

HABITAT FOR HUMANITY - MIDOHIO

Columbus, Ohio

Consolidated Financial Statements,  
Schedule of Expenditures of Federal Awards and  
Related Independent Auditor's Reports  
In Accordance with *Government*  
*Auditing Standards* and the *Uniform Guidance*

For the years ended June 30, 2024 and 2023



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Habitat for Humanity - MidOhio  
Columbus, Ohio

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of Habitat as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

#### **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'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 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 generally accepted auditing standards and *Government 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 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.

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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of Habitat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Habitat's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat's internal control over financial reporting and compliance.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
September 25, 2024

HABITAT FOR HUMANITY - MIDOHIO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 802,517	\$ 1,250,140
Receivables:		
Contributions	358,268	557,345
Mortgages, net	1,306,187	1,231,665
Grants	501,423	48,405
Other	<u>81,548</u>	<u>-</u>
	3,049,943	3,087,555
Inventory	987,130	1,000,976
Prepaid expenses and other	111,851	143,089
Construction-in-progress, net	<u>2,386,110</u>	<u>1,777,806</u>
Total Current Assets	6,535,034	6,009,426
INVESTMENTS	6,833,281	8,257,728
PROPERTY AND EQUIPMENT, NET	7,546,809	7,717,373
MORTGAGES RECEIVABLE, NET	8,233,881	7,772,300
CONTRIBUTIONS RECEIVABLE, NET	168,367	245,469
OTHER, NET	<u>219,353</u>	<u>32,309</u>
Total Assets	<u><u>\$ 29,536,725</u></u>	<u><u>\$ 30,034,605</u></u>

	2024	2023
LIABILITIES		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 728,929	\$ 495,197
Line of credit	1,050,000	200,000
Accounts payable and accrued liabilities	1,698,848	904,350
Refundable advances and other	548,857	305,792
Total Current Liabilities	4,026,633	1,905,339
NOTES PAYABLE, NET OF CURRENT PORTION	6,253,712	5,944,857
Total Liabilities	10,280,346	7,850,196
NET ASSETS		
NET ASSETS		
Without donor restrictions	18,875,732	21,530,786
With donor restrictions	380,647	653,623
Total Net Assets	19,256,379	22,184,409
Total Liabilities And Net Assets	\$ 29,536,725	\$ 30,034,605

See notes to consolidated financial statements.

HABITAT FOR HUMANITY - MIDOHIO

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT AND GRANTS			
Sales to homeowners, net	\$ 1,602,679	-	\$ 1,602,679
ReStore operations	3,928,886	-	3,928,886
Contributions and grants	4,010,332	\$ 70,625	4,080,957
In-kind contributions	3,146,757	-	3,146,757
Amortization of loan discount	504,713	-	504,713
Investment income, net	616,319	-	616,319
Rental income	326,751	-	326,751
Other income	769,428	-	769,428
Net assets released from restrictions	343,601	(343,601)	-
Total Revenues, Support And Grants	15,249,466	(272,976)	14,976,490
FUNCTIONAL EXPENSES			
Program services	15,295,060	-	15,295,060
Management and general	1,840,953	-	1,840,953
Fundraising	768,507	-	768,507
Total Functional Expenses	17,904,520	-	17,904,520
Change In Net Assets	(2,655,054)	(272,976)	(2,928,030)
NET ASSETS			
Beginning of year	21,530,786	653,623	22,184,409
End of year	<u>\$ 18,875,732</u>	<u>\$ 380,647</u>	<u>\$ 19,256,379</u>



2023		
Without Donor Restriction	With Donor Restriction	Total
\$ 990,887	-	\$ 990,887
3,174,290	-	3,174,290
3,536,479	\$ 1,352,500	4,888,979
3,508,881	-	3,508,881
566,949	-	566,949
280,613	-	280,613
291,496	-	291,496
99,870	-	99,870
783,273	(783,273)	-
13,232,738	569,227	13,801,965
11,708,078	-	11,708,078
933,753	-	933,753
746,697	-	746,697
13,388,528	-	13,388,528
(155,790)	569,227	413,437
21,686,576	84,396	21,770,972
<u>\$ 21,530,786</u>	<u>\$ 653,623</u>	<u>\$ 22,184,409</u>

See notes to consolidated financial statements.

HABITAT FOR HUMANITY - MIDOHIO

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 3,737,613	\$ 1,348,661	\$ 617,124	\$ 5,703,398
ReStore value of donated goods sold	2,891,407	-	-	2,891,407
ReStore cost of purchased goods sold	543,690	-	-	543,690
Depreciation	402,232	10,836	7,208	420,276
Payroll taxes	334,147	50,391	35,178	419,716
Contracted and professional services	161,504	237,306	8,431	407,241
Building rent	361,724	-	-	361,724
Interest	221,203	103,730	5,063	329,996
Other expenses	195,572	47,265	5,934	248,771
Utilities	230,410	5,503	6,302	242,215
Other building and equipment expense	179,880	7,767	4,783	192,430
Supplies	166,796	6,994	12,701	186,491
Vehicle rental and operation expense	171,273	2,566	2,062	175,901
Insurance	163,847	8,242	-	172,089
Promotional and public relations	62,863	1,733	39,291	103,887
Habitat International	75,000	-	-	75,000
Communications	45,572	7,753	7,194	60,519
Bank charges	24,526	2,206	14,736	41,468
Bad debt expense	318	-	2,500	2,818
Subtotal	9,969,577	1,840,953	768,507	12,579,037
Cost of homes sold	5,997,094	-	-	5,997,094
Change in construction in progress valuation allowance	(671,611)	-	-	(671,611)
Total	<u>\$ 15,295,060</u>	<u>\$ 1,840,953</u>	<u>\$ 768,507</u>	<u>\$ 17,904,520</u>

Notes:

1. During the years ended June 30, 2024 and 2023, Habitat sold 18 and eight homes, respectively.
2. Net income from Habitat's ReStore operations currently covers the majority of Habitat's management, general and fundraising expenses.

