

*Habitat for Humanity of York County, Inc.*

*Financial Statements*

*June 30, 2023*

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***Habitat for Humanity of York County, Inc.***

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**June 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Habitat for Humanity of York County, Inc.  
Rock Hill, South Carolina

### Opinion

We have audited the accompanying financial statements of Habitat for Humanity of York County, Inc. ("Habitat" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

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

### Basis of Opinion

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of York County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Habitat for Humanity of York County, Inc.  
Rock Hill, South Carolina

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Habitat's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Foard & Company, P.A.*  
November 16, 2023

***Habitat for Humanity of York County, Inc.***  
**Statement of Financial Position**  
**June 30, 2023, with prior year comparative totals**

	June 30,	
	2023	2022
<b><u>ASSETS</u></b>		
Cash	\$ 865,672	\$ 3,529,600
Receivables:		
Grants and contributions	109,214	36,412
Mortgages	977,314	1,089,596
Inventories:		
Land held for development	403,566	252,916
Construction in process	139,222	22,843
Homes held for resale	125,012	121,310
Resale store	115,766	116,741
Prepays	21,069	47,824
Investments	2,131,842	-
Operating lease right-of-use asset	256,700	335,341
Finance lease right-of-use asset	5,084	14,784
Property and equipment (net of depreciation)	895,111	902,254
<b><i>TOTAL ASSETS</i></b>	<b><i>\$ 6,045,572</i></b>	<b><i>\$ 6,469,621</i></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 79,227	\$ 33,517
Payroll liabilities	44,246	103,639
Escrows	33,119	29,737
Right-of-use operating lease liability	263,407	344,563
Right-of-use financing lease liability	5,084	14,784
Notes payable	495,738	565,520
Total Liabilities	920,821	1,091,760
Net Assets:		
Without Donor Restrictions:		
Undesignated	2,580,779	2,840,384
Designated for strategic initiatives and capital projects	2,500,000	2,500,000
Total net assets without donor restrictions	5,080,779	5,340,384
With donor restrictions	43,972	37,477
Total Net Assets	5,124,751	5,377,861
<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>	<b><i>\$ 6,045,572</i></b>	<b><i>\$ 6,469,621</i></b>

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**Habitat for Humanity of York County, Inc.****Statement of Activities****Year Ended June 30, 2023, with prior year comparative totals**

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	Year Ended June 30, 2023			2022 TOTALS
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<b><u>SUPPORT AND REVENUE</u></b>				
Grants	\$ 1,516	\$ 447,733	\$ 449,249	\$ 207,270
Contributions	156,689	86,711	243,400	2,747,085
Donated goods and services	62,332	-	62,332	134,506
Sale of homes	279,968	-	279,968	614,175
Resale store	1,378,134	-	1,378,134	1,277,416
Mortgage loan discount amortization	89,110	-	89,110	117,317
Special events	34,847	-	34,847	27,597
Investment income	8,566	-	8,566	758
Other income	24,124	-	24,124	56,931
Net assets released from restrictions	527,949	(527,949)	-	-
<b><i>TOTAL</i></b>	<b>2,563,235</b>	<b>6,495</b>	<b>2,569,730</b>	<b>5,183,055</b>
<b><u>EXPENSES</u></b>				
Program Services:				
Construction	1,278,410	-	1,278,410	1,480,915
Resale store	1,237,511	-	1,237,511	1,068,047
Management and general	232,186	-	232,186	183,397
Fundraising	74,733	-	74,733	71,369
<b><i>TOTAL</i></b>	<b>2,822,840</b>	<b>-</b>	<b>2,822,840</b>	<b>2,803,728</b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b>(259,605)</b>	<b>6,495</b>	<b>(253,110)</b>	<b>2,379,327</b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b>5,340,384</b>	<b>37,477</b>	<b>5,377,861</b>	<b>2,998,534</b>
<b><i>NET ASSETS, ENDING</i></b>	<b>\$ 5,080,779</b>	<b>\$ 43,972</b>	<b>\$ 5,124,751</b>	<b>\$ 5,377,861</b>

**Habitat for Humanity of York County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023, with prior year comparative totals**

