

FINANCIAL REPORT
Audited
HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.
June 30, 2023

Audited for:

Board of Directors

Habitat for Humanity of Greater Newburgh, Inc.

Audited by:

RBT CPAs, LLP

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HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Habitat for Humanity of Greater Newburgh, Inc.
125 Washington Street
Newburgh, NY 12550

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022 and the changes in its operations 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 ("GAAS"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern for twelve months from the report date.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

RBT CPAs, LLP

Poughkeepsie, NY
March 19, 2024

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30	2023	2022
ASSETS		
Current Assets:		
Cash and Equivalents (Note 3)	\$ 1,219,696	\$ 1,856,082
Equity Investments (Note 4)	-	18,890
Accounts Receivable (Note 6)	170,240	100,944
Pledges Receivable - Current (Note 7)	252,677	86,446
Inventory	75,379	86,676
Current Portion of Mortgage Loans Receivable (Note 9)	114,031	127,335
Construction in Progress (Note 10)	2,107,707	1,306,652
Security Deposit	8,000	8,000
Prepaid Expenses	40,622	27,858
Total Current Assets	3,988,352	3,618,883
Property, Plant and Equipment:		
Buildings	1,487,067	1,474,717
Machinery and Equipment	26,739	26,739
Vehicles	151,417	72,402
	1,665,223	1,573,858
Less: Accumulated Depreciation	748,541	696,753
Total Net Property, Plant and Equipment	916,682	877,105
Other Assets:		
Mortgage Loans Receivable - Net of Current Portion (Note 9)	553,582	692,408
Pledges Receivable - Net of Current Portion (Note 7)	154,318	255,628
Escrow Deposits	1,350	-
Total Other Assets	709,250	948,036
Total Assets	\$ 5,614,284	\$ 5,444,024

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

	2023	2022
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 239,836	\$ 43,121
Credit Card Payable	16,921	5,210
Sales Tax Payable	4,565	5,051
House Deposits	10,800	2,250
Deferred Revenue (Note 13)	279,081	141,554
Refundable Advances (Note 14)	-	224,873
Total Current Liabilities	551,203	422,059
Long-Term Liabilities:		
Long-Term Debt - Net of Current Portion (Note 12)	57,875	-
Net Assets:		
Without Donor Restrictions:		
Reserve for House Completion (Note 19)	1,580,067	1,101,585
Undesignated	3,187,080	3,663,752
With Donor Restrictions (Note 20)	238,059	256,628
Total Net Assets	5,005,206	5,021,965
Total Liabilities and Net Assets	\$ 5,614,284	\$ 5,444,024

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	\$ 462,326	\$ 220,517	\$ 682,843
Grants	358,873	150,000	508,873
Contributed Non-Financial Assets (Note 18)	690,462	-	690,462
ReStore Sales	643,903	-	643,903
Neighborhood Revitalization	-	32,741	32,741
Transfers to Homeowners (Net of Discounts)	184,987	-	184,987
Mortgage Loan Discount Amortization	117,094	-	117,094
Miscellaneous Income	68,023	-	68,023
Net Investment Results	11,367	-	11,367
	2,537,035	403,258	2,940,293
Net Assets Released From Restrictions	421,827	(421,827)	-
Total Revenues, Gains and Other Support	2,958,862	(18,569)	2,940,293
Expenses:			
Program	1,400,188	-	1,400,188
ReStore	1,088,985	-	1,088,985
Management and General	187,094	-	187,094
Fundraising	280,785	-	280,785
Total Expenses	2,957,052	-	2,957,052
Change in Net Assets	1,810	(18,569)	(16,759)
Net Assets - Beginning	4,765,337	256,628	5,021,965
Net Assets - Ending	\$ 4,767,147	\$ 238,059	\$ 5,005,206