2023

Program Services	Management and General	Fundraising	Total
\$ 2,726,330	\$ 690,142	\$ 498,280	\$ 3,914,752
2,915,310	-	-	2,915,310
173,856	-	-	173,856
414,036	19,335	15,632	449,003
231,638	38,577	29,624	299,839
160,940	83,952	64,883	309,775
-	-	-	-
216,232	32,604	48,605	297,441
159,793	27,632	3,385	190,810
189,984	5,730	5,601	201,315
290,916	7,335	8,041	306,292
100,691	5,547	9,791	116,029
130,672	2,891	2,338	135,901
143,291	6,751	-	150,042
91,388	645	33,511	125,544
75,000	2,500	-	77,500
45,443	7,603	5,904	58,950
26,141	2,509	16,102	44,752
38,511	-	5,000	43,511
8,130,172	933,753	746,697	9,810,622
2,449,854	-	-	2,449,854
1,128,052	-	-	1,128,052
<u>\$ 11,708,078</u>	<u>\$ 933,753</u>	<u>\$ 746,697</u>	<u>\$ 13,388,528</u>

See notes to consolidated financial statements.

# HABITAT FOR HUMANITY - MIDOHIO

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,928,030)	\$ 413,437
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization of loan discount	(504,713)	(566,949)
Realized and unrealized gain and reinvested interest and dividends	(621,765)	(280,613)
Change in fair value of interest rate swap	(190,518)	-
Depreciation	420,276	449,003
Change in construction-in-progress valuation allowance	(686,793)	1,068,567
Change in discount on long-term contributions receivable	(18,505)	48,378
Donated inventory	(155,284)	(328,277)
Changes in assets and liabilities:		
Contributions receivable	294,684	(514,307)
Mortgages receivable	(31,390)	863,929
Grants receivable	(453,018)	90,645
Other receivable	(81,548)	-
Inventory	169,130	(58,980)
Prepaid expenses and other	31,238	(29,620)
Construction-in-progress	78,489	(1,015,769)
Other assets	3,474	16,844
Accounts payable and accrued liabilities	794,498	149,070
Refundable advances and other	243,065	(404,156)
Net Cash Used In Operating Activities	<u>(3,636,710)</u>	<u>(98,798)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(635,670)	(7,977,115)
Proceeds from sale of investments	2,681,881	-
Purchase of property and equipment	(219,353)	(706,506)
Net Cash Provided By (Used In) Investing Activities	<u>1,826,858</u>	<u>(8,683,621)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	850,000	350,000
Payments on line of credit	-	(150,000)
Proceeds from notes payable	1,277,578	(25,529)
Principal payments on notes payable	(765,349)	(485,222)
Net Cash Provided By (Used In) Financing Activities	<u>1,362,229</u>	<u>(310,751)</u>
Net Decrease In Cash And Cash Equivalents	(447,623)	(9,093,170)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,250,140</u>	<u>10,343,310</u>
End of year	<u>\$ 802,517</u>	<u>\$ 1,250,140</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 330,000</u>	<u>\$ 320,000</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment through notes payable	<u>\$ 30,358</u>	<u>\$ 2,989,403</u>

See notes to consolidated financial statements.

## HABITAT FOR HUMANITY - MIDOHIO

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

#### NOTE 1 - ORGANIZATION

Habitat for Humanity - MidOhio (HFHMO), a nonprofit organization, was incorporated in 1986. HFHMO is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Habitat International assists with information resources, training, publications, prayer support and in other ways. Habitat Capital Resources Corporation (HCRC) and Habitat N. 21st Street LLC (Habitat N21st) were formed in 2022. These entities are controlled by HFHMO. HCRC is an emerging Community Development Financial Institute that provides financing of mortgages to HFHMO partner families. Habitat N21st owns a commercial shopping center in Newark, Ohio that rents space to the HFHMO Newark ReStore and other third parties.

Since inception, HFHMO has served 1,388 families by building 423 new homes, rehabilitating 50 homes and impacting 915 families by providing critical repairs and other services, including Rock the Blocks. During the year ended June 30, 2024, HFHMO served 130 families by building 16 new homes and providing 114 home repair services. In addition, through the Habitat International Tithe program, HFHMO has impacted 362 families in Zambia and Cote'd Ivoire, including 10 for the year ended June 30, 2024.

HFHMO is primarily and directly responsible for the legal, organizational, fundraising, family selection and nurture, financial and construction aspects of the development of affordable housing for the community of Central Ohio. Through its many volunteers, HFHMO constructs affordable housing and sells the homes to qualified families at fair market (appraised) value. HFHMO and its subsidiaries ensure for the provision of affordable mortgages either through self or third-party origination.