	Year Ended June 30, 2023					2022
	Program Services		Management and General	Fundraising	TOTALS	TOTALS
	Construction	ReStore				
<b><u>PERSONNEL</u></b>						
Wages	\$ 381,807	\$ 433,272	\$ 122,254	\$ 37,125	\$ 974,458	\$ 849,940
Payroll taxes	34,275	79,702	10,975	3,333	128,285	82,752
Benefits	40,692	47,367	13,029	3,957	105,045	108,383
<b><i>Total</i></b>	<b><i>456,774</i></b>	<b><i>560,341</i></b>	<b><i>146,258</i></b>	<b><i>44,415</i></b>	<b><i>1,207,788</i></b>	<b><i>1,041,075</i></b>
<b><u>OTHER EXPENSES</u></b>						
Cost of homes	324,619	-	-	-	324,619	267,054
Mortgage discount	-	-	-	-	-	131,220
Home repair	174,790	-	-	-	174,790	287,665
Supplies	71,662	21,289	2,460	17,387	112,798	190,106
Occupancy	29,377	251,566	3,184	1,119	285,246	268,558
Interest expense	8,703	14,695	1,286	452	25,136	21,361
Insurance	34,822	39,626	11,150	3,386	88,984	81,327
Mileage/Vehicle	13,336	24,979	557	169	39,041	28,634
Services	52,049	71,473	56,765	4,223	184,510	115,513
Dues and meetings	20,184	483	-	-	20,667	31,340
Equipment costs	13,164	21,436	2,783	845	38,228	13,734
Printing and postage	1,982	4,012	635	193	6,822	3,812
Tithe	30,000	-	-	-	30,000	33,000
Communications	8,966	9,562	2,871	872	22,271	19,626
Depreciation	37,982	55,345	4,237	1,366	98,930	67,427
Cost of goods sold	-	142,188	-	-	142,188	182,974
Marketing and other	-	20,516	-	306	20,822	19,302
<b><i>Total</i></b>	<b><i>821,636</i></b>	<b><i>677,170</i></b>	<b><i>85,928</i></b>	<b><i>30,318</i></b>	<b><i>1,615,052</i></b>	<b><i>1,762,653</i></b>
<b><i>TOTAL</i></b>	<b><i>\$ 1,278,410</i></b>	<b><i>\$ 1,237,511</i></b>	<b><i>\$ 232,186</i></b>	<b><i>\$ 74,733</i></b>	<b><i>\$ 2,822,840</i></b>	<b><i>\$ 2,803,728</i></b>

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**Habitat for Humanity of York County, Inc.****Statement of Cash Flows****Year Ended June 30, 2023, with prior year comparative totals**

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	Year Ended June 30,	
	2023	2022
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (253,110)	\$ 2,379,327
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation and amortization	98,930	67,427
Unrealized loss (gain) on change in value of investments	9,158	-
Donated land	-	(91,200)
Amortization of loan discount	(89,110)	(119,580)
Operating use assets and liabilities	(2,515)	-
Decrease (increase) in operating assets:		
Operating receivables	(72,802)	82,606
Inventories	(269,756)	99,884
Prepays	26,755	(24,295)
Increase (decrease) in operating liabilities:		
Payables	45,710	(39,239)
Payroll liabilities	(59,393)	61,609
Escrows	3,382	(1,793)
	<b><u>(562,751)</u></b>	<b><u>2,414,746</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchases of investments	(2,141,000)	-
Principal payments received from homeowners	201,392	296,983
Purchase of property and equipment	(82,087)	(92,382)
	<b><u>(2,021,695)</u></b>	<b><u>204,601</u></b>
<b><u>FINANCING ACTIVITIES</u></b>		
Payments on capital lease obligation	(9,700)	(9,700)
Principal payments on notes payable	(69,782)	3,571
	<b><u>(79,482)</u></b>	<b><u>(6,129)</u></b>
<b>CHANGE IN CASH</b>	<b>(2,663,928)</b>	<b>2,613,218</b>
<b>CASH, BEGINNING</b>	<b>3,529,600</b>	<b>916,382</b>
<b>CASH, ENDING</b>	<b>\$ 865,672</b>	<b>\$ 3,529,600</b>

