HABITAT FOR HUMANITY OF FLORIDA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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, 2022

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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, 2022, 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, 2022, 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.

affinity CPA, P.A.

Tampa, Florida
February 10, 2023

HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

ASSETS		
Cash and cash equivalents	$	139,318
Accounts receivable, net		987
Prepaids and other		10,907
Total assets	$	151,212
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$	9,307
Accrued vacation		3,462
Agency payable		13,459
Total liabilities		26,228
Net assets without donor restrictions		124,984
Total liabilities and net assets	$	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, 2022

REVENUES AND PUBLIC SUPPORT	
Program management fees	$ 202,955
Conference	64,750
Grants and contributions	56,225
Gifts in-kind	30,000
Annual dues	26,250
Other	262
Total revenues and public support	380,442
EXPENSES	
Program services	197,687
Supporting services	
General administration	74,601
Total expenses	272,288
Change in net assets	108,154
Net assets without donor restrictions, beginning of year	16,830
Net assets without donor restrictions, end of year	$ 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, 2022

	Program Services	Supporting Services General Administration	Total
Personnel expenses			
Salaries	$ 101,314	$ 39,194	$ 140,508
Payroll taxes	8,927	3,454	12,381
Employee benefits	10,589	4,096	14,685
Payroll processing and fees	-	3,223	3,223
Total personnel expenses	120,830	49,967	170,797
Other expenses			
Advocacy	35,180	-	35,180
Rent	21,657	8,378	30,035
Utilities	4,085	2,212	6,297
Computer repairs	3,731	1,935	5,666
Conference	5,174	-	5,174
Travel	5,066	-	5,066
Office	1,964	1,118	3,082
Insurance	-	2,724	2,724
HFHI Tithe	-	2,000	2,000
Professional fees	-	1,790	1,790
Meals and entertainment	-	503	503
Other	-	3,974	3,974
Total expenses	$ 197,687	$ 74,601	$ 272,288

HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 108,154
Adjustments to reconcile change in net assets	
to net cash flows from operating activities:	
Forgiveness of debt	(35,562)
(Increase) Decrease in assets:	
Accounts receivable, net	(1,051)
Prepaids and other	(109)
Increase (Decrease) in liabilities:	
Accounts payable and accrued expenses	8,811
Accrued vacation	(8,295)
Due to affiliates	(826)
Deferred revenue	(72,250)
Net cash used in operating activities	(1,128)
Net change in cash and cash equivalents	(1,128)
Cash and cash equivalents, beginning of year	140,446
Cash and cash equivalents, end of year	$ 139,318
NONCASH TRANSACTION:	
In-kind contributions received	$ 30,000
Forgiveness of PPP loan and conversion into a grant	$ 35,562

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.

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

- 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 the Florida Affiliates and conference revenue.

Affiliate Fees and Dues
The Organization levies a 2% management fee on 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 of either $250 or $500, 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 received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with restrictions. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. If the restriction expires in the same accounting period in which the revenue is recognized, the Organization reports the contribution as increases in 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, 2022, 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.

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.

Concentration of Credit Risk

Financial instruments that potentially subject Habitat