

St. Lucie Habitat for Humanity, Inc.

FINANCIAL STATEMENTS

June 30, 2024

**St. Lucie Habitat for Humanity, Inc.
FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2024

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
St. Lucie Habitat for Humanity, Inc.
Fort Pierce, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Lucie Habitat for Humanity, Inc. ("Habitat") which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows for the year then ended, and the related notes to the financial statements which collectively comprise Habitat's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Habitat as of June 30, 2024, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Habitat 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 these 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's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.



To the Board of Directors
St. Lucie Habitat for Humanity, Inc.

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 could reasonably be expected to influence the economic decisions of users based on these 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 Habitat'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's ability to continue as a going concern for a reasonable period of time.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Directors
St. Lucie Habitat for Humanity, Inc.

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.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

February 20, 2025

St. Lucie Habitat for Humanity, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2024

Assets	
Current Assets	
Cash and cash equivalents	\$ 732,207
Investments	106,675
Accounts receivable - current portion	6,201
Lease receivable - current portion	4,800
Mortgages receivable - current portion	236,081
Cost of homes under construction	1,245,815
Prepaid expenses	819
Utility deposit	7,467
Total Current Assets	<u>2,340,065</u>
Fixed Assets	
Fixed assets, less accumulated depreciation of (\$429,645)	<u>538,126</u>
Other Assets	
Accounts receivable - non-current	897,154
Mortgage receivables, net of discount	2,182,994
Land held for development	210,948
Lease receivable - long term portion	119,615
Right-of-use leased ReStore center	935,594
Total Other Assets	<u>4,346,305</u>
Total Assets	<u>\$ 7,224,496</u>
Liabilities and Net Assets	
Current Liabilities	
Deferred lease income - current portion	\$ 4,800
Accounts payable and accrued expenses	80,519
Accrued wages and payroll taxes payable	35,640
Sales tax payable	3,197
Current portion of lease payable	138,748
Current portion of long term debt	198,078
Total Current Liabilities	<u>460,982</u>
Noncurrent Liabilities	
Lease payable	1,172,301
Deferred lease income	119,615
Mortgages and notes payable	4,579,432
Total Non-current Liabilities	<u>5,871,348</u>
Total Liabilities	<u>\$ 6,332,330</u>
Net Assets	
Without donor restrictions	<u>\$ 892,166</u>
Total Liabilities and Net Assets	<u>\$ 7,224,496</u>

See accompanying notes to financial statements.

St. Lucie Habitat for Humanity, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions
Support and Revenues	
Support	
Donations	\$ 611,390
In-kind donations	17,196
Grant revenues	312,149
Sponsorships	237,500
Total Support	1,178,235
Revenues	
ReStore sales	659,469
Processing fees	10,230
Loan amortization	147,606
Home transfer of mortgages	1,154,000
Program related income	18,475
Lease income	9,360
Gain on investments	12,060
Other income	8,005
Total Revenues	2,019,205
Total Support and Revenues	3,197,440
Expenses and Losses	
Program Services	
Family support and construction	2,677,286
ReStore	749,344
Total Program Services	3,426,630
Supporting Services	
General and administrative	352,415
Fundraising	171,865
Total Supporting Services	524,280
Total Expenses before Losses	3,950,910
Losses	
Loss on disposal of fixed assets	10,000
Total Expenses and Losses	3,960,910
Change in Net Assets	(763,470)
Net Assets (Restated) - July 1, 2023	1,655,636 *
Net Assets - June 30, 2024	\$ 892,166

* Restated

See accompanying notes to financial statements.