HFHMO also operates three retail stores (ReStores) that sell new and previously used items donated by retail businesses, contractors, other organizations and the general public. The proceeds from the ReStores fund HFHMO's mission to combat the affordable housing challenge in central Ohio.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements (financial statements) follows:

**Principles of Consolidation** - The financial statements include the accounts of HFHMO, HCRC and Habitat N21st (Habitat). All significant intercompany accounts and transactions have been eliminated in consolidation.

**Use 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 could differ from those estimates.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets - Resources are classified into two net asset categories according to donor-imposed restrictions. A description of these categories follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are not restricted by donor-imposed restrictions and are available for use in Habitat's ongoing operations.

The Board has approved designating 25% of the original note balance from mortgages sold to third parties to cover the potential buy back of nonperforming loans. The amount that the board designated at June 30, 2024 and 2023 was approximately \$1,929,000 and \$1,548,000, respectively, and is included in net assets without restrictions.

Net Assets With Donor Restrictions - Net assets whose use by Habitat is limited by donor-imposed restrictions that expire by passage of time, that can be fulfilled or removed by actions of Habitat, or must be retained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions.

Cash and Cash Equivalents - Habitat maintains cash in various financial institutions that may exceed federally insured amounts at times. For purposes of the statement of cash flows, Habitat considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents.

Mortgages Receivable - Sales to homeowners are recorded on the date title transfers. All mortgages closed are noninterest-bearing and, as a result, receivables are recorded at the gross amount less a discount based on prevailing market interest rates at the inception of the mortgages. Amortization of the loan discount is recognized as income over the life of the mortgage. Mortgages receivable are secured by a first mortgage on the related property.

Habitat monitors its credit risk by establishing credit policies for its loans and reviewing compliance with these policies. Mortgages receivable are considered past due when a homeowner fails to make scheduled payments. Provisions are made for estimated credit losses on mortgages receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of the current status of receivables, current economic conditions through a reasonable forecast period and judgment. Decisions to foreclose on a mortgage are based on policies and procedures approved by the board of directors and on management's judgment after consideration of facts and circumstances surrounding potential uncollectible amounts. Given its mission, Habitat tries to work with homeowners and foreclosures are kept to a minimum. The balance in the allowance for credit losses for mortgages receivable as of June 30, 2024 and 2023 is approximately \$201,000.

Contributions and Grants - Unconditional contributions and grants are recognized as revenue in the period in which the commitment or payment is first received. Proceeds from conditional contributions and grants are recorded as refundable advances until all conditions are met. At June 30, 2024, Habitat has approximately \$549,000 of conditional contributions and grants recorded as refundable advances, which will be recognized as revenue when all conditions are met.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These conditions require Habitat to complete home builds and repairs for Habitat partner families. At June 30, 2024, Habitat has approximately \$1,950,000 of conditional grants outstanding where the payments have not been received. The conditions on these grants require Habitat to incur eligible expenses under the grants by providing program services. All contributions and grants are considered available for general operations unless specifically restricted by the donor.

Provisions are made for estimated uncollectible contributions and grants receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to charge off receivables are based on policies and procedures approved by the board of directors and management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. There was no allowance for doubtful accounts as of June 30, 2024 and 2023 deemed necessary for contributions or grants receivable.

Inventory - Inventory consists primarily of furniture and household goods contributed to Habitat. Inventory is stated at estimated fair value. Inventory purchased by Habitat is valued at the lower of cost or net realizable value. As of June 30, 2024 and 2023, the value of purchased items approximated 27% and 12%, respectively, of total ending inventory.

Construction-in-Progress - Construction-in-progress is presented net of an allowance representing the estimated loss on the ultimate sale of the underlying houses. The estimated loss is determined by comparing the actual or anticipated sales prices of the various houses included in construction-in-progress to their estimated total cost at completion. The amount in the allowance for losses on construction-in-progress as of June 30, 2024 and 2023 is approximately \$733,000 and \$1,420,000, respectively.

Investments - Investments are reported at fair value in the consolidated statements of financial position. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Investment income and realized and unrealized gains and losses are included in the change in net assets. Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in value will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Property and Equipment - Property and equipment are recorded at cost if purchased, or fair value if received as a donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (ranging from three to 30 years). Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in other income in the consolidated statements of activities. Property and equipment are reviewed for impairment whenever changes in circumstances or events might indicate that the carrying amounts are not recoverable. No impairment was recognized for the years ended June 30, 2024 and 2023.

Derivative Instruments and Hedging Activities - Habitat accounts for its interest rate swap agreement in accordance with accounting standards for derivative instruments and hedging activities, which require all derivative instruments to be carried at fair value on the statement of financial position. Habitat designated its derivative instrument (interest rate swap) used for risk management into a hedging relationship.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The derivative instrument used to hedge the variability of forecasted cash flows attributable to interest rate risk was designed as a cash flow hedge relationship.

Revenue Recognition - Habitat's significant revenue streams consist of the following:

Sale of Homes - Habitat builds and sells houses to low-income individuals. Such revenues are recognized at the date of closing for the house as this is the point in time Habitat has determined to satisfy its performance obligation.

