HABITAT FOR HUMANITY OF NORTHWEST METRO ATLANTA, INC.

Financial Statements
and
Independent Auditors' Report

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity of Northwest Metro Atlanta, Inc.

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Northwest Metro Atlanta, Inc., which comprise the Statement of Financial Position as of December 31, 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year ended December 31, 2023, and the related Notes to Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Northwest Metro Atlanta, Inc. as of December 31, 2023, and the changes in its net assets and cash flows for the year ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Northwest Metro Atlanta, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

Marshall Jones

Alpharetta, Georgia
July 25, 2024

HABITAT FOR HUMANITY OF NORTHWEST METRO ATLANTA, INC.

Statement of Financial Position

December 31, 2023

ASSETS	
Cash	**$ 2,417,493**
Investments	**132,416**
Mortgages receivable, net of imputed interest	**7,535,181**
Escrow receivable	**222,183**
Grants and sponsorship receivable	**228,616**
Inventory	**819,291**
Property and equipment, net of depreciation	**284,488**
Other assets	**74,347**
Right-of-use operating lease asset	**442,340**
TOTAL ASSETS	**$ 12,156,355**
LIABILITIES	
Accounts payable and accrued expenses	**$ 90,877**
Due to Community Development Block Grant	**218,877**
Note payable, net of unamortized debt issuance costs	**856,801**
Deferred revenue	**271,600**
Operating lease liability	**458,362**
TOTAL LIABILITIES	**1,896,517**
NET ASSETS	
Net assets without donor restrictions	**9,987,076**
Net assets with donor restrictions	**272,762**
TOTAL NET ASSETS	**10,259,838**
TOTAL LIABILITIES AND NET ASSETS	**$ 12,156,355**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF NORTHWEST METRO ATLANTA, INC.
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	
Revenues			
Contributions and grants	$ 108,246	$ 425,999	**$ 534,245**
Contributions in kind	470,478	-	**470,478**
Home sales income	2,503,234	-	**2,503,234**
Sponsorship and event income	-	1,851,347	**1,851,347**
Mortgage amortization, net	(832,955)	-	**(832,955)**
ReStore retail store operations, net	1,227,023	-	**1,227,023**
Investment income	129	-	**129**
Other income	97,077	-	**97,077**
Net assets released from restrictions	2,901,766	(2,901,766)	**-**
Total Revenues	6,474,998	(624,420)	**5,850,578**
Expenses			
Program services	5,027,102	-	**5,027,102**
General and administration	268,881	-	**268,881**
Fundraising	113,818	-	**113,818**
Total Expenses	5,409,801	-	**5,409,801**
Change in Net Assets	1,065,197	(624,420)	**440,777**
Net Assets - Beginning of Year	8,921,879	897,182	**9,819,061**
Net Assets - End of Year	$9,987,076	$ 272,762	**$10,259,838**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF NORTHWEST METRO ATLANTA, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	General and Administration	Fundraising	
Functional Expenses				
Cost of homes sold	$ 2,978,082	$ 269	$ 146	**$ 2,978,497**
Salaries and wages	1,155,674	192,397	81,167	**1,429,238**
Employee benefits	162,908	19,326	10,146	**192,380**
Payroll taxes	80,279	11,106	5,830	**97,215**
Accounting	-	19,500	-	**19,500**
Legal fees	750	-	-	**750**
Equipment and tools	9,003	-	-	**9,003**
Occupancy expenses	180,444	-	-	**180,444**
Fundraising events and marketing	61,147	-	2,375	**63,522**
Office supplies and expenses	21,475	1,715	901	**24,091**
Repairs and maintenance	46,983	1,397	705	**49,085**
Travel and automotive	21,632	527	415	**22,574**
Utilities	17,055	571	311	**17,937**
Interest expense	29,133	5,856	3,074	**38,063**
Depreciation and amortization	19,310	3,799	1,995	**25,104**
Insurance	99,812	8,989	4,667	**113,468**
Bank fees	7,384	691	363	**8,438**
Property and other taxes	1,834	2	1	**1,837**
Homes for Heroes	25,000	-	-	**25,000**
Dues and subscriptions	34,407	1,520	889	**36,816**
Telephone	16,185	611	394	**17,190**
Miscellaneous	58,605	605	439	**59,649**
Total Functional Expenses	$ 5,027,102	$268,881	$113,818	**$ 5,409,801**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF NORTHWEST METRO ATLANTA, INC.
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	**$ 440,777**
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	**25,104**
Land contributions in kind	**(408,000)**
Change in mortgage discount	**832,955**
(Increase) decrease in:	
Grants and sponsorship receivable	**(145,113)**
Inventory	**319,007**
Escrow receivable	**(19,666)**
Other assets	**(73,213)**
Right-of-use operating lease asset, net of liability	**9,675**
(Increase) decrease in:	
Accounts payable and accrued expenses	**(40,693)**
Due to Community Development Block Grant	**8,223**
Deferred revenue	**140,304**
Net Cash Provided by Operating Activities	**1,089,360**
Cash Flows from Investing Activities	
Purchase of investments	**(60,321)**
Collections of mortgages receivable	**1,275,477**
Issuance of mortgages receivable	**(2,503,234)**
Net Cash Used in Investing Activities	**(1,288,078)**
Cash Flows from Financing Activities	
Payments on note payable	**(132,359)**
Net Cash Used in Investing Activities	**(132,359)**
Net Decrease in Cash	**(331,077)**
Cash – Beginning of Year	**2,748,570**
Cash – End of Year	**$ 2,417,493**
Supplemental Disclosure of Cash Flow Information	
Cash paid for interest	**$ 38,063**