St. Luice Habitat for Humanity, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

Cash Flows From Operating Activities	
<i>Change in Net Assets</i>	\$ (763,470)
<i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>	
Depreciation	33,790
Transfers to homeowners net of discounts	(436,019)
Mortgage loan discount amortization	(147,606)
Contractual forgiveness of mortgages	3,769
Investment (gains) / losses	(12,060)
Operating lease expense	(9,880)
<i>(Increase)/decrease in:</i>	
Accounts receivable	11,282
Lease receivable	(59,119)
Cost of homes under construction	144,892
Land held for development	131,946
<i>Increase/(decrease) in:</i>	
Accounts payable	(20,645)
Deferred lease income	59,119
Payroll taxes payable	(1,497)
Sales tax payable	(665)
Net Cash Used by Operating Activities	<u>(1,066,163)</u>
Cash Flows From Investing Activities	
Proceeds from sale of investments	80,863
Purchases of investments	(92,388)
Mortgage payments received	221,180
Net Cash Provided by Investing Activities	<u>209,655</u>
Cash Flows From Financing Activities	
Principal payments on notes payable and Line of Credit	(187,038)
Loan proceeds	1,173,753
Net Cash Provided by Financing Activities	<u>986,715</u>
Net Increase in Cash	130,207
Cash - July 1, 2023	<u>602,000</u>
Cash - June 30, 2024	<u>\$ 732,207</u>
Supplemental disclosure of cash flow information:	
Interest paid	\$ 12,949
Supplemental disclosure of noncash activities:	
Prior Period Adjustment	\$ 132,442

See accompanying notes to financial statements.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Lucie Habitat for Humanity, Inc. (“Habitat”) was incorporated on December 21, 1995 in the State of Florida for the purpose of building houses for those who could not otherwise own a home by raising the money and doing the actual home construction, with a substantial amount of donated material and services.

On July 17, 2009, St. Lucie Habitat for Humanity CHDO, Inc. was incorporated in the State of Florida as a not-for-profit corporation, whose only member is St. Lucie Habitat for Humanity, Inc., and reports its financial activities on its separate financial statements. The purpose of this corporation is to provide homeownership for low-income households. It can acquire vacant homes and renovate, but most often builds new homes (primarily with funds received from HUD grants).

On October 21, 2016, Habitat filed Articles of Organization with the State of Florida to form its wholly owned subsidiary SLHFH Funding Company I, LLC (the “Company”). The Company’s purpose is to acquire and hold mortgage loans and related documents to comply with the terms of any note purchase agreement between the Company and any financial institution. As a sole member limited liability company, the entity is disregarded for purposes of the Internal Revenue Code.

Subsequent to year end, on July 29, 2024, Habitat filed Articles of Amendment to the Articles of Incorporation to amend the corporation’s name to Habitat for Humanity of St. Lucie and Okeechobee, Inc.

Financial Statement Presentation

Habitat prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. The significant accounting and reporting policies used by Habitat are described subsequently to enhance the usefulness and understandability of the financial statements.

Habitat prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The financial statements are presented in accordance with FASB ASC 958 *Financial Statements of Not-For-Profit Organizations*. Under ASC 958, Habitat is required to report information regarding its financial position and activities according to two classes of net assets (net assets with donor restrictions, and net assets without donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

Habitat's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

Functional Allocation of Expenses

The costs of providing the 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred and totaled \$59,155 for the year ended June 30, 2024.

Mortgages Receivable

Habitat holds non-interest bearing mortgages on homes that it has built and sold. In accordance with generally accepted accounting principles, the present value of the original mortgages are determined (using an appropriate discount factor) and a discount expense for mortgages issued is recognized as a program expense in the year the mortgages are created. The discount expense is then amortized over the life of the mortgage, using the straight-line method and recognized as interest income.

Second mortgages exist on some of the completed homes, with some held by Habitat and others held by the City of Port St. Lucie and City of Fort Pierce. No payments are received for a majority of the second mortgages. Instead, those second mortgages held by Habitat are forgiven at the rate of 10% of the balance per year. Starting in July 2015, these mortgages became due upon maturity of the first mortgage.