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# ***Habitat for Humanity of York County, Inc.***

## **Notes to Financial Statements**

**June 30, 2023**

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### **NOTE 1 – NATURE OF OPERATIONS**

#### *Organization*

Habitat for Humanity of York County, Inc., (Habitat) is a South Carolina not-for-profit corporation that operates from facilities in Rock Hill, South Carolina. Habitat seeks to build homes, communities and hope within York County. Furthermore, Habitat strives to make decent housing a matter of conscience and action. Habitat is an affiliate of Habitat for Humanity International (HFH International).

#### *Purpose*

The purpose of Habitat is to create or preserve decent, affordable housing for those in need. Habitat builds homes that are sold to individuals at no profit, utilizing non-interest-bearing mortgages. The families are required to contribute 250 hours of “sweat equity” towards the construction of their home and other projects. Habitat repairs homes in partnership with homeowners with incomes under 60% and who pay a portion of repair costs and contribute sweat equity in accordance with their abilities.

#### *Funding sources*

Habitat is supported primarily through contributions, grants, and homeowner mortgage payments. In addition, Habitat operates two resale stores, which sell donated furniture and goods.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Basis of accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions consist of spendable and non-spendable amounts. Spendable amounts are subject to donor-imposed stipulations that may or will be met, either by actions of Habitat or the passage of time. When a restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reported in the statement of activities as net assets released from restrictions. Net assets were released during the year by payment for restricted purposes. Spendable net assets with donor restrictions of \$43,972 at year-end were restricted to specific home builds or projects. Non-spendable amounts are subject to donor-imposed stipulations that they be maintained permanently by Habitat. During the year ended June 30, 2023, Habitat had no non-spendable net assets with donor restrictions.

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## ***Habitat for Humanity of York County, Inc.***

### **Notes to Financial Statements**

**June 30, 2023**

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#### Cash

Cash consists of cash on hand, cash in banks, and money market funds.

#### Receivables

Grants and contributions receivable consist of unconditional promises to give. All amounts are expected to be collected in the subsequent fiscal year, so no present value discount has been provided. In addition, management has determined that no allowance for doubtful accounts is necessary based on an evaluation of the receivables, historical experience, and current and anticipated economic conditions. Conditional promises to give are not recorded until the conditions are substantially met. At June 30, 2023, Habitat had no conditional promises to give.

#### Resale store inventory

Purchased inventory is recorded at cost, utilizing a first-in, first-out flow assumption, and was \$15,515 as of June 30, 2023. Habitat receives a large amount of furniture and other goods which are sold in its resale stores. Management has estimated that the value of this donated inventory at any given time approximates one month's sales and the balance at June 30, 2023, was \$100,251.

#### Other inventory

Inventories also include land and construction in process, which are expected to be sold to homeowners and are carried on the books at cost or fair value when donated. Donated land is recorded at appraised value; however, if an appraisal was not available at the date of the contribution, it is recorded at the value used for assessing local property taxes. Costs benefiting all lots, including lots to be used in construction, are allocated between lots. Management has determined that lots carried on the books at \$28,000 are not currently buildable due to zoning or other issues. Construction in progress consists of costs related to construction, donated goods and services capitalized in construction and an overhead allocation based on construction expenses and salaries and wages.

#### Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Facility costs are allocated based on the estimated square footage utilized by that function. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

#### Donated services

Habitat pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Habitat with program services, management and general support, and fundraising efforts. Habitat depends on volunteers to construct homes, and the resale store utilizes a large number of volunteers for related functions. In accordance with accounting standards, the value of such services is not recorded in the financial statements unless the services require specialized skills or enhance the value of Habitat's assets. During the year, Habitat recognized services requiring specialized skills with an approximate value of \$62,332.

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## ***Habitat for Humanity of York County, Inc.***

### **Notes to Financial Statements**

**June 30, 2023**

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#### Escrows

Escrows consist primarily of amounts received from new homeowners, which will be used to pay closing costs.