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND BASIS OF PRESENTATION

Description of Organization

Habitat for Humanity of Northwest Metro Atlanta, Inc. ("the Organization") is a Georgia nonprofit organization, organized exclusively for charitable purposes, which include the promotion of services among low-income persons of Cobb, Douglas, and Paulding Counties by providing housing specifically designated to meet their needs.

The Organization is supported primarily through home sales to homeowners and contributions. The Organization is an affiliate of Habitat for Humanity International, Inc ("HFHI"), a non-denominational Christian nonprofit organization whose purpose is to create decent and affordable housing for low-income families and making decent shelter a matter of conscience with people everywhere. Although HFHI assists with information resources, training, publications, prayer support, and in other ways, the Organization is primarily and directly responsible for its own operations. The Organization creates housing by buying or receiving contributed property, organizing the construction or rehabilitation of the property, and providing non-interest-bearing mortgages to the new homeowners.

The financial statements include the accounts of a retail store (the ReStore). The ReStore supports the operations and mission of the Organization and is a retail operation whereby reusable and surplus building materials, home furnishings and other goods are donated and then sold to the community at a greatly reduced price.

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Organization is required to report information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization are classified as follows:

Net assets without donor restrictions - represents net assets that are not restricted by donor-imposed stipulations and are available for support of operations and other expenditures.

Net assets with donor restrictions - represents net assets whose use by the Organization is subject to stipulations imposed by donor. Some donor restrictions are temporary in nature; that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Other donor restrictions are perpetual in nature that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization did not have any net assets of a perpetual nature as of December 31, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the financial statements in conformity with GAAP includes the use of estimates that may affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposits at commercial banks. Financial instruments that are exposed to credit risk consist of demand deposits at commercial banks, grants and sponsorship receivable, and non-interest-bearing mortgage loans receivable. The account balances (as reflected in the institution's records) are insured by the Federal Deposit Insurance Corporation up to $250,000, and during the year may exceed federally insured limits. The Organization believes it reduces risks associated with balances more than federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Recently adopted accounting pronouncements – Allowance for Credit losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* (Topic 326), which requires entities to measure all expected credit losses for financial instruments at amortized cost at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The Organization adopted Topic 326 as of January 1, 2023, using the modified retrospective transition method. The adoption of Topic 326 did not have a material impact on the Organization's financial statements.

Mortgages Receivable

Mortgage receivable balances represent the amount charged to the homeowners for houses built and secured with real estate that are to be paid back over a mutually established period of time. These mortgages are typically paid back on a monthly basis.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable (Continued)

The Organization recognizes the income from the sales to homeowners in accordance with ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Under Topic 606, the Organization recognizes revenue when a customer obtains control of a promised good or service, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition, the Organization performs the following 5 steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the Organization satisfies the performance obligation. The Organization only applies the 5-step method to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to a customer. The Organization recognizes revenue on homebuilding activities upon the closing of the sale.