Third mortgages exist on some of the completed homes, all of which are held by Habitat. No payments are received for a majority of these mortgages. Instead, these third mortgages are forgiven at the rate of 5% of the original balance per year. Starting in July 2015, these mortgages became due upon maturity of the first mortgage.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Donated property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contribution is recorded as restricted. In the absence of such stipulations, contributions are recorded as unrestricted. When assets are retired or otherwise disposed of, the asset's cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. It is Habitat's policy to capitalize property and equipment over \$1,000 and depreciate using the straight-line method based on estimated useful lives of 5-39 years.

Leases

Habitat determines if an arrangement is a lease, or contains a lease, at inception. Lessee arrangements recognize a lease liability and a right of use (ROU) asset in the Statement of Financial Position at the commencement date of the lease. The lease liability represents Habitat's obligation to make lease payments arising from the lessee arrangement and is initially and subsequently recognized based on the present value of future lease payments. The ROU asset represents Habitat's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction, and is amortized on a straight-line basis over the terms of the associated lease. The lease term may include options to extend or terminate the lease when it is reasonably certain that Habitat will exercise that option.

Lessor arrangements recognize a lease receivable and deferred lease income in the Statement of Financial Position at the commencement date of the lease. The lease receivable asset represents Habitat's future income from lease payments arising from the lessor arrangement and is initially and subsequently recognized based on straight-line basis. The deferred lease income liability represents Habitat's unearned income for the lease and is amortized on a straight-line basis over the terms of the associated lease. The lease term may include options to extend or terminate the lease when it is reasonably certain that Habitat will exercise that option.

Payment or income for short-term leases with a lease term of less than twelve months, and lease agreements below Habitat's approved annualized threshold, are recognized as expenses as incurred. Habitat has established a \$5,000 threshold, for total annual payments or total annual income for leases subject to FASB Topic 842. Short-term leases and leases under the threshold are not included as on the Statement of Financial Position.

Habitat has implemented FASB Topic 842, *Leases*, in the current year, which changes the accounting and financial reporting for leases. FASB ASU 2016-02 defines a lease as a contract that conveys the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Under FASB ASU 2016-02, leases other than short-term leases, defined as having a maximum possible term of 12 months or less, are required to be recognized on the Statement of Financial Position. A lessee should recognize a lease liability and an intangible right of use asset, while a lessor should recognize a lease receivable and a deferred income. Contracts that transfer ownership should be accounted for as finance leases by the lessee or sales-type leases by the lessor.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Habitat obtained their exempt status under the provisions of the Internal Revenue Code 501(c)(3). St. Lucie Habitat for Humanity, Inc. is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to Habitat are tax deductible to donors under Section 170 of the IRC. Habitat is not classified as a private foundation within the meaning of Section 509(a).

Habitat has adopted the provisions of FASB ASC 740-10, *Uncertainty in Income Taxes*. Under this section, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. There was no impact to Habitat's financial statements as a result of the implementation of ASC 740-10. Habitat's income tax returns for fiscal years ending June 30, 2021, 2022, and 2023 remain open to examination by the Internal Revenue Service.

Fair Value Measurements

Habitat reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which Habitat has access at the measurement date.
- Level 2 – Inputs other than quoted prices, included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, Habitat measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by Habitat in estimating fair value disclosures for financial instruments:

Cash and cash equivalents, investments, accounts receivable, costs of homes under construction, accounts payable, notes payable, and line of credit – The carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Mortgage loan receivable – The fair value of mortgage loan receivable is estimated by discounting expected future cash flows using a 7-9% rate of return.