#### Property and equipment

Property is recorded at cost if purchased or fair value if donated, subject to a \$500 capitalization policy. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which range from three years for computers, five to ten years for furniture and equipment, and 30 to 40 years for buildings.

#### Federal income tax status

Habitat is exempt from Federal income tax on its exempt function income under Internal Revenue Code Section 501(c)(3) under a group exemption letter granted to Habitat for Humanity International (HFHI), which is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

#### Cash flows

Interest expense paid during the year ended June 30, 2023, amounted to \$25,136.

#### Recent accounting pronouncement

Habitat adopted Accounting Standards Update (ASU) 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. Habitat elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementation, Habitat recognized ROU assets of \$335,341 and operating lease liabilities of \$344,563 as of the beginning of the year, resulting in a decrease in beginning net assets of \$9,222.

#### Leases

Habitat determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. 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 leases with a term of 12 months or less; rather they are reported as a lease expense on a straight-line basis over the lease term.

#### Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

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# ***Habitat for Humanity of York County, Inc.***

## **Notes to Financial Statements**

**June 30, 2023**

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### Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with Habitat's 2022 financial statements, from which the summarized information was derived. Also, certain prior-year amounts have been reclassified to conform to the current-year presentation.

### **NOTE 3 – INVESTMENTS**

Investments are reported at fair value and consist of nine certificates of deposit that bear interest at rates from 4.55% - 5.10% and mature at various times no later than May 2024.

Current accounting standards require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Habitat's investments at year-end are classified as Level 1 assets.

### **NOTE 4 – PROPERTY AND EQUIPMENT**

#### Balance at June 30, 2023

Property and equipment used by Habitat in its operations consist of the following at June 30, 2023:

Buildings and improvements	\$ 855,965
Land	156,014
Furniture and equipment	191,463
Vehicles	<u>265,396</u>
Total	1,468,838
Less – accumulated depreciation	<u>573,727</u>
PROPERTY AND EQUIPMENT, net	<u><u>\$ 895,111</u></u>

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## ***Habitat for Humanity of York County, Inc.***

### **Notes to Financial Statements**

**June 30, 2023**

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#### **NOTE 5 – MORTGAGES RECEIVABLE**

##### *Balances at June 30, 2023*

Mortgages receivable from homeowners do not bear interest. Therefore, these mortgages are carried on the books net of a discount for the present value of future payments. The rate of interest used to determine this discount is established annually by HFHI and was 7.85 percent for the current fiscal year. Management has adopted a policy to value all mortgages at the current year rate rather than the interest rate in effect for the year the home was sold to the homeowner.

Mortgage activity for the year ended June 30, 2023, was as follows:

	<u>Mortgages</u>	<u>Discount</u>
Mortgages receivable, beginning	\$ 1,933,007	\$ 843,411
Deduct:		
Payments received and amortization of discount	<u>201,392</u>	<u>89,110</u>
Mortgages receivable, ending	<u>\$ 1,731,615</u>	<u>\$ 754,301</u>

Management reviews the outstanding balances regularly for collectability to determine if an allowance for doubtful accounts is needed and has frequent communication with the homeowners and is able to identify collection problems. Because the mortgages are collateralized by the related homes, which are worth more than the discounted mortgage, management feels no allowance for uncollectible accounts is required at June 30, 2023. Payments of \$135,198 are expected in the fiscal year ending June 30, 2024.

#### **NOTE 6 – DEBT**

##### *Mortgage payable*

A mortgage note payable of \$395,003 is due to a local financial institution and is secured by Habitat's land, building, inventory and equipment. The note requires monthly payments of \$4,420, applied first to interest at 4.25 percent and then to principal, with all remaining balances due when the loan matures in May 2027.

##### *Truck note payable*

A note payable secured by a truck with a balance of \$9,841 is due to a local financial institution and is secured by the related vehicle. The note requires monthly payments of \$611, applied first to interest at 4 percent and then to principal.

##### *Truck note payable*

A note payable secured by a truck with a balance of \$34,809 is due to a local financial institution and is secured by the related vehicle. The note requires monthly payments of \$809, applied first to interest at 4.44 percent and then to principal.