The Organization recognizes an allowance for credit losses in an amount equal to current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectations of future conditions, as well as an assessment of specific identifiable homeowner accounts considered at risk or uncollectible. The Organization assesses collectability by pooling receivables, if and where similar characteristics exist, and evaluates mortgages receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. It is the policy of management to initiate foreclosure when an account is delinquent by ninety days or more. Delinquent loan status is based on the contractual terms of the loan. Management believes that substantially all mortgages receivable are collectible, and the losses from any uncollectible mortgages receivable would be offset by the subsequent resale of the houses. There were no allowances for uncollectible mortgages receivable as of December 31, 2023.

The Organization's mortgages are non-interest-bearing. A first mortgage is written for the portion affordable to the purchaser according to federal guidelines. The Organization obtains a deed of trust for any difference between the purchase price (i.e., the current fair value) and the amount of the first mortgage. A second equity agreement (the shared appreciation agreement) reflects the difference between the fair value and the total development costs if greater than fair value. A portion is recaptured at the time of title transfer based upon future appreciation. The equity agreements are not reflected in the financial statements.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable (Continued)

To encourage homeowners to remain in their homes for a specified period and to prevent the selling of their homes for a profit before their mortgages are paid off, the Organization maintains shared equity rights on all of its mortgage's receivable. Upon the homeowner's sale of the home before a specified time, the Organization is entitled to receive a portion of the equity appreciation in the home, and this shared equity amount is based on the number of completed years the seller has made payments on their mortgage. The shared equity amounts are not included in the financial statements because the revenue is not expected to be realized, and the amount of shared equity cannot be reasonably estimated because the future sales price of the home is unknown.

To ensure homes are affordable to qualifying homeowners, the Organization has issued additional "silent" mortgages on certain homes, valued as the difference between the homeowner's purchase price and the appraised value of the house at the time of initial sale. A prorated portion of the silent mortgages is forgiven each year the homeowners remain in their homes. These silent mortgages are not included in the financial statements because the revenue is not expected to be realized.

Escrows

The Organization is responsible for paying property taxes and insurance from funds paid by the homeowners along with their regular mortgage payment. The liability represents the amounts paid for by the homeowner and not yet transferred by the Organization. The asset represents the amounts paid for by the Organization and not yet reimbursed by the homeowner.

Grants and Sponsorship Receivable

Grants receivable are recorded at the amounts of cash estimated as realizable. Contributions, including unconditional pledges, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using a risk-adjusted rate appropriate for the expected term of the promise to give. Amortization of the discount is recorded as contribution revenue in accordance with donor-imposed restrictions, if any. Due to the nature of these receivables, prior years' expense, and analysis of specific receivables (including such factors as prior collection history), management believes the amounts are fully collectible; therefore, no allowance for uncollectible receivables is provided at December 31, 2023.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of land, construction in progress, completed homes, building materials, and donated ReStore inventory. Construction in progress consists of fair value of donated or purchased land, plus the direct home construction costs. Donated land is recorded at the property's fair value. Costs incurred are recognized as assets until the sale of the home with a reserve to bring them to the lower of cost or market. When the corresponding homes are completed and transferred to homeowners, these costs are expensed. Materials inventory consists of construction materials not yet used on houses and is stated at the lower of cost or market. Inventory was comprised of the following at December 31, 2023:

Land	$ 306,018
Construction in progress	325,119
Materials inventory and building supplies	70,882
ReStore donated inventory	117,272
Total property and equipment, net	$ 819,291

Property and Equipment

Property and equipment are stated at cost, or if donated, at estimated fair value of donation. Any donations of property and equipment are also recorded as support in the Statement of Activities at their estimated fair value. Depreciation is provided for on the straight-line method over the estimated useful lives (3 to 10 years) of the asset. Minor improvements, maintenance and repairs are charged to expense as incurred.