ReStore - HFHMO sells various donated and purchased goods to individuals through its ReStore locations. Such revenues are recognized at the date of sale as this is the point in time HFHMO has determined that its performance obligation is satisfied.

In-Kind Contributions - In-kind contributions are accounted for as follows:

Donated Inventory - Donated inventory is recognized as a contribution at the estimated fair values at the time of donation. The fair value of donated inventory is determined by obtaining current prices for similar goods at a discounted rate. Donated inventory of approximately \$2,736,000 and \$3,244,000 was recorded for the years ended June 30, 2024 and 2023, respectively.

Donated Goods and Services - Donated goods and services are recognized as contributions at their estimated fair value at the time of donation. The fair value of donated goods is determined by obtaining current prices for similar goods. Donated services are recognized only if the services create or enhance non-financial assets or require specialized skills are performed by people with those skills and would otherwise be purchased by Habitat. The fair value of donated services is determined by obtaining current prices for similar services. Donated goods and services of approximately \$411,000 and \$265,000 were recorded for the years ended June 30, 2024 and 2023, respectively, and relate primarily to construction materials and real estate and brokerage services.

Income Taxes - Habitat is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Habitat has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. There were no interest or penalties recognized in the statements of activities for the periods ended June 30, 2024 and 2023 related to uncertain tax positions. Habitat is no longer subject to U.S. federal or state tax examinations for years prior to 2020.

Recently Adopted Accounting Pronouncements - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU and its related amendments (collectively, the Credit Loss Standard) modifies the impairment model to utilize an expected loss methodology in place of the incurred loss methodology for financial instruments including trade receivables, contract assets, long-term receivables and off-balance-sheet credit exposures. The Credit Loss Standard requires consideration of a broader range of information to estimate expected credit losses, including historical information and current conditions through a reasonable forecast period.



HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Credit Loss Standard requires that the income statement reflect the measurement of credit losses for newly recognized financial assets as well as the expected increase or decrease of expected credit losses that have taken place during the period, which may result in earlier recognition of certain losses. The adoption of ASU 2016-13 did not have a significant impact on the consolidated financial statements.

Subsequent Events - Management has evaluated subsequent events through September 25, 2024, which is the date that the financial statements were available to be issued. Subsequent events are defined as events or transactions that occur after the consolidated statement of financial position date but before the financial statements are issued or available to be issued.

NOTE 3 - LIQUIDITY

The following reflects Habitat's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 802,517	\$ 1,250,140
Receivables current, net	2,247,426	1,837,415
Investments	<u>6,833,281</u>	<u>8,257,728</u>
Total Financial Assets	9,883,224	11,345,283
Less: Long-term investments	(670,006)	(507,000)
Less: Investments securing margin loan	(187,440)	-
Less: Net assets unavailable for general expenditures with donor restriction	(380,647)	(653,623)
Less: Net assets board-designated for mortgage buy back (25% of sold mortgages)	<u>(1,929,039)</u>	<u>(1,547,501)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	\$ <u>6,716,092</u>	\$ <u>8,637,159</u>

In addition to these available assets, a significant portion of Habitat's annual expenditures will be funded with operating revenues from the affiliate's three ReStores as well as grant and contribution support for the following year build cycle.

HFHMO has a variable line of credit with a bank with a maximum borrowing amount of \$1,540,000. The purpose for the line of credit is to give Habitat access to liquidity to support operations when there are fluctuations in working capital. The outstanding balance on the line of credit at June 30, 2024 and 2023 was \$1,050,000 and \$200,000, respectively.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of commitments made by various individuals and organizations under pledge agreements. Certain contributions have been made as part of the Habitat Housing Initiative (HHI) Capital Campaign or the Licking County Habitat initiative, a five-year plan to transform lives and communities through homebuilding, rehabs and repairs. Both of the initiatives have given the affiliate the opportunity to purchase buildings for ReStores and create Family and Program Centers in Franklin and Licking Counties.

Contributions receivable at June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 358,268	\$ 557,345
Receivable in one to five years	199,000	294,607
Less: Discount to present value	<u>(30,633)</u>	<u>(49,138)</u>
Contributions Receivable, Net	\$ <u>526,635</u>	\$ <u>802,814</u>

At June 30, 2024, the present value of contributions receivable has been determined using a discount rate of 5.50%.

NOTE 5 - MORTGAGES RECEIVABLE

Mortgages receivable, net at June 30, consisted of the following:

	<u>2024</u>	<u>2023</u>
Face value	\$ 15,079,124	\$ 12,779,632
Other mortgage-related receivables	217,004	208,498
Less: Unamortized discount based on imputed interest at rates ranging from 3.19% to 8.75%	(5,554,613)	(3,782,718)
Less: Allowance for uncollectible mortgages	<u>(201,447)</u>	<u>(201,447)</u>
Mortgages receivable, net	9,540,068	9,003,965
Less: Current portion	<u>(1,306,187)</u>	<u>(1,231,665)</u>
Mortgages Receivable Long Term, Net	\$ <u>8,233,881</u>	\$ <u>7,772,300</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

The following is a reconciliation of the face value of mortgages receivable and other mortgage-related receivables as of June 30:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 12,779,632	\$ 13,206,738
Plus:		
Mortgages issued	3,703,703	1,051,312
Change in other mortgages receivable	<u>-</u>	<u>(15,290)</u>
	16,483,335	14,242,760
Less:		
Foreclosures, deeds in lieu and loan modifications	-	(4,553)
Payments received during the year	<u>(1,404,211)</u>	<u>(1,458,575)</u>
Ending balance	\$ <u>15,079,124</u>	\$ <u>12,779,632</u>