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	\$ 2,567,702	\$ 256,787	\$ 2,824,489
Grants	428,500	-	428,500
Contributed Non-Financial Assets (Note 18)	671,348	-	671,348
ReStore Sales	634,334	-	634,334
Neighborhood Revitalization	500	-	500
Transfers to Homeowners (Net of Discounts)	481,358	-	481,358
Mortgage Loan Discount Amortization	65,478	-	65,478
Miscellaneous Income	2,442	-	2,442
Paycheck Protection Program Loan Forgiveness (Note 15)	183,761	-	183,761
Employee Retention Credit Income	85,633	-	85,633
Net Investment Results	(573)	-	(573)
	5,120,483	256,787	5,377,270
Net Assets Released From Restrictions	180,580	(180,580)	-
Total Revenues, Gains and Other Support	5,301,063	76,207	5,377,270
Expenses:			
Program	1,384,436	-	1,384,436
ReStore	1,046,191	-	1,046,191
Management and General	216,068	-	216,068
Fundraising	253,152	-	253,152
Total Expenses	2,899,847	-	2,899,847
Change in Net Assets	2,401,216	76,207	2,477,423
Net Assets - Beginning	2,364,121	180,421	2,544,542
Net Assets - Ending	\$ 4,765,337	\$ 256,628	\$ 5,021,965

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023		Program	ReStore	Management and General	Fundraising	Total Expenses
Payroll	B	\$ 589,211	\$ 209,464	\$ 83,047	\$ 127,195	\$ 1,008,917
Employee Benefits	B	118,858	44,868	17,025	26,074	206,825
Payroll Tax Expense	B	48,087	18,223	6,895	10,560	83,765
Compensation and Related Expenses		756,156	272,555	106,967	163,829	1,299,507
Building Materials and Supplies	D	329,259	643,802	-	-	973,061
Communications	C	10,000	-	725	396	11,121
Professional Fees	A	1,574	-	16,300	2,976	20,850
Advertising	A	750	448	-	-	1,198
Bank Charges	A	-	13,097	1,783	4,160	19,040
Family Services	A	5,175	-	-	-	5,175
Dues and Subscriptions	C	18,109	-	-	11,558	29,667
Travel	A	5,187	524	4,699	-	10,410
Home Warranty Repairs	A	471	-	-	-	471
Utilities	C	24,145	14,634	3,017	3,017	44,813
Insurance	C	21,373	15,631	-	-	37,004
Office Expense	D	50,608	11,424	6,579	6,073	74,684
Development	A	100	-	-	12,099	12,199
Volunteer Services	A	8,604	353	-	-	8,957
Rent	A	-	92,851	-	-	92,851
Americorps	A	12,380	-	-	-	12,380
Tithe to HFHI	A	36,423	-	-	-	36,423
Vehicle Expense	A	16,414	12,903	-	-	29,317
Repairs and Maintenance	C	59,664	4,549	1,451	245	65,909
Event Expense	A	-	-	-	76,432	76,432
Neighborhood Revitalization Initiative	A	43,796	-	-	-	43,796
Total Expenses Before Depreciation		1,400,188	1,082,771	141,521	280,785	2,905,265
Depreciation	D	-	6,214	45,573	-	51,787
Total Expenses		\$ 1,400,188	\$ 1,088,985	\$ 187,094	\$ 280,785	\$ 2,957,052

Method of Allocation:

- A Direct Expense
- B Estimated Time and Effort
- C Historical Average Based Percentages
- D Combination of A&C

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022		Program	ReStore	Management and General	Fundraising	Total Expenses
Payroll	B	\$ 434,954	\$ 200,386	\$ 93,385	\$ 74,866	\$ 803,591
Employee Benefits	B	95,391	40,150	20,669	15,324	171,534
Payroll Tax Expense	B	37,406	18,577	7,763	6,212	69,958
Compensation and Related Expenses		567,751	259,113	121,817	96,402	1,045,083
Building Materials and Supplies	D	410,702	634,351	275	-	1,045,328
Communications	C	5,490	-	510	193	6,193
Professional Fees	A	2,364	-	17,982	295	20,641
Advertising	A	1,858	1,725	-	-	3,583
Bank Charges	A	-	12,422	1,572	3,730	17,724
Family Services	A	8,909	-	-	-	8,909
Dues and Subscriptions	C	17,021	-	179	10,181	27,381
Travel	A	13,108	207	1,670	51	15,036
Utilities	C	18,658	15,241	2,332	2,332	38,563
Insurance	C	15,503	5,009	5,243	2,052	27,807
Office Expense	D	37,461	15,418	5,273	5,020	63,172
Development	A	1,000	-	-	87,138	88,138
Volunteer Services	A	6,558	685	-	-	7,243
Rent	A	-	88,154	-	-	88,154
Americorps	A	3,992	-	-	-	3,992
Tithe to HFHI	A	251,294	-	-	-	251,294
Vehicle Expense	A	9,348	8,312	-	-	17,660
Repairs and Maintenance	C	3,514	100	1,189	465	5,268
Event Expense	A	-	-	-	45,293	45,293
Neighborhood Revitalization Initiative	A	9,905	-	-	-	9,905
Interest Expense	A	-	68	19,442	-	19,510
Total Expenses Before Depreciation		1,384,436	1,040,805	177,484	253,152	2,855,877
Depreciation	D	-	5,386	38,584	-	43,970
Total Expenses		\$ 1,384,436	\$ 1,046,191	\$ 216,068	\$ 253,152	\$ 2,899,847