Land held for development – The fair value of land held for development is estimated by management based on the current tax appraised values and other information compiled from industry experts, historical real estate transactions and the St. Lucie County property records.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as reported on the Statement of Financial Position, includes the following:

Checking and Money Market	\$	721,241
Petty Cash and Change Fund		8,382
Other Cash Equivalents		2,584
Total Cash and Cash Equivalents	\$	732,207

At June 30, 2024, Habitat had \$769,580 on deposit at various financial institutions, which \$280,305 was not insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 – INVESTMENTS

Cost basis and approximate fair values of investment securities at June 30, 2024 are summarized as follows:

	Cost	Market	Unrealized Gain (Loss)
Fixed income investments	\$ 35,998	\$ 36,666	\$ 668
Equities	55,763	70,009	14,246
Investments in Marketable Securities	\$ 91,761	\$ 106,675	\$ 14,914

The composition of the investment income reported on the Statement of Activities is as follows:

Dividend income	\$	2,079
Net realized and unrealized gains/(losses) on investments		10,798
Investment fees		(817)
Total Return on Investment	\$	12,060

Habitat's investments at June 30, 2024 were all level 1 investments.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 – FIXED ASSETS

An analysis of property and equipment for the year is as follows:

	July 1, 2023	Additions	Deletions	June 30, 2024
Builders barn	\$ 348,129	\$ -	\$ -	\$ 348,129
Buildings and improvements	431,146	-	-	431,146
Leasehold improvements	22,223	-	-	22,223
Computer equipment	13,690	-	-	13,690
Furniture and fixtures	6,339	-	-	6,339
Tools	396	-	-	396
Vehicles	95,167	-	-	95,167
Warehouse and construction	50,681	-	-	50,681
Total Fixed Assets	<u>967,771</u>	<u>-</u>	<u>-</u>	<u>967,771</u>
Less: accumulated depreciation	(395,855)	(33,790)	-	(429,645)
Total Fixed Assets, Net	<u>\$ 571,916</u>	<u>\$ (33,790)</u>	<u>\$ -</u>	<u>\$ 538,126</u>

Depreciation for the year was \$33,790.

NOTE 5 – LOANS RECEIVABLE

The activity of loans receivable is as follows:

Beginning balance, July 1, 2023	\$ 2,060,399
Mortgages issued	1,154,000
Principal payments received	(221,181)
Discount on mortgages issued	(717,980)
Amortization of mortgage discounts	147,606
Contractual amortized forgiveness of mortgages	<u>(3,769)</u>
Ending balance, June 30, 2024	2,419,075
Less: current portion	<u>236,081</u>
Other assets - mortgages receivable	<u>\$ 2,182,994</u>

The mortgage discount rate for the year ended June 30, 2024 was 8.02%

NOTE 6 – LINE OF CREDIT

St. Lucie Habitat for Humanity, Inc. obtained a revolving line of credit with a bank, on June 1, 2020, to be drawn upon as needed, in the amount of \$200,000, with monthly interest payments due at a 5.75% interest rate. As of June 30, 2024, \$0 was drawn from the line of credit and the unused portion of the line of credit was \$200,000. The line of credit matures on demand.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 – IN-KIND DONATIONS

Habitat received gifts-in-kind for the year ended June 30, 2024 that meet the criteria for support recognition under Financial Accounting Standards Board Accounting Standards for contributions received and made and were valued as follows:

Professional services & materials	\$ 16,196
Total	<u>\$ 16,196</u>

Habitat was provided professional services and materials at no cost in order to build new homes. Based on current market rates, Habitat would have paid \$16,196 for the year ended June 30, 2024 for the services rendered and materials provided.

All gifts-in-kind received by Habitat for the year ended June 30, 2024 were considered without donor restrictions and able to be used as determined by the board of directors and management.

NOTE 8 – LEASES AS LESSEE

Habitat has an obligation as a lessee for a shopping center with an initial term more than one year. Habitat has classified this lease as an operating lease. Habitat's shopping center lease was originally five years and contains four renewal options of three years each. Because Habitat is reasonably certain to exercise these renewal options, the optional periods are included in determining the lease term, and associated payments under these renewal options are included from lease payments. Habitat's lease did not include termination options for either party to the lease. The agreement requires Habitat to pay all executory costs such as real estate taxes, operating expenses, and insurance.