As a result of serving exclusively low-income families and making extraordinary efforts to help them maintain homeownership, Habitat's loan portfolio's delinquency rate can generally be expected to be higher than that of a conventional lender. The following table summarizes the delinquency status of mortgages receivable as of June 30, 2024:

<u>1 Month</u> <u>Past Due</u>	<u>2 - 6</u> <u>Months</u> <u>Past Due</u>	<u>7 - 12</u> <u>Months</u> <u>Past Due</u>	<u>13 - 24</u> <u>Months</u> <u>Past Due</u>	<u>Greater than</u> <u>24 Months</u> <u>Past Due</u>	<u>Loans Not</u> <u>Past Due</u>	<u>Total</u>
\$ 1,409,482	\$ 492,269	\$ 352,620	\$ 98,013	\$ 54,079	\$ 12,672,661	\$ 15,079,124

Habitat works with homeowners and, generally, if a delinquent homeowner shows promise and makes six straight months of full payments, Habitat will work with the homeowner on a payment plan, so the mortgage will be current within a 12-month period. No loan modifications were made in the period ending June 30, 2024.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

The following is a schedule of anticipated reductions of the face value of mortgages as of June 30, 2024:

<u>Year Ending June 30</u>	<u>Payments from Homeowners</u>	<u>Amortization of Discount</u>	<u>Net Reduction</u>
2025	\$ 1,115,167	\$ 410,788	\$ 704,379
2026	1,093,521	402,814	690,707
2027	1,061,006	390,837	670,169
2028	1,028,835	378,986	649,849
2029	986,752	363,484	623,268
Thereafter	<u>9,793,843</u>	<u>3,607,704</u>	<u>6,186,139</u>
	\$ <u><u>15,079,124</u></u>	\$ <u><u>5,554,613</u></u>	\$ <u><u>9,524,511</u></u>

NOTE 6 - CONSTRUCTION-IN-PROGRESS

Construction-in-progress at June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Construction-in-progress, cost	\$ 2,856,976	\$ 3,073,982
Property held for development	262,629	124,112
Allowance for estimated loss on sale	<u>(733,495)</u>	<u>(1,420,288)</u>
Construction-In-Progress, Net	\$ <u><u>2,386,110</u></u>	\$ <u><u>1,777,806</u></u>

Construction-in-progress includes houses where construction has been completed but the house has not yet sold. Property held for development is for the land or in-fill lots acquired for future plans to build or develop within the next 12-18 months. At June 30, 2024, Habitat has 14 single-family lots held for development. There are currently no large land acquisitions in process.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 6 - CONSTRUCTION-IN-PROGRESS (Continued)

House construction activity for the years ended June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Houses in progress at beginning of year	6	15
Houses started during the year	14	10
Houses completed during the year	<u>(16)</u>	<u>(19)</u>
Houses In Progress At End Of Year	<u>4</u>	<u>6</u>
Houses Not Yet Sold At End Of Year	<u>9</u>	<u>11</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment, net at June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Building	\$ 4,769,511	\$ 4,769,511
Building improvements	1,084,619	1,062,829
Transportation	944,495	788,395
Office and warehouse equipment	409,471	337,649
Furniture and fixtures	<u>245,773</u>	<u>245,773</u>
	7,453,869	7,204,157
Less: Accumulated depreciation	<u>(2,435,984)</u>	<u>(2,015,708)</u>
	5,017,885	5,188,449
Land	<u>2,528,924</u>	<u>2,528,924</u>
Property And Equipment, Net	<u>\$ 7,546,809</u>	<u>\$ 7,717,373</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 - INVESTMENTS

Investments by type at June 30, 2024 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money markets	\$ 26,981	\$ 26,981
Fixed income	2,908,832	2,950,991
Exchange-traded funds	1,286,847	1,511,004
Mutual funds	1,175,060	1,210,766
Alternative assets	<u>1,102,416</u>	<u>1,133,539</u>
	<u>\$ 6,500,136</u>	<u>\$ 6,833,281</u>

Investments by type at June 30, 2023 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money markets	\$ 1,672,624	\$ 1,672,624
Fixed income	3,539,590	3,558,182
Exchange-traded funds	1,408,300	1,498,018
Mutual funds	513,601	523,483
Alternative assets	<u>1,005,421</u>	<u>1,005,421</u>
	<u>\$ 8,139,536</u>	<u>\$ 8,257,728</u>

Investment gains for the year ended June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest income and dividends, net of fees	\$ 75,497	\$ 37,774
Realized gains	4,437	-
Unrealized gains, net	<u>536,385</u>	<u>242,839</u>
	<u>\$ 616,319</u>	<u>\$ 280,613</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 - FAIR VALUE MEASUREMENT

Fair value guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to 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 the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Fair Value Measurements are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Habitat has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

*Fixed Income:* Valued using pricing models maximizing the use of observable inputs for similar securities. These include basing value on yields currently available on comparable securities of issues with similar credit ratings.

*Exchange-Traded Funds:* Valued at the quoted price reported on the active market on which the individual securities are traded.