Method of Allocation:

- A** Direct Expense
- B** Estimated Time and Effort
- C** Historical Average Based Percentages
- D** Combination of A&C

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ (16,759)	\$ 2,477,423
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation	51,787	43,970
Gain on Sale of Investment	(906)	-
Unrealized Loss	282	1,414
Mortgage Loan Discount Amortization	(117,094)	(65,478)
Paycheck Protection Program Loan Forgiveness	-	(183,761)
Non-Cash Income Earned on Other Assets	-	(374)
Change in Working Capital Components:		
(Increase)/Decrease in:		
Accounts Receivable	(48,196)	(5,160)
Grants Receivable	(21,100)	(2,900)
Pledges Receivable	(64,921)	(70,106)
Inventory	11,297	(4,168)
Prepaid Expenses	(12,764)	5,322
Non-Interest Bearing Mortgage Loans	269,224	159,807
Construction in Progress	(801,055)	(459,154)
Escrow Deposits	(1,350)	-
Increase/(Decrease) in:		
Accounts Payable	196,715	12,547
House Deposits	8,550	(750)
Credit Card Payable	11,711	1,263
Sales Tax Payable	(486)	651
Deferred Revenue	137,527	(81,101)
Refundable Advances	(224,873)	-
Total Adjustments	(605,652)	(647,978)
Net Cash Provided by/(Used in) Operating Activities	(622,411)	1,829,445
Cash Flows from Investing Activities		
Property, Plant and Equipment Additions	(91,364)	-
Proceeds from Sale of Investments	19,514	-
Net Cash Provided by/(Used in) Investing Activities	(71,850)	-
Cash Flows from Financing Activities		
Proceeds from Long Term Debt	57,875	-
Principal Payments on Long Term Debt	-	(444,920)
Net Cash Provided by/(Used in) Financing Activities	57,875	(444,920)
Net Increase/(Decrease) in Cash and Equivalents	(636,386)	1,384,525
Cash and Equivalents - Beginning	1,856,082	471,557
Cash and Equivalents - Ending	\$ 1,219,696	\$ 1,856,082
Cash Paid for Interest	\$ -	\$ 19,510

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Business:

Habitat for Humanity of Greater Newburgh, Inc. (the "Organization") is a New York not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization was incorporated on July 27, 1999. The Organization is an affiliate of Habitat for Humanity International, Inc. ("HFHI"), a nondenominational Christian non-profit 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 information resources, training, publications, payer support, and in other ways, the Organization is primarily and directly responsible for its own operations. This geographic area of the Organization encompasses Eastern Orange County. Presently, the Organization is rebuilding homes in the City of Newburgh.

2. Summary of Significant Accounting Policies:

Basis of Accounting

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

Pervasiveness of Estimates

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

Restricted Assets

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor 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 restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. The methods of these allocations are disclosed on the statement of functional expenses.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including receivables and payables arising in the ordinary course of business, approximate fair value due to the short maturity of these instruments.

The fair value of the Organization's investment in marketable securities represents the estimated amount the Organization would receive if it were to sell the investments. See Note 5 for additional disclosures on the fair value of the investments.

Subsequent Events

Management has evaluated subsequent events from June 30, 2023 through March 19, 2024, the date on which the financial statements were available to be issued.

Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Equity securities are stated at fair value and unrealized holding gains and losses are included in the change in net assets.

Accounts Receivable

The Organization provides for bad debts using the reserve method; however, accounts receivable are already shown at their net realizable value after any necessary write-offs. The balance is stated at the amount management expects to collect. At June 30, 2023 and 2022, management determined that no allowance for doubtful accounts was necessary. Accounts receivable at July 1, 2022 and 2021 totaled \$100,944 and \$92,884, respectively.

