

HABITAT FOR HUMANITY OF FLORIDA, INC.

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

AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

**WITH SUMMARIZED COMPARATIVE TOTALS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

HABITAT FOR HUMANITY OF FLORIDA, INC.
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity of Florida, Inc.
Clearwater, FL 33755

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Florida, Inc. (a Not-for-Profit Entity), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Habitat for Humanity of Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 for Humanity of Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Habitat for Humanity of Florida, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Tampa, Florida
September 11, 2023

HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)

	June 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,038,378	\$ 139,318
Accounts receivable, net	42,225	987
Prepays and other	2,120	10,907
Total assets	\$ 1,082,723	\$ 151,212
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 7,612	\$ 9,307
Accrued vacation	7,524	3,462
Agency payable	4,476	13,459
Total liabilities	19,612	26,228
Net assets		
Without donor restrictions	475,007	124,984
With donor restrictions	588,104	-
Total net assets	1,063,111	124,984
Total liabilities and net assets	\$ 1,082,723	\$ 151,212

See independent auditor's report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Changes in Net Assets	
			June 30,	
			2023	2022
PUBLIC SUPPORT AND OTHER REVENUES				
Public support				
Grants and contributions	\$ 64,651	\$ 3,207,542	\$ 3,272,193	\$ 56,225
Gifts in-kind	30,000	-	30,000	30,000
Total public support	94,651	3,207,542	3,302,193	86,225
Other revenues				
Management fee	386,526	-	386,526	202,955
Conference	146,012	-	146,012	64,750
Annual dues	47,500	-	47,500	26,250
Affiliate technical assistance	12,500	-	12,500	-
Other	191	-	191	262
Total other revenues	592,729	-	592,729	294,217
Net assets released from restrictions	2,619,438	(2,619,438)	-	-
Total revenues and public support	3,306,818	588,104	3,894,922	380,442
EXPENSES				
Program services	2,894,679	-	2,894,679	199,687
Supporting services				
General administration	62,116	-	62,116	72,601
Total expenses	2,956,795	-	2,956,795	272,288
Change in net assets	350,023	588,104	938,127	108,154
Net assets, beginning of year	124,984	-	124,984	16,830
Net assets, end of year	\$ 475,007	\$ 588,104	\$ 1,063,111	\$ 124,984

See independent auditor's report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Program Services	Supporting Services	Total Expenses	
		General Administration	June 30,	
			2023	2022
Personnel expenses				
Salaries	\$ 130,446	\$ 23,020	\$ 153,466	\$ 140,508
Payroll taxes	11,679	2,061	13,740	12,381
Employee benefits	16,203	2,859	19,062	14,685
Payroll processing and fees	-	3,457	3,457	3,223
Total personnel expenses	158,328	31,397	189,725	170,797
Other expenses				
Disaster resilience	2,570,399	-	2,570,399	-
Conference	67,467	-	67,467	5,174
Advocacy	48,742	-	48,742	35,180
Professional fees	7,500	7,500	15,000	1,790
Utilities	5,848	1,032	6,880	6,297
Travel	6,769	-	6,769	5,066
Computer repairs	4,531	800	5,331	5,666
Office	3,295	582	3,877	3,082
Insurance	-	3,031	3,031	2,724
HFHI Tithe	2,000	-	2,000	2,000
Meals and entertainment	-	729	729	503
Other	-	3,898	3,898	4,009
Total expenses before non-cash items	2,874,879	48,969	2,923,848	242,288
In-kind rent	19,800	10,200	30,000	30,000
Bad debt	-	2,947	2,947	-
Total expenses	\$ 2,894,679	\$ 62,116	\$ 2,956,795	\$ 272,288

See independent auditor's report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 938,127	\$ 108,154
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Gain on forgiveness of debt	-	(35,562)
(Increase) Decrease in assets:		
Accounts receivable, net	(41,238)	(1,051)
Prepays and other	8,787	(109)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(1,695)	8,811
Accrued vacation	4,062	(8,295)
Due to affiliates	(8,983)	(826)
Deferred revenue	-	(72,250)
Net cash provided by (used in) operating activities	899,060	(1,128)
Net change in cash and cash equivalents	899,060	(1,128)
Cash and cash equivalents, beginning of year	139,318	140,446
Cash and cash equivalents, end of year	\$ 1,038,378	\$ 139,318
NONCASH TRANSACTION:		
In-kind contributions received	\$ 30,000	\$ 30,000
Forgiveness of PPP loan and conversion into a grant	-	\$ 35,562

See independent auditor's report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 NATURE OF ORGANIZATION

Habitat for Humanity of Florida, Inc. (the “Organization” or “Habitat Florida”) was incorporated in June 2009 as a Not-for-Profit (“NFP”) corporation operating in the State of Florida. Habitat Florida is a formal Affiliate Support Organization (“ASO”) of Habitat for Humanity International, Inc. (“Habitat International”).

Habitat Florida’s programs and services are designed and developed to meet the expressed needs of Habitat for Humanity affiliates in Florida (“Florida Affiliates”) by offering a central place for Florida Affiliates to carry out the variety of functions needed to provide a unified voice, garner statewide attention, solicit group discounts, solicit statewide funding opportunities, advocate for legislative change on behalf of the Florida Affiliates by educating legislators on the societal benefits of making such changes, facilitate training opportunities, and more. Habitat Florida participates in the ASO Alliance, a national organization of Habitat ASOs who meet regularly to share program ideas, to help develop Florida Affiliates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Habitat Florida have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Habitat Florida has adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. Under ASC 958, Habitat Florida is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, Habitat Florida reports information regarding its financial position and activities as follows: (1) net assets without restrictions, which include no donor-imposed restrictions and, therefore, are available for any purpose authorized by the Board of Directors (the “Board”); and (2) net assets with restrictions, which include donor-imposed restrictions that will expire in the future.