Loan Costs

Loan costs are costs associated with obtaining financing and are amortized using rhea straight-line method over the 10-year term of the related loan agreement. Loan costs, net of accumulated amortization, are netted against note payable in the accompanying Statement of Financial Position.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Home Sales

Home sales income consists of the sale of constructed homes and related land. These revenue arrangements consist of a single performance obligation to transfer promised property. The Organization recognizes revenue from these transactions on a point in time basis, upon settlement of each transaction. The Organization's sales arrangements do not contain variable consideration provisions.

The Organization provides all homebuyers with mechanical and structural warranties for one year. The Organization's experience in warranty work claims has been very low; therefore, no accrual is recorded for future warranty expenses as it is estimated to be insignificant. There are inherent uncertainties in estimating warranty costs; therefore, it is at least reasonably possible that the Organization's estimates of these costs will change in the near term.

Contributions

The Organization recognizes revenues in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants

Grant revenue is derived from cost-reimbursable state and other contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting performance requirements are reported as deferred revenue in the Statement of Financial Position.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grants (Continued)

The Organization depends heavily on grants to support ongoing operations. To the extent economic conditions negatively impact future contribution levels, the Organization's ability to continue at its current level of activity could be substantially impacted. Contracts and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantors. Managements represents that the Organization has complied with any such conditions related to revenue recognized. Although the return of funds is a possibility, management deems the contingency unlikely.

ReStore Retail Store Operations, Net

During 2022, the Organization began operating a retail home improvement store (the ReStore). The ReStore sells new and used building materials, home furnishings, and other goods to the general public. Donations to the ReStore are made by businesses, organizations, and individuals that have surplus or discounted merchandise. Cost of goods sold is comprised of the fair market value of the donated items sold and the cost of any purchased inventory sold.

Net ReStore retail store operations consists of the following for the year ended December 31, 2023:

Sales of donated and purchased items, net of returns and discounts	$1,227,023
Fair value of donated items	1,240,914
Cost of goods sold of donated items	(1,240,914)
Net	$1,227,023

Donated Services and Materials

The Organization receives significant donated services from unpaid volunteers who assist in home building, family selection, fundraising and administrative tasks. Donated services are recorded at fair value if they create or enhance non-financial assets or they consist of specialized skills that would have to be purchased if they were not donated. These volunteer services were not recorded in the financial statements since they did not meet the requirements for recognition. Donated professional services are valued at market rate for those services as contributions without donor restrictions.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Functional Expenses. The Organization incurs expenses that directly relate to and can be assigned to a specific program or supporting activity. The Organization also conducts several activities which benefit both its program objectives as well as supporting services (i.e. general and administration, and fundraising). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

Income Taxes

The Organization qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3).

The Organization only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties, for uncertain income tax positions at December 31, 2023. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to December 31, 2020.

The Organization is subject to unrelated business income tax on certain income not directly related to the Organization's tax-exempt purpose. In the opinion of management, the Organization did not have unrelated business income tax liabilities at December 31, 2023.

NOTE 3 – MORTGAGES RECEIVABLE

The Organization holds 238 non-interest-bearing mortgages, which are secured by sold homes as of December 31, 2023. GAAP requires that interest be imputed on below-market interest instruments. The effect is to discount each note with an offsetting charge to mortgage discounts. This discount is then amortized over the life of each note as interest income. The resulting carrying value of the mortgages receivable approximates fair value. The notes are due upon the earlier of the sale of the home, refinance or at maturity.

(Continued)

NOTE 3 – MORTGAGES RECEIVABLE (Continued)

Uncollectible notes are expected to be insignificant. Accordingly, no provision for doubtful accounts has been included on the Statement of Financial Position. The notes have been discounted at rates of 7.23% to 10.00%, according to rates established by HFHI's Finance Department.