2. Summary of Significant Accounting Policies (continued):

Inventory

The Organization's inventory consists of home goods that are donated to the Organization and resold at the ReStore (the Organization's thrift store). Inventory is stated at the lower of cost (specific identification) or net realizable value.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost. In the case of donated assets, fixed assets are stated at fair market value at the date of receipt. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. Additions, improvements and expenditures for repairs and maintenance that are over \$5,000 and significantly extend the economic life of the asset are capitalized. Any immaterial amounts or amounts incurred as recurring expenditures are charged to expense.

Compensated Absences

Employees of the Organization are generally entitled to paid vacation depending on length of service and other factors. It is impractical to estimate the amount of compensation to accrue for future absences. Therefore, no accrual for unused vacation days is provided at the balance sheet dates. The Organization's policy is to recognize the costs of compensated absences when the employees are paid for such absences.

Deferred Revenue

Deferred revenue represents payments received in advance of services being provided or obligations being met. All amounts received in advance are deferred until services are rendered.

Advertising Expenses

Advertising expenses are charged against income as incurred and totaled \$1,198 and \$3,583 for the years ended June 30, 2023 and 2022, respectively.

Revenue Recognition

During the year ended June 30, 2023, the Organization derived approximately 71% of its revenue from non-exchange contracts and 29% from exchange contracts recognized at a point in time.

During the year ended June 30, 2022, the Organization derived approximately 79% of revenues from non-exchange contracts and 21% of revenue from exchange contracts recognized at a point in time.

Non-exchange revenue is recognized in the period set forth in the grant or contract. Donations are recognized when they are received and restricted if donor restrictions exist.

Customer Types

The customers for transactions for revenue recognized at a point in time consist of home buyers, ReStore customers and special events attendees.

Revenue from grants and contributions are received from federal, State and local sources, as well as private foundations and donors.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Organization's performance obligations include providing move-in ready single-family homes and providing antique, new and gently used building materials, furniture, housewares, and kitchen appliances for purchase at their ReStore location in Newburgh, New York.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

2. Summary of Significant Accounting Policies (continued):

Transaction Price

The transaction price of a contract is comprised of the following: (1) fixed cash consideration due from the customer; plus (2) estimated cash variable consideration due from the customer; plus (3) noncash consideration due from the customer; minus (4) estimated cash or noncash consideration payable to the customer; minus (5) contingent amounts, unless no revenue reversal is probable (i.e., constraint); plus or minus (6) any financing component. The Organization's contracts do not include any noncash or financing elements.

Home prices are determined at fair market value and adjusted for subsidies provided by Habitat for Humanity based on the home buyer's income.

ReStore items are sold at 50-90% off retail prices as inventory is 100% donated or salvaged. The ReStore's purpose is to provide low-cost materials and furnishings as part of the Organization's mission.

Disaggregation of Revenue

For the Years Ended June 30	2023	2022
Non-Exchange Contracts	\$ 2,083,931	\$ 4,261,578
Performance Obligations Satisfied at a Point in Time	856,362	1,115,692
Total	\$ 2,940,293	\$ 5,377,270

Income Taxes

The Organization files an annual Form 990 as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no federal or New York State taxes are paid by the Organization. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements in order to comply with the provisions of this guidance. With few exceptions, the Organization is not subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to 2020.

Reclassification of Amounts

Certain amounts for the year ended June 30, 2022 have been reclassified to conform with the presentation of amounts for the year ended June 30, 2023. There is no effect on the 2022 results from operations.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification ASC 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet for all leases, including operating leases. The Organization adopted the new standard effective July 1, 2022, and has elected not to apply ASC 842 requirements to immaterial leases. Since the Organization does not have any material operating leases as of June 30, 2023, the adoption of ASC 842 did not have a material impact on its financial reporting.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

As of June 30	2023	2022
Cash and Equivalents	\$ 1,204,536	\$ 1,853,332
Escrow	14,660	2,250
Petty Cash	500	500
	<u>\$ 1,219,696</u>	<u>\$ 1,856,082</u>

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

4. Investment in Equity Securities:

The following is a summary of the Organization's investment in equity securities:

As of June 30	Cost	Gross Unrealized Gain	2022	Gross Unrealized (Loss)	Fair Market Value
Stocks	\$ 10,991	\$ 944	\$ -	\$ -	\$ 11,935
Mutual Funds	7,617	-	(662)		6,955
	<u>\$ 18,608</u>	<u>\$ 944</u>	<u>\$ (662)</u>	<u>\$</u>	<u>\$ 18,890</u>

5. Fair Value Measurements:

The estimated carrying and fair values of the Organization's financial instruments are as follows:

As of June 30	2023		2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Stocks	-	-	\$ 10,991	\$ 11,935
Mutual Funds	-	-	7,617	6,955
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,608</u>	<u>\$ 18,890</u>

The fair value of the securities is based on quoted market rates.

