, discounts recorded for Cal-Home mortgages granted during the year amounted to \$782,835 and accretion of discounts amounted to \$742,622. 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.

**NOTE G - LAND, BUILDINGS, AND EQUIPMENT**

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

	<u>2024</u>	<u>2023</u>
Land	\$ 101,535	\$ 662,835
Office and special event equipment	198,916	198,786
Tenant improvements	178,481	201,979
Vehicles	106,534	436,716
Construction equipment	29,141	37,078
	<u>614,607</u>	<u>1,537,395</u>
Accumulated depreciation	<u>(226,886)</u>	<u>(341,475)</u>
	<u>\$ 387,721</u>	<u>\$ 1,195,919</u>

**NOTE H – NOTE PAYABLE**

Notes payable consist of the following at June 30:

	<u>2024</u>	<u>2023</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.	\$ 362,295	\$ 404,994
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>64,092</u>	<u>23,453</u>
Total principal balance	426,387	428,447
Less unamortized loan fees	<u>(22,372)</u>	<u>(24,105)</u>
Notes payable including current portion of \$40,382 and \$53,481	<u>\$ 404,015</u>	<u>\$ 404,342</u>

**HABITAT FOR HUMANITY OF  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

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**NOTE H - DEBT - Continued**

*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, 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 \$22,372 and \$24,105 as of June 30, 2024 and 2023, respectively, are netted against the note payable balance in the accompanying statements of financial position.

Line of Credit

Habitat has a line of credit available with a bank for up to \$250,000 whereby outstanding balances bear interest at 9.25%. As of June 30, 2024, no balance was 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, 2024 and 2023, 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, 2024 and 2023, 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1 - SECURED FINANCING AND MORTGAGE LOAN SALES - Continued**

As of June 30, 2024 and 2023, seven mortgage loans were outstanding. Because payments on the loans are or have been delinquent, management believes the loans are collectible and do not require a loss provision.

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.

Secured financing balances as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
East West Bank	\$ 4,834,609	\$ 1,939,816
River City Bank	792,904	927,004
Safe Credit Union	<u>529,367</u>	<u>548,228</u>
Total secured financing balance	6,156,880	3,415,048
Less: unamortized financing discounts and fees	<u>(1,410,121)</u>	<u>(525,892)</u>
Total secured financing balance, including current portion of \$236,118 and \$130,888	<u>\$ 4,746,759</u>	<u>\$ 2,889,156</u>

The underlying pledged mortgages receivable balance as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
East West Bank	\$ 4,644,370	\$ 1,955,940
River City Bank	1,072,640	1,400,866
Safe Credit Union	698,506	418,238
Banner Bank	<u>373,941</u>	<u>620,607</u>
Total pledged mortgages receivable	6,789,457	4,395,651
Less: unamortized discount	<u>(3,604,591)</u>	<u>(2,235,675)</u>
Total pledged mortgages receivable, including current portion of \$319,142 and \$227,935	<u>\$ 3,184,866</u>	<u>\$ 2,159,976</u>

**HABITAT FOR HUMANITY OF  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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**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, 2024:

<u>Year Ending June 30</u>		
2025	\$	319,142
2026		319,142
2027		319,142
2028		319,142
2029		319,142
Thereafter		<u>5,193,747</u>
Total	\$	<u>6,789,457</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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Lease asset:		
Operating right-of-use assets	<u>\$ 1,822,483</u>	<u>\$ 2,272,681</u>
Lease liability:		
Operating lease liability	<u>\$ 1,865,233</u>	<u>\$ 2,286,287</u>

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

Remaining lease term in years	4.00
Risk-free discount rate	4.27%

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**JUNE 30, 2024 AND 2023**

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**NOTE J - LEASE COMMITMENTS - Continued**

The future minimum lease payments under non-cancelable operating lease are listed below as of June 30, 2024:

2025	\$	508,714
2026		523,963
2027		539,682
2028		555,873
2029		395,377
Total lease payments		<u>2,523,609</u>
Less: present value discount		<u>(658,376)</u>
Total lease obligations	\$	<u>1,865,234</u>

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, 2024 and 2023.

**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 entered into a disposition and development agreement with Sacramento Housing and Redevelopment Agency to build Cornerstone, an all-electric affordable housing community, alongside Mutual Housing California (MHC) and other partners. The development combined 18 single-family homes built by Habitat and 108 affordable multi-family rental units built by MHC. The project started during the year ended June 30, 2023 and was completed during the year ended June 30, 2024.

**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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**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 \$40,640 and \$23,453 at June 30, 2024 and 2023, 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, 2024 and 2023, the amount contributed was \$39,000 and \$52,142, respectively.

**NOTE N - NET ASSETS WITH DONOR RESTRICTIONS**

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

	<b>2024</b>	<b>2023</b>
<b>Subject to the Passage of Time or Expenditure for Specified Purpose:</b>		
Cal-Home mortgage assistance	\$ 6,783,925	\$ 6,190,850
Low-income housing construction	901,968	807,741
Rock-the-block	99,217	136,291
SMUD Neighborhood Revitalization Initiative (NRI)	-	130,155
Gala	-	102,855
General NRI	81,363	52,640
Veterans NRI	51,358	21,217
District 2 NRI	18,253	18,253
West Sacramento NRI	13,749	13,749
Transient Occupancy Tax NRI	85,636	2,172
EV truck	45,000	-
City of Sacramento	63,053	-
<b>Total Net Assets Subject to the Passage of Time or Expenditure for Specified Purpose</b>	<b>\$ 8,143,522</b>	<b>\$ 7,475,922</b>

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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:

	<b>2024</b>	<b>2023</b>
<b>Purpose Restrictions Accomplished:</b>		
Low-income housing construction	\$ 1,206,295	\$ 1,849,037
SMUD NRI	130,155	835,915
Rock-the-block	431,314	477,284
Rancho Cordova NRI	66,535	167,924
General NRI	37,614	134,785
EV Truck	-	113,000
Cal-Home mortgage assistance	251,925	77,499
Veterans NRI	-	73,783
Gala	172,105	63,750
Aging-in-place	-	35,000
District 2 NRI	-	1,747
Total restrictions released	\$ 2,295,943	\$ 3,829,724

**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:

	<b>2024</b>	<b>2023</b>
Capacity building	\$ 3,481,075	\$ 3,481,075
Mortgage sale	842,700	842,700
Future project funding	114,830	114,830
Interest credit and fees	66,719	66,719
Paid time off liability	34,286	34,286
Global Village fund	12,918	12,918
	\$ 4,552,528	\$ 4,552,528

**HABITAT FOR HUMANITY OF  
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**NOTE P - AVAILABILITY AND LIQUIDITY**

The following represents Habitat’s financial assets at June 30, 2024 and 2023:

Financial assets at year-end:	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 6,997,830	\$ 6,485,142
Investments	2,313,977	205,775
Grant receivable	1,100,696	
Mortgages receivable	6,298,452	5,323,913
Neighborhood revitalization receivable, net	<u>1,358,065</u>	<u>713,568</u>
Total financial assets	<u>18,069,020</u>	<u>12,728,398</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	1,359,596	1,285,071
Board designated net assets	4,552,528	4,552,528
Deferred revenues	<u>709,000</u>	<u>391,000</u>
	<u>6,621,124</u>	<u>6,228,599</u>
Financial assets available to meet general expenditures within one year	\$ <u>11,447,896</u>	\$ <u>6,499,799</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 \_\_\_\_\_, 2024 the date that the financial statements were available to be issued.