*Money Markets and Mutual Funds:* Valued at the daily quoted price as reported by the fund. Money markets and mutual funds held by Habitat are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The funds held by Habitat are deemed to be actively traded.

*Alternative Assets:* Valued at the estimated fair value of the underlying investments.

# HABITAT FOR HUMANITY - MIDOHIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

### NOTE 9 - FAIR VALUE MEASUREMENT (Continued)

*Interest Rate Swap:* Valued based on discounted future cash flows of the swap, generally derived from forward curves, correlation and volatility levels based on observable market inputs.

The methods described above might produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Further, although Habitat believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Habitat uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities.

The fair value of investments at June 30, by asset category, is as follows:

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Money markets	\$ 26,981	-	-	\$ 26,981
Fixed-income	-	\$ 2,950,991	-	2,950,991
Exchange-traded funds	1,511,004	-	-	1,511,004
Mutual funds	1,210,766	-	-	1,210,766
Alternative assets	-	-	\$ 1,133,539	1,133,539
Interest rate swap	-	190,518	-	190,518
Total Assets At Fair Value	\$ 2,748,751	\$ 3,141,509	\$ 1,133,539	\$ 7,023,799

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Money markets	\$ 1,672,624	-	-	\$ 1,672,624
Fixed-income	-	\$ 3,558,182	-	3,558,182
Exchange-traded funds	1,498,018	-	-	1,498,018
Mutual funds	523,483	-	-	523,483
Alternative assets	-	-	\$ 1,005,421	1,005,421
Total Assets At Fair Value	\$ 3,694,125	\$ 3,558,182	\$ 1,005,421	\$ 8,257,728



HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - LINE OF CREDIT

HFHMO maintains a revolving line-of-credit agreement with a bank with maximum borrowings of \$1,540,000. The line is collateralized with the land and building at the ReStore location at 3140 Westerville Road. The line has an interest rate of Prime minus 0.5% (8.0% at June 30, 2024) on any outstanding balance. The outstanding balance on the line at June 30, 2024 and 2023 was \$1,050,000 and \$200,000, respectively. The line expires in February 2025.

NOTE 11 - NOTES PAYABLE

The following summarizes Habitat's notes payable at June 30:

	<u>2024</u>	<u>2023</u>
Funding agreements with Habitat International identified as SHOP notes. (See table on Page 26)	\$ 27,772	\$ 48,964
Note payable to United Midwest Savings Bank (Bank). This note is secured by 18 one-to-four-bedroom family home mortgages receivable as agreed to with the Bank. The carrying value of the assets held as collateral is \$629,328 at June 30, 2024, which is included in the mortgage receivable on the statement of financial position. The note provides for interest at the prime rate minus 1.50% (7% as of June 30, 2024). The note is payable in monthly installments based on the value of the mortgages held as collateral. Monthly payments approximated \$5,600 for the year ended June 30, 2024. The note is scheduled to mature in May 2027.	384,608	451,382
Notes payable to United Midwest Savings Bank. This note is noninterest-bearing and is secured by a second position as the same above-listed mortgages. The note is payable in monthly installments of approximately \$2,400 and is scheduled to mature in May 2029.	211,682	240,299
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of \$48,660. The note was noninterest-bearing and was secured by the vehicle. The note was payable in monthly installments of \$811 over 60 months and matured on June 2024.	-	12,165
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of \$27,213. The note is noninterest-bearing and is secured by the vehicle. The note is payable in monthly installments of \$454 over 60 months and is scheduled to mature in March 2025.	<u>4,082</u>	<u>9,525</u>
Subtotal carried forward	628,144	762,335

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - NOTES PAYABLE (Continued)

	<u>2024</u>	<u>2023</u>
Subtotal Brought Forward	\$ 628,144	\$ 762,335
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase various vehicles up to \$300,000. The note is noninterest-bearing. The note is payable in monthly installments of \$5,000 over 60 months and is scheduled to mature in June 2028.	240,000	300,000
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase various equipment and vehicles up to \$150,000. The note is noninterest-bearing. The note is payable in monthly installments of \$2,500 over 60 months and is scheduled to mature in July 2028.	122,500	124,471
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase a property and to remodel to safe living conditions up to \$175,000. The note was noninterest-bearing and was paid in full when the house was transferred to the HFHMO partner family.	-	97,700
Notes payable to United Midwest Savings Bank. Habitat received financing to purchase a property and to remodel to safe living conditions up to \$175,000. The note was non-interest-bearing and was paid in full when the house was transferred to the HFHMO partner family.	-	98,788
Note payable to United Midwest Savings Bank (the Bank). This note is secured by five one-to-four-bedroom family home mortgages receivable as agreed to with the Bank. The carrying value of the assets held as collateral is \$502,080 at June 30, 2024, which is included in the mortgage receivable on the statement of financial position. The note is a noninterest-bearing and monthly payments are made based on the value of the mortgages held as collateral. Monthly payments approximated \$2,200 for the year ended June 30, 2024. The note is scheduled to mature in April 2034.	506,556	-
Note payable to United Midwest Savings Bank (the Bank). This note is secured by five one-to-four-bedroom family home mortgages receivable as agreed to with the Bank. The carrying value of the assets held as collateral is \$496,663 at June 30, 2024, which is included in the mortgage receivable on the statement of financial position. The note is a noninterest-bearing and monthly payments are made based on the value of the mortgages held as collateral. Monthly payments approximated \$2,700 for the year ended June 30, 2024. The note is scheduled to mature in June 2034.	506,761	-
Subtotal carried forward	2,003,961	1,383,294