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

To determine the appropriate levels, the Organization performed a detailed analysis of the assets and liabilities that are subject to fair value measurement in accordance with accounting principles generally accepted in the United States of America.

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Stocks	\$ 11,935	\$ 11,935	\$ -	\$ -
Mutual Funds	6,955	6,955	-	-
	<u>\$ 18,890</u>	<u>\$ 18,890</u>	<u>\$ -</u>	<u>\$ -</u>

Equity securities are valued at the closing price reported on the active market on which the individual security is traded.

6. Accounts Receivable:

Accounts receivable consisted of the following:

As of June 30	2023	2022
Accounts Receivable	\$ 111,240	\$ 63,044
Grants Receivable	59,000	37,900
	<u>\$ 170,240</u>	<u>\$ 100,944</u>

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

7. Pledges Receivable:

Pledges receivable consisted of the following:

As of June 30	2023	2022
With Donor Restrictions	\$ 414,787	\$ 364,033
Less: Present Value Adjustment	7,792	21,959
Net Pledges Receivable	406,995	342,074
Less: Current Portion	252,677	86,446
Long-Term Portion	<u>\$ 154,318</u>	<u>\$ 255,628</u>

Amounts Due in:

Less than one year	\$ 252,677
More than one year	154,318
	<u>\$ 406,995</u>

*Rates used were based on IRS long-term Applicable Federal Rate of 3.79% and 3.11% as of June 30, 2023 and 2022, respectively.

8. Mortgage Loan Administration:

The Organization's mortgage loans are currently managed by Walden Savings Bank, an experienced loan servicer providing the tasks of payment collection, processing and remittance, delinquency notices, escrow administration, 1098 reporting, and other back-office functions necessary in effectively administering a loan. The Organization records principal payments and escrow deficits when they are receivable or payable to Walden Savings Bank.

9. Mortgage Loans Receivable:

The various mortgage loans receivable consist of non-interest bearing mortgage loans to homeowners which are secured by real estate and payable in monthly installments over the lives of the respective mortgages. These non-interest bearing mortgages are recorded at their net realizable value and have been discounted based upon a 7% rate at the inception of each mortgage. Utilizing the effective interest method, this discount is recognized as interest income over the term of the mortgage. The homeowners' monthly mortgage payments go into a revolving fund for the Organization that is used to build more houses.

In addition, a second lien is placed against the home that is equal to the difference between the cost of construction and the appraised value and/or the difference between the sales price and the mortgage. Repayment of the second lien is only required in the event of a resale or refinance, and is forgiven by 10% a year. All proceeds from the second mortgage realization are recorded as income in the period collected.

Certain funds provided by local government or institutional investors would be required to be repaid to the donating government or institution in the event the project for which the funds were provided is sold by the homeowner within a specified time period, between 5 and 30 years. These contingent obligations of the homeowners range from approximately \$5,000 to \$65,000 and are documented in the form of silent second, third trust deeds, mortgages and deed restrictions.

As of June 30	2023	2022
0.00% mortgage receivable, due in monthly payments of \$170, through April 2024, collateralized by real estate	\$ 5,512	\$ 7,107
0.00% mortgage receivable, due in monthly payments of \$212, through May 2024, collateralized by real estate	7,031	9,006
0.00% mortgage receivable, due in monthly payments of \$250, through September 2025, collateralized by real estate	9,502	11,756
0.00% mortgage receivable, due in monthly payments of \$295, through June 2026, collateralized by real estate	-	14,040
0.00% mortgage receivable, due in monthly payments of \$262, through June 2024, collateralized by real estate	5,173	7,857
0.00% mortgage receivable, due in monthly payments of \$411, through March 2026, collateralized by real estate	24,647	26,218

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9. Mortgage Loan Receivable (continued):