Shopping Center

In August 2014, Habitat entered an operating lease for its Port St. Lucie ReStore, which required 204 monthly payments ranging from \$6,738.88 to \$10,813.92 over the lease term, based on an approximately 2% annual base payment increase. Additionally, the total monthly payment includes estimated executory cost based on an initial rate of \$1.76 per square foot for real estate taxes, \$2.50 per square foot for operating expenses, and \$.74 per square foot for insurance, totaling \$4,084.17 initially then increasing to \$6,614.69 in 2023. The lease liability was measured at a discount rate of 3.76%, which is Habitat's incremental borrowing rate. As a result of the lease, Habitat reported a right of use asset with a net book value of \$935,594 at June 30, 2024.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 – LEASES AS LESSEE (CONTINUED)

The lease cost for the year ended June 30, 2024 are as follows:

Operating Lease Cost	<u>\$ 303,306</u>
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Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 182,584</u>

Supplemental balance sheet information related to leases was as follows:

Operating Lease Right of Use Assets	<u>\$ 935,594</u>
Operating Lease Liabilities	<u>\$ 1,311,049</u>

Future minimum payments of lease liabilities under operating leases as of June 30, 2024, were as follows:

Year Ending June 30,	Total
2025	\$ 185,680
2026	188,869
2027	192,154
2028	195,537
2029	199,022
2030	202,611
2031	206,309
2032	<u>146,822</u>
Total minimum lease payments	1,517,004
Less: amount representing interest	<u>(205,955)</u>
Lease liability as of June 30, 2024	<u>\$ 1,311,049</u>

As of June 30, 2024, the weighted-average remaining lease term for the operating lease is 7-8 years. As the discount rate was not indicated on the lease agreements, Habitat utilized the incremental borrowing rate as the discount rate. The weighted-average discount rate associated with the operating lease is 3.76%.

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 9 – LEASES AS LESSOR

To preserve affordable homeownership, Habitat initiated multiple ground leases to maintain ownership of land while the homeowner is temporarily the owner of the property improvements. Each lease has a term of ninety-nine years with an option to renew for an additional ninety-nine years, given the length of term, the renewal option is not included in the determination of lease payments. At the end of each lease, Habitat will purchase back the land ownership based on a maximum purchase option price stated within the lease. The lease may be terminated by either party within the lease term.

Ground Leases

Beginning in August 2022, Habitat entered multiple operating leases for their ground leases, which require 1188 monthly payments of \$40, with the ability to change at any time based on affordability. In the current year, Habitat entered into multiple more operating leases for their ground leases with the same terms as the previous ground leases. As a result of the multiple leases, Habitat reported deferred lease income of \$124,415 and \$124,415 of lease receivable.

The lease income for the year ended June 30, 2024 are as follows:

Operating Lease Income	\$ <u>4,360</u>
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Supplemental cash flow information related to leases was as follows:

Cash recieved for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ <u>4,360</u>
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Supplemental balance sheet information related to leases was as follows:

Lease Receivable	\$ <u>124,415</u>
Deferred Lease Income	\$ <u>124,415</u>

Future minimum income of leases under operating leases as of June 30, 2024, were as follows:

Year Ending June 30,	Total
2025	\$ 4,800
2026	4,800
2027	4,800
2028	4,800
2029	4,800
Thereafter	100,415
Total minimum lease income	<u>\$ 124,415</u>

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 10 – LOANS PAYABLE

Long-term debt at June 30, 2024 consisted of the following:

Loan payable to bank due in monthly variable principal only with a 0% interest rate, with a final payment due September 2048.	\$ 506,291
Loan payable to bank due in monthly variable principal only with a 0% interest rate, with a final payment due March 2050.	788,707
Loan payable to bank due in monthly variable principal only with a 0% interest rate, with a final payment due July 2051.	830,714
Loan payable to bank due in monthly variable principal only with a 0% interest rate, with a final payment due January 2053.	1,070,453
Loan payable to bank due in monthly variable principal only with a 0% interest rate, with a final payment due September 2052.	1,144,278
Loan payable to bank due in monthly principal and interest payments at a 3.97% interest rate, with a final payment due August 2026.	183,133
Loan payable to bank due in monthly principal and interest payments at a 3% interest rate, with a final payment due November 2037.	<u>247,905</u>
Notes Payable	4,771,481
Note Discounts, Net	(44,022)
Note Premiums, Net	50,051
Notes Payable, net	<u><u>\$ 4,777,510</u></u>