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - NOTES PAYABLE (Continued)

	<u>2024</u>	<u>2023</u>
Subtotal Brought Forward	\$ 2,003,961	\$ 1,383,294
Mortgage note payable to Huntington Bank. The note bears interest at a rate of 3.63% and is payable in monthly installments of \$3,009. The note is secured by the building and land at 6665 Busch Boulevard and potential rents. The note is scheduled to mature in September 2035.	334,107	357,414
Mortgage note payable to Huntington Bank. This note is secured by the building and land at 2555 Bethel Road (a ReStore location), capital improvements and potential rents. The note is payable in monthly installments of approximately \$13,000 and bears interest at the Secured Overnight Financing Rate (SOFR) + 2.2% (7.53% at June 30, 2024). There is an interest rate swap agreement in place for this note payable, effectively fixing the interest rate at 4.79%. The note is scheduled to mature in September 2039.	1,771,401	1,846,491
Note payable to Northern Trust. This note is noninterest-bearing and secured by eight mortgages receivable as agreed upon with the bank. The carrying value of the assets held as collateral is \$505,239 as of June 30, 2024. This note is payable in monthly installments based on the value of the mortgages held as collateral. Monthly payments approximated \$4,500 for the year ended June 30, 2024. The note is scheduled to mature in November 2041.	499,892	553,735
Note payable to Park National Bank. This note is secured by the building and land at 1660 N21st Street, Newark Ohio, capital improvements and potential rents. The note is payable in monthly installments of approximately \$19,000 and bears interest at 5.040%. The note is scheduled to mature in July 2037.	2,185,840	2,300,114
Margin loan payable to Charles Schwab. Interest on the margin loan is 6.25%. Available borrowings approximated \$1,182,000 at June 30, 2024. The loan is secured by investments held with Charles Schwab and has no formal due date.	187,440	-
Less: Imputed interest - SHOP notes	<u>(369)</u>	<u>(994)</u>
Future principal payments	6,982,272	6,440,054
Less: Current portion	<u>(728,929)</u>	<u>(495,197)</u>
Notes Payable, Net Of Current Portion	\$ <u>6,253,343</u>	\$ <u>5,944,857</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - NOTES PAYABLE (Continued)

Habitat has various funding agreements with Habitat International identified as SHOP notes. Of the funding, 75% is in the form of a grant to HFHMO and the other 25% is in the form of a note payable to Habitat International. The promissory note portion is noninterest-bearing and provides for interest at a rate of 10% per annum upon default by HFHMO of any of the terms of the note. The notes are payable in monthly installments ranging from \$156 to \$510 and are scheduled to mature at various times between December 2024 and December 2026. The average total monthly payment approximated \$1,800 during the year ended June 30, 2024.

SHOP notes at June 30, 2024 are made up of the following:

SHOP Year	Award	June 30, 2023 Outstanding	Draws	Repayments	June 30, 2024 Outstanding
2015	\$ 45,774	\$ 17,588	-	\$ (8,364)	\$ 9,224
2016	31,862	14,312	-	(7,956)	6,356
2017	19,500	17,064	-	(4,872)	12,192
Total	\$ 97,136	\$ 48,964	-	\$ (21,192)	\$ 27,772

As a strategy to maintain acceptable levels of exposure to risk of changes in future cash flows due to interest rate fluctuations, Habitat entered into an interest rate swap agreement in connection with its note payable to Huntington Bank for 2555 Bethel Road. Under the agreement, the entire debt principal is effectively converted to a fixed-rate basis. The notional amount was approximately \$1,730,000 at June 30, 2024. The interest rate swap agreement matures in September 2039. Habitat has designated the swap as a cash flow hedge. Fair value of the swap is prepared by discounting future cash flows of the swap, generally derived from forward curves, correlation and volatility levels based on observable market inputs, therefore Habitat classifies the swap in Level 2 of the fair value hierarchy. Unrealized gains are recognized as assets, while unrealized losses are recognized as liabilities. At June 30, 2024 the fair value of the interest rate swap was approximately \$191,000 and is included in other assets in the accompanying consolidated statement of financial position. The gain is included in other income on the accompanying consolidated statement of activities and change in net assets. Habitat does not hold or issue derivative financial instruments for trading purposes.

Aggregate minimum annual principal payments required on notes payable are as follows:

Year Ended June 30	Amount
2025	\$ 728,929
2026	541,488
2027	546,465
2028	673,132
2029	483,636
Thereafter	4,008,991
	<u>\$ 6,982,641</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - NOTES PAYABLE (Continued)

Interest expense on notes payable approximated \$259,000 and \$239,000 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
LCHI capital campaign	\$ 342,937	\$ 615,257
Emergency Response Fund	26,306	26,306
HHI capital campaign	10,000	10,000
Miscellaneous restriction	<u>1,404</u>	<u>2,060</u>
Total	<u>\$ 380,647</u>	<u>\$ 653,623</u>

A summary of assets held pertaining to net assets with donor restrictions as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Contributions/grants receivable	\$ 352,687	\$ 625,257
Cash	<u>27,960</u>	<u>28,366</u>
Total	<u>\$ 380,647</u>	<u>\$ 653,623</u>

Net assets were released from restrictions primarily for the completion of home construction and other identifiable capital campaign activities during the years ended June 30, 2024 and 2023. Releases amounted to approximately \$344,000 and \$783,000, respectively.