0.00% mortgage receivable, due in monthly payments of \$289, through June 2026, collateralized by real estate	13,992	16,586
0.00% mortgage receivable, due in monthly payments of \$147, through March 2022, collateralized by real estate	832	1,803
0.00% mortgage receivable, due in monthly payments of \$246, through November 2031, collateralized by real estate	31,647	32,354
0.00% mortgage receivable, due in monthly payments of \$186, through January 2024, collateralized by real estate	5,096	7,042
0.00% mortgage receivable, due in monthly payments of \$301, through April 2025, collateralized by real estate	13,924	16,467
0.00% mortgage receivable, due in monthly payments of \$355, through August 2026, collateralized by real estate	18,173	21,049
0.00% mortgage receivable, due in monthly payments of \$248, through November 2031, collateralized by real estate	31,916	32,630
0.00% mortgage receivable, due in monthly payments of \$355, through May 2026, collateralized by real estate	21,756	24,181
0.00% mortgage receivable, due in monthly payments of \$195, through March 2022, collateralized by real estate	-	4,699
0.00% mortgage receivable, due in monthly payments of \$262, through June 2023, collateralized by real estate	4,940	7,640
0.00% mortgage receivable, due in monthly payments of \$378, through March 2031, collateralized by real estate	50,735	51,681
0.00% mortgage receivable, due in monthly payments of \$265, through September 2024, collateralized by real estate	6,136	8,780
0.00% mortgage receivable, due in monthly payments of \$339, through August 2027, collateralized by real estate	22,426	24,826
0.00% mortgage receivable, due in monthly payments of \$201, through October 2025, collateralized by real estate	7,952	9,743
0.00% mortgage receivable, due in monthly payments of \$234, through October 2031, collateralized by real estate	29,952	30,692
0.00% mortgage receivable, due in monthly payments of \$355, through December 2027, collateralized by real estate	22,878	25,440
0.00% mortgage receivable, due in monthly payments of \$276, through March 2031, collateralized by real estate	36,877	37,585
0.00% mortgage receivable, due in monthly payments of \$408, through February 2026, collateralized by real estate	23,953	26,807
0.00% mortgage receivable, due in monthly payments of \$362, through April 2025, collateralized by real estate	16,476	19,799
0.00% mortgage receivable, due in monthly payments of \$234, through April 2024, collateralized by real estate	2,926	5,638
0.00% mortgage receivable, due in monthly payments of \$335, through January 2026, collateralized by real estate	19,401	21,959
0.00% mortgage receivable, due in monthly payments of \$454, through February 2031, collateralized by real estate	-	61,953

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9. Mortgage Loan Receivable (continued):

0.00% mortgage receivable, due in monthly payments of \$200, through June 2031, collateralized by real estate	28,570	28,570
0.00% mortgage receivable, due in monthly payments of \$268, through April 2025, collateralized by real estate	12,175	14,448
0.00% mortgage receivable, due in monthly payments of \$262, through May 2023, collateralized by real estate	4,707	7,423
0.00% mortgage receivable, due in monthly payments of \$315, through May 2027, collateralized by real estate	20,486	27,906
0.00% mortgage receivable, due in monthly payments of \$290, through October 2031, collateralized by real estate	36,988	37,841
0.00% mortgage receivable, due in monthly payments of \$151, through December 2031, collateralized by real estate	19,902	20,038
0.00% mortgage receivable, due in monthly payments of \$192, through August 2022, collateralized by real estate	-	568
0.00% mortgage receivable, due in monthly payments of \$311, through April 2031, collateralized by real estate	42,176	42,930
0.00% mortgage receivable, due in monthly payments of \$193, through March 2024, collateralized by real estate	5,610	7,459
0.00% mortgage receivable, due in monthly payments of \$369, through July 2032, collateralized by real estate	51,414	52,278
0.00% mortgage receivable, due in monthly payments of \$179, through January 2027, collateralized by real estate	11,732	14,944
	<u>667,613</u>	<u>819,743</u>
Less: Current Receivable	114,031	127,335
Long-Term Portion	<u>\$ 553,582</u>	<u>\$ 692,408</u>

Aggregate maturities required on notes receivable at June 30, 2023 are due in future years as follows:

2024	\$ 114,031
2025	107,110
2026	95,665
2027	86,944
2028	76,063
Thereafter	<u>583,984</u>
	1,063,797
Less: Unamortized Discount	<u>396,184</u>
Net Mortgage Receivable	<u>\$ 667,613</u>

10. Construction In Progress

Construction in progress of all projects includes all direct costs for land, materials and professional services and the estimated or actual fair market value of donated items such as land, material and professional services. All direct recorded costs of individual projects are transferred to construction costs when the title transfers to the homeowner.