Aggregate maturities of the mortgages receivable at December 31, 2023 are as follows:

Amounts due in,	Amount
Less than one year	$ 918,000
One to five years	3,450,314
More than five years	10,127,363
Less discount	(6,960,496)
Mortgages receivable, net	$ 7,535,181

The following table reflects the age of delinquent monthly mortgages receivable payments at December 31, 2023:

Days past due	Amount
1 - 60 days	$ 8,820
61 - 90 days	7,312
Over 90 days	425,851
Mortgages receivable, net	$ 441,983

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023:

Land and leasehold improvements	$ 598,783
Vehicles and equipment	138,974
Computer equipment	107,627
Furniture and fixtures	27,531
	872,915
Less accumulated depreciation	(588,427)
Total property and equipment, net	$ 284,488

NOTE 5 – CONTRIBUTIONS IN KIND

The Organization has adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Gifts in Kind)*. Donated building materials, appliances, home furnishings, and land are reflected as non-cash contributions at their estimated market value on date of receipt. For the year ended December 31, 2023, the Organization received donated land of $408,000 and donated materials and building supplies inventory of $62,478.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization is substantially supported by collections on mortgages from homeowners and by contributions with and without donor restrictions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As described in Note 7, the Organization also maintains a committed line of credit until August 2025, which it could draw upon in the event of an unanticipated cash need. The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows as of December 31, 2023:

Cash	$2,417,493
Investments	132,416
Grants and sponsorship receivables	228,616
Mortgages receivable, current portion	918,000
Total liquid assets	3,696,525
Net assets with donor restrictions	(272,762)
Financial assets available to meet cash needs within one year	$3,423,763

NOTE 7 – LINE OF CREDIT

The Organization has a $500,000 line of credit with a bank to be drawn upon as needed. The line of credit accrues interest at the Prime Rate minus 0.25% (an effective rate of 8.75% at December 31, 2023), is secured by the Organization's land and building, and matures in August 2025. There were no outstanding borrowings at December 31, 2023.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Organization received approximately $299,208 in contributions and sponsorships from HFHI.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are not subject to appropriation or expenditure, and relate to the following projects as of December 31, 2023:

Future home build sponsorships	$ 156,891
Homes for Heroes	98,181
Home repairs	17,690
	$ 272,762

NOTE 10 – RETIREMENT PLAN

The Organization has a 401(k) profit sharing plan, which became effective October 1, 2000. The Organization made discretionary contributions to the plan of $35,590 during the year ended December 31, 2023.

NOTE 11 – LEASES

The Organization has adopted the FASB ASU 2016-02, *Leases*. This standard requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The FASB decided that lessees will classify a lease as either a financing lease or an operating lease, based on whether the arrangement is effectively a purchase of the underlying asset. Leases that transfer control of the underlying asset to a lessee are classified as finance leases; lessees will classify all other leases as operating leases. In an operating lease, a lessee obtains control of only the use of the underlying asset, but not the underlying asset itself.

During 2022, the Organization entered into a lease agreement for its ReStore operations under a non-cancelable operating lease that matures in June 2027.

The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms. At December 31, 2023, the rent expense was $133,444, and the present value discount rate was 2.88%.

Future minimum rent lease payments are as follows for the years ended December 31:

2024	$ 129,957
2025	136,455
2026	143,278
2027	73,386
Less present value discount	(24,714)
Total	$ 458,362

NOTE 12 – DUE TO COMMUNITY DEVELOPMENT BLOCK GRANT

Upon the closing of eligible houses, the Home Investment Partnerships Program loans down payment assistance of $10,000 to the homeowner. The Organization is the collection agent for principal payments on the mortgage between the Cobb County Community Development Block Grant Program and the homeowners. The Organization remits these collections periodically. Of these collections, $218,877 remain payable to the Cobb County Community Development Block Grant Program at December 31, 2023.

NOTE 13 – NOTE PAYABLE

The Organization has a note payable due to HFHI. The note accrues interest at a rate of 4.00%, requires quarterly payments of $42,471, matures on September 30, 2029, and is secured by certain mortgage receivables as stipulated in the agreement. The note payable contains certain financial and non-financial covenants. The Organization was in compliance with all covenants at December 31, 2023.

Aggregate future maturities of principal under the note payable are as follows for the years ended December 31:

2024	$137,172
2025	142,742
2026	148,538
2027	154,569
2028	160,845
Thereafter	124,905
Less debt issuance costs, net of accumulated amortization	(11,970)
Total	$856,801

NOTE 14 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 25, 2024, the date these financial statements are available to be issued.