NOTE 13 - TRANSACTIONS WITH AFFILIATES

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International in annual tithing. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2024 and 2023, Habitat contributed \$50,000 to Habitat International.

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International for the SOSI fee (U.S. Stewardship and Organizational Sustainability Fee). For the years ended June 30, 2024 and 2023, Habitat contributed \$25,000 to Habitat International for this fee.

## HABITAT FOR HUMANITY - MIDOHIO

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

#### NOTE 13 - TRANSACTIONS WITH AFFILIATES (Continued)

Habitat International facilitates a staffing program referred to as AmeriCorps VISTA. AmeriCorps and VISTA-related staffing expense approximated \$136,000 and \$68,000 for the years ended June 30, 2024 and 2023, respectively. In connection with the AmeriCorps VISTA program, Habitat paid 41% of the compensation, approximately \$71,000 and \$35,000, and Habitat International contributed 59%, for the years ended June 30, 2024 and 2023, respectively, which was recorded as in-kind contribution revenue and salary expense.

Habitat International also provides grants and loans as described in Note 11.

#### NOTE 14 - RETIREMENT PLAN

Habitat has a defined contribution retirement plan. To participate in the plan, individuals must be employed full-time for six months. Habitat matches employee contributions at the rate of 50% for each dollar contributed up to 6% of the employee's eligible compensation. Habitat recognized expense for employer contributions of approximately \$73,000 and \$52,000 for the years ended June 30, 2024 and 2023, respectively.

#### NOTE 15 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and change in net assets. Specific expenses that are readily identifiable to a particular program or supporting service are charged directly to that function. Certain categories of expenses are attributable to more than one function, therefore these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include utilities, other building and equipment expenses and supplies. Expenses are allocated based on full-time equivalents or square footage between ReStore and construction depending on the activities of the location.

#### NOTE 16 - COMMITMENTS AND CONTINGENCIES

Habitat has entered into agreements for financing transactions that involve the sale of mortgages to financial institutions. In the event that a mortgage that was sold becomes nonperforming (those past due more than 90 days), Habitat has agreed to substitute a performing mortgage or may repurchase the nonperforming mortgage. As of June 30, 2024 and 2023, 75 and 60 mortgages, respectively, have been sold or securitized. These mortgages are collateralized by the properties securing the mortgages. The outstanding principal balance of the sold mortgages is \$7,716,156 and \$6,190,006 at June 30, 2024 and 2023, respectively. The board has designated \$1,929,039 and \$1,547,051 at June 30, 2024 and 2023, respectively, to be used to buy back nonperforming loans should the need arise.

## SUPPLEMENTARY INFORMATION





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Directors  
Habitat for Humanity - MidOhio  
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (financial statements), and have issued our report thereon dated September 25, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Habitat's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies might exist that were not identified.

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Habitat's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
September 25, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Habitat for Humanity - MidOhio  
Columbus, Ohio

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Habitat for Humanity - MidOhio's (Habitat) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Habitat's major federal programs for the year ended June 30, 2024. Habitat's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Habitat complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Habitat and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Habitat's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Habitat's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Habitat's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Habitat's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Habitat's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Habitat's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above, however material weaknesses or significant deficiencies in internal control over compliance might exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
September 25, 2024

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

<u>FEDERAL GRANTOR/SUBGRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>GRANTOR'S ID NUMBER</u>	<u>AMOUNT EXPENDED</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
<u>U.S. Department of Housing and Urban Development</u>				
Pass through City of Columbus:				
Home Investment Partnership Program	14.239	N/A	\$ 526,567	-
Pass through City of Newark:				
Home Investment Partnership Program	14.239	N/A	60,000	-
Pass through City of Columbus:				
Community Development Block Grant	14.218	N/A	<u>330,410</u>	<u>-</u>
 TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			 916,977	 -
<u>U.S. Department of Treasury</u>				
Pass through Ohio Department of Development:				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>700,000</u>	<u>\$ 150,000</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 1,616,977</u>	 <u>\$ 150,000</u>

See notes to the schedule of expenditures of federal awards.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of Habitat for Humanity - MidOhio (Habitat) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the schedule presents only a selected portion of the operations of Habitat, it is not intended to and does not present the financial position, change in net assets or cash flows of Habitat.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

Habitat has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

For the year ended June 30, 2024, Habitat passed through \$150,000 to subrecipients.

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:  
Material weakness(es) identified?

\_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements notes

\_\_\_\_\_ yes      X   no

Federal Awards:

Internal control over major programs:  
Material weakness(es) identified?

\_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes      X   none reported

Type of auditor's report on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes      X   no

Identification of major federal programs:

Assistance Listing Numbers  
21.027

Name of Federal Program or Cluster  
Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes      X   no



HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements and abuse related to the financial statements for which *Government Auditing Standards* require reporting.

There were no findings noted in the current year that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse.)

There were no findings noted in the current year that are required to be reported in accordance with 2 CFR 200.516(a).

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