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## ***Habitat for Humanity of York County, Inc.***

### **Notes to Financial Statements**

**June 30, 2023**

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#### Truck note payable

A note payable secured by a truck with a balance of \$56,085 is due to a local financial institution and is secured by the related vehicle. The note requires monthly payments of \$1,308, applied first to interest at 5.59 percent and then to principal.

#### Maturities

Future minimum payments of principal are due during the year ending June 30:

2024	\$ 65,245
2025	63,664
2026	63,750
2027	<u>303,079</u>
TOTAL	<u>\$ 495,738</u>

#### **NOTE 7 – LEASES**

Habitat leases office facilities and equipment under various terms under long-term, non-cancelable operating lease and finance lease arrangements. The leases expire at various dates through 2027. An operating lease provides for increases in future minimum annual rental payments. The weighted-average discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term. The finance leases are interest-free and no provision for a discount has been recorded due to materiality. Operating leases with a term of 12 months or less are not recorded on the statement of financial position. The right-of-use assets and lease liabilities at June 30, 2023, are as follows:

#### Lease Assets – Classification in Statement of Financial Position

Operating lease right-of-use	\$ 256,700
Finance lease right-of-use	<u>5,084</u>
Total leased right-of-use assets	<u>\$ 261,784</u>

#### Lease Liabilities – Classification in the Statement of Financial Position

Operating lease liabilities	\$ 263,407
Finance lease liabilities	<u>5,084</u>
Total lease liabilities	<u>\$ 268,491</u>

#### Total lease costs for the year ended June 30, 2023, are as follows:

Operating lease costs	\$ 104,478
Finance lease costs:	
Amortization of right-of-use assets	<u>9,700</u>
Total lease costs	<u>\$ 114,178</u>

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**Habitat for Humanity of York County, Inc.****Notes to Financial Statements****June 30, 2023**

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Weighted-average discount rate:

Operating leases	3.14
Finance leases	0.00

Weighted-average remaining lease term:

Operating leases	2.68
Finance leases	.50

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Years Ending June 30,	Finance Amounts	Operating Amounts
2024	\$ 5,084	\$ 101,671
2025	-	101,671
2026	-	68,474
2027	-	2,081
2028	-	1,387
Total lease payments	5,084	275,284
Less: imputed interest	-	(11,877)
Present value of liability	<u>\$ 5,084</u>	<u>\$ 263,407</u>

**NOTE 8 – CONCENTRATIONS OF RISK**Geographic area

Habitat operates in a small geographic area and is, therefore, sensitive to changes in the local economy.

Cash and cash equivalents and certificate of deposit

Cash and cash equivalents held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Habitat occasionally maintains balances in excess of insured limits.

Investments

Investments held in financial institutions are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC); however, this insurance does not cover the loss of value of the underlying assets. As noted above, Habitat maintains investments which are subject to fluctuations in market values, resulting to an exposure to a certain degree of investment risk.

**NOTE 9 – NON-RECURRING REVENUE**

Included in the prior year's income is a gift of \$2,500,000 from an individual. This amount is not expected to be a recurring source of revenue in future years.

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***Habitat for Humanity of York County, Inc.*****Notes to Financial Statements****June 30, 2023**

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**NOTE 10 – RELATED PARTY TRANSACTIONS**

Habitat annually remits a portion of its contributions (excluding any in-kind contributions) to Habitat for Humanity International (HFHI). These funds are used to construct houses in economically depressed areas around the world. During the year, Habitat sent HFHI a tith of \$30,000 and \$7,500 for its annual sustainability fee. Habitat also sent dues of \$4,000 to the South Carolina Association of Habitat Affiliates.

**NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Habitat has \$1,110,084 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$865,672, receivables of \$109,214, which are expected to be collected during the year, and the \$135,198 portion of mortgages receivable that are due from homeowners in the next fiscal year. Financial assets of \$43,972 are subject to donor restrictions that they be utilized for a specific purpose. In addition, Habitat has investments of \$2,131,842 held for long-term purposes which could be utilized for cash flow needs. Habitat has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Habitat invests cash in excess of daily requirements in short-term investments, primarily money market funds.

**NOTE 12 – SUBSEQUENT EVENTS**

Habitat has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.