Construction in progress consisted of the following:

As of June 30	2023	2022
Construction in Progress	<u>\$ 2,107,707</u>	<u>\$ 1,306,652</u>

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11. Line of Credit:

The Organization's line of credit consisted of the following:

As of June 30, 2023	Authorized	Outstanding
Line of Credit with M&T Bank payable with an interest rate of 8.25%	\$ 300,000	\$ -
As of June 30, 2022	Authorized	Outstanding
Line of Credit with M&T Bank payable with an interest rate of 3.25%	\$ 300,000	\$ -

12. Long-Term Debt:

The Organization's long-term debt, and collateral pledged thereon, consisted of the following:

As of June 30	2023	2022
0.00% note payable, due in monthly payments of \$351, beginning January 2025 through December 2028.	\$ 16,875	\$ -
0.00% note payable, due in full April 2025.	41,000	-
Total	57,875	-
Less: Current Maturities	-	-
Long-Term Portion	\$ 57,875	\$ -

Aggregate maturities required on long-term debt at June 30, 2023 are due in future years as follows:

2024	\$ -
2025	43,106
2026	4,212
2027	4,212
2028	4,212
Thereafter	2,133
	\$ 57,875

13. Deferred Revenue:

The Organization receives in-kind contributions of building materials and contributed services meeting the IRS requirements for recognition. These goods and services are identified to a specific housing project, recorded as deferred revenue of \$118,310 and \$31,408 as of June 30, 2023 and 2022, respectively.

The Organization also received development assistance from the Newburgh Community Land Bank to assist with lead and asbestos abatement. These funds are identified to specific housing projects, recorded as Deferred Development Assistance and recognized at the time of the house sale. The deferred development assistance funds totaled \$110,146 as of June 2023 and 2022.

The Organization also received assistance from the U.S. Department of Housing and Urban Development pursuant to the Self-Help Homeownership Opportunity Program for the purpose of constructing houses. These funds are identified to specific housing projects, recorded as deferred revenue of \$50,625 as of June 30, 2023.

14. Refundable Advances:

The County of Orange, Office of Community Development, the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program, and the Affordable Housing Corporation have provided funds to the Organization for the construction of various projects. These funds were recorded as refundable advances. These grants will only be repayable by the Organization in the event of non-compliance with any of the provisions of the agreement prior to transfer of the liability to the homeowner at closing. The nature of these grants is not fully realizable until the final recording after the closing and transfer of title to the homeowner. Refundable advances totaled \$224,873 as of June 30, 2022. In June 2023, the Organization was notified all funds associated with the activities have been drawn down and disbursed and no sale proceeds are due to the County. The Organization recognized the full amount as unrestricted grant revenues for the year ended June 30, 2023.

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15. Paycheck Protection Program Loan:

During March 2021, the Organization received a second PPP loan of \$183,761. The Organization received full forgiveness of this loan in October of 2021. As such, the amount was recorded as income for the year ended June 30, 2022.

16. Operating Leases:

The Organization leases retail space under a one-year lease with Brian Jo Lynn Holding Corp. The lease term is from October 2021 to September 2022 at a base rate of \$60,000 per year (\$5,000 per month) plus an allocation of taxes and utilities. The lease was renewed for October 2022 to September 2023 at a base rate of \$66,000 per year (\$5,500 per month) plus an allocation of taxes and utilities. The Organization also leases office equipment with lease expirations through June 2027.

The total minimum commitment at June 30, 2023, under the leases mentioned above, is due as follows:

2024	\$	20,884
2025		4,384
2026		2,467
2027		2,068
	\$	<u>29,803</u>

For the space leases mentioned above, the total rent expense included in the statements of activities was \$92,851 and \$88,154 for the years ended June 30, 2023 and 2022, respectively. The total equipment lease expenses were \$4,694 and \$6,068 for the years ended June 30, 2023 and 2022, respectively.

17. Related Party Transactions:

The Organization remits a portion of its contributions without donor restrictions (excluding in-kind contributions) to the HFHI in the form of a tithe. For the years ended June 30, 2023 and 2022, the Organization tithed \$36,423 and \$251,294, respectively.

The Organization paid a U.S. Stewardship and Organizational Sustainability fee of \$7,500 to HFHI during each of the years ended June 30, 2023 and 2022.

The Organization paid a Supporting Affiliate fee of \$5,000 to Habitat for Humanity of NYS during each of the years ended June 30, 2023 and 2022.