Maturities of long-term debt are as follows:

Due year ending June 30,	Principal
2025	\$ 198,078
2026	198,565
2027	344,562
2028	186,024
2029	186,024
Thereafter	<u>3,658,228</u>
Total	<u><u>\$ 4,771,481</u></u>

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 are:

Cash	\$ 732,207
Investments	106,675
Lease receivable	4,800
Accounts receivable	6,201
Mortgage receivable	236,081
Prepaid expenses and utility deposit	8,286
Total financial assets available for general expenditure	\$ 1,094,250

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 – FUNCTIONAL EXPENSES

Expenses have been allocated between program expenses and supporting services as follows:

	Program Services		Support Services			Total Support Services	Total Expenses
	Family Support and Construction	ReStore	Total Program Services	General and Administrative	Fundraising		
Cost of homes	\$ 1,374,418	\$ -	\$ 1,374,418	\$ -	\$ -	\$ -	\$ 1,374,418
Salaries and wages	256,508	476,372	732,880	91,610	91,610	183,220	916,100
Discount amortization	728,570	-	728,570	-	-	-	728,570
Depreciation and amortization	61,805	30,902	92,707	61,805	-	61,805	154,512
Professional services	-	-	-	84,168	21,042	105,210	105,210
Cost of mortgages	89,857	-	89,857	-	-	-	89,857
Insurance	19,932	39,066	58,998	19,932	797	20,729	79,727
Payroll taxes	20,108	37,344	57,452	7,181	7,181	14,362	71,814
Utilities	3,576	60,070	63,646	4,291	3,576	7,867	71,513
Employee benefits	15,128	31,518	46,646	12,607	3,782	16,389	63,035
Advertising	-	28,395	28,395	8,873	21,887	30,760	59,155
Other expenses	42,846	-	42,846	5,356	5,356	10,712	53,558
Office supplies	22,301	18,583	40,884	5,310	6,903	12,213	53,097
Travel	5,241	5,242	10,483	36,692	5,242	41,934	52,417
Interest	27,547	-	27,547	-	-	-	27,547
Repairs and maintenance	-	13,760	13,760	11,258	-	11,258	25,018
Supplies	4,146	5,114	9,260	1,382	3,179	4,561	13,821
Education and training	908	908	1,816	1,816	908	2,724	4,540
Contractual mortgage forgiveness	3,769	-	3,769	-	-	-	3,769
Taxes	-	1,334	1,334	-	-	-	1,334
Printing	393	449	842	56	224	280	1,122
Postage	233	287	520	78	178	256	776
Total Expenses	\$ 2,677,286	\$ 749,344	\$ 3,426,630	\$ 352,415	\$ 171,865	\$ 524,280	\$ 3,950,910

St. Lucie Habitat for Humanity, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 – RESTATEMENT OF BEGINNING NET ASSETS

Net assets were restated as of July 1, 2023 to properly reflect non-current liabilities.

Net Assets July 1, 2023, as previously reported	\$ 1,788,078
Increase in leases payable - non-current	(111,057)
Increase in long term debt - non-current	<u>(21,385)</u>
Net Assets July 1, 2023, Restated	<u>\$ 1,655,636</u>

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to year end, on July 29, 2024, Habitat filed Articles of Amendment to the Articles of Incorporation to amend the corporation's name, which changed their name to, "Habitat for Humanity of St. Lucie and Okeechobee, Inc."

NOTE 15 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, Management has evaluated events and transactions for potential recognition or disclosure through February 20, 2025, the date that the financial statements were available to be issued.