Public Support and Revenue Recognition

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

- Recognize revenue when or as performance obligations are satisfied

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions under FASB ASC 606 including fees and dues from Florida Affiliates, conference revenue, and other management fees.

Affiliate Fees and Dues

The Organization levies a management fee to each Florida Affiliate that participates in the Community Contribution Tax Credit Program (“CCTCP”), a program run by the State of Florida. The management fee is used by the Organization to ensure affiliates are provided program education and technical assistance and stay within the allocation boundaries. Habitat Florida recognizes the fee upon receiving verification of sponsor (affiliate) applications received and approved by the State.

Additionally, each Florida Affiliate is also subject to annual dues depending on its size. These dues are used to assist in providing funds for the Organization’s operating expenses. The Organization’s performance obligations related to the membership dues are satisfied over time on a daily, pro-rata basis, spanning the length of each fiscal year, using the input method.

Conference Revenue

Revenue derived from the annual conference is recognized at a point in time, during the conference, since there are no other performance obligations related to this revenue.

Public Support

Gifts and contributions are recorded at their fair market value on the date of receipt.

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when either a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Support arising from donated, or in-kind, goods, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee.

For the year ended June 30, 2023, volunteers provided services to assist the Organization’s program and management functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Cash and Cash Equivalents

Habitat Florida considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. Habitat Florida has a policy of capitalizing expenditures for property and equipment with costs greater than \$2,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets which range from five to ten years. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use assets (the "ROU assets") and lease liabilities for its office buildings and equipment. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the Statement of Financial Position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As an accounting policy election, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments if the rate implicit in a lease is not-readily determinable.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the Statement of Financial Position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

During the year ended June 30, 2023, the Organization had no leases that met the requirements for recording as ROU assets or lease liabilities on the Statement of Financial Position.

Use of Estimates

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

Allocation of Functional Expenses

The costs of providing program services and other activities have been summarized on a functional basis. Expenses are allocated on a reasonable basis that is consistently applied. Allocated expenses include salaries, payroll taxes, employee benefits, rent, utilities, computer repairs, and office expenses, which are allocated on the basis of estimates of time and effort by the Organization's personnel. Other expenses are presented based on management's estimate of the function benefitted by each activity.

Federal Income Tax

Habitat Florida is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Management has evaluated Habitat Florida's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, Habitat Florida is subject to income tax examinations by the U.S. federal or state tax authorities up to three years after tax returns are filed.

Summarization and Reclassification of Certain Prior Year Financial Information

The financial information for the year ended June 30, 2022, presented for comparative purposes, is not intended to be a complete presentation. Certain prior year amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

**HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Recent Accounting Pronouncements Adopted

In 2016, Accounting Standards Update No. 2016-02, *Leases* (“ASU 2016-02”) was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the recognition requirements in ASC 840, *Leases*, and most industry-specific guidance.

The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases.

In September 2020, ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, was issued. The purpose of this ASU is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of financial assets were received and how they are used and recognized by the NFP.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through September 11, 2023, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Habitat Florida’s financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditure were as follows:

	June 30,	
	2023	2022
Financial assets at year-end		
Cash and cash equivalents	\$ 1,038,378	\$ 139,318
Accounts receivables, net	42,225	987
Current financial assets available to meet cash needs for general expenditures within one year	\$ 1,080,603	\$ 140,305

Habitat has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 AGENCY PAYABLE

Habitat Florida served as an intermediary for certain cash donations received. The beneficiaries of these funds, as intended by the donor, were the Florida Affiliates, each of which was to receive an equal portion of the donation. Of the amounts donated, approximately \$5,000 had not been disbursed to the Florida Affiliates as of June 30, 2022 and are recorded as agency payables on the Statement of Financial Position.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

During the year ended December 31, 2023, Habitat Florida received approximately \$3,208,000 in funding to administer the construction and renovation effort of the Florida Affiliates, and qualified homes in their respective communities, that were affected by Hurricane Ian. As of June 30, 2023, approximately \$588,000 of these funds had not been used for this designated purpose and are recorded as net assets with donor restrictions.

NOTE 6 CONTRIBUTED NONFINANCIAL ASSETS (GIFTS IN-KIND)

During the year ended June 30, 2023, contributed nonfinancial assets reported on the Statement of Activities as gifts in-kind includes a \$30,000 leased office space. This contributed nonfinancial asset was utilized by the Organization's programs and supporting services as shown on the in-kind rent expense on the Statement of Functional Expenses. There were no donor-imposed restrictions. This donated facility is valued at the estimated fair value rental fee that would be charged, based on comparable commercial rental facilities in the surrounding area.

NOTE 7 CREDIT AND REVENUE CONCENTRATIONS

Cash and Cash Equivalents

Habitat Florida maintains bank accounts with balances which, at times, may exceed federally insured limits. As of June 30, 2023, the Organization had approximately \$849,000 of uninsured cash. Habitat Florida has not experienced any losses on such accounts, and by managing the deposit concentration risk by placing cash with creditworthy financial institutions, management believes it is not exposed to any significant risk on bank deposit accounts.

Public Support and Other Revenues

The revenue derived from management fees comprised 56% of the Organization's unrestricted public support and other revenues for the year ended June 30, 2023. The State of Florida's continuation of the CCTCP program has a significant impact on the Organization's future cash flows.

NOTE 8 COMMITMENTS AND CONTINGENCIES

In an effort to further Habitat Florida's mission, the Organization entered into several contractual agreements, generally cancelable with seven to 30 days written notice, with outside vendors and service providers.

The Organization may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.