The Organization paid architectural and engineering fees to the firm of one of its board members totaling \$56,100 for the year ended June 30, 2023.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

18. Contributed Non-Financial Assets:

Contributed nonfinancial assets, also known as gifts in kind, are reported separate from contributions of cash and other financial assets on the Statement of Activities.

Contributed non-financial assets consisted of the following:

	Monetized/Utilized	Valuation Method	Amount
For the Year Ended June 30	2023		
Bank Safe Deposit Box	Utilized	Invoice	\$ 226
Furniture	Utilized	Invoice	8,780
Tools	Utilized	Invoice	1,915
Coffee Break Supplies	Utilized	Invoice	3,079
Water	Utilized	Invoice	50
Auction Items	Monetized	Invoice	15,600
Re-Store Donations - Resale Items	Monetized	FMV	634,304
Construction and Labor	Monetized	FMV	26,508
Total			<u>\$ 690,462</u>
For the Year Ended June 30	2022		
Construction in Progress	Utilized	Invoice	\$ 226
Coffee Break Supplies	Utilized	Invoice	43
Software	Utilized	Invoice	335
Hotspots	Utilized	Invoice	181
Employee Training	Utilized	Invoice	795
Re-Store Donations - Resale Items	Monetized	FMV	638,519
Construction and Labor	Monetized	FMV	31,249
Total			<u>\$ 671,348</u>

19. Reserve for House Completion - Board Designation:

The Organization reserves a portion of its net assets for the completion of projects that are currently in progress. As of June 30, 2023 and 2022, the value of this Board designation was \$1,580,067 and \$1,101,585, respectively.

20. Net Assets with Donor Restrictions:

Net assets with donor restrictions consisted of the following:

As of June 30	2023	2022
Time Restrictions:		
Pledges, Net of Current Portion	\$ 154,318	\$ 255,628
Dyson Foundation Grant	75,000	-
Purpose Restrictions:		
Homeowners Insurance Policy Claims	1,000	1,000
Neighborhood Revitalization	7,741	-
	<u>\$ 238,059</u>	<u>\$ 256,628</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

For the Years Ended June 30:	2023	2022
Time Restrictions:		
Pledges, Net of Current Portion	\$ 321,827	\$ 102,374
Dyson Foundation Grant	75,000	75,000
Purpose Restrictions:		
Strategic Planning	-	2,925
Cleaning and Personal Protective Equipment	-	281
Neighborhood Revitalization	25,000	-
	<u>\$ 421,827</u>	<u>\$ 180,580</u>

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

21. Retirement Plan:

The Organization established a 401(k) retirement savings plan (tax deferred annuity) in December 2014 for its employees. The Organization makes its employees aware of the plan, withholds voluntary contributions from paychecks and remits the contributions to an independent trustee. Each participant may contribute his or her eligible compensation on a pretax basis to the plan up to a maximum allowed by the IRC. The Organization contributed \$0 to the plan for the years ended June 30, 2023 and 2022.

22. Concentration of Credit Risk:

The Organization maintains its cash and equivalents in accounts whose balances may exceed federally insured limits. The Organization has not experienced any losses to date resulting from this policy.

23. Liquidity and Availability of Financial Resources:

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

As of June 30	2023	2022
Financial Assets at Year-End		
Cash and Cash Equivalents	\$ 1,219,696	\$ 1,856,082
Equity Securities	-	18,890
Accounts Receivable	170,240	100,944
Pledges Receivable	406,995	342,074
Mortgage Loans Receivable, Current Portion	114,031	127,335
Total Financial Assets at Year-End	1,910,962	2,445,325
Less: those unavailable for General Expenditures within one year, due to:		
Donor Restrictions	238,059	256,628
House Deposits	10,800	2,250
Total Unavailable for General Expenditures within one year	248,859	258,878
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 1,662,103	\$ 2,186,447

At June 30, 2023, the Organization had \$1,662,103 of financial assets available for general expenditure, representing approximately seven months of general expenditures. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization maintains a line of credit in the amount of \$300,000 (Note 11), that can be drawn upon with Board approval. Management has determined this level of liquidity to be sufficient.

24. Economic Dependency:

The Organization received approximately 37% of its operating revenue, \$2,005,750, from a single private donor for the year ended June 30, 2022.

25. Subsequent Events:

Subsequent to June 30, 2023, a human rights complaint was filed against the Organization. As the complaint is in the early stages, no legal counsel has been retained and no assessment of liability is available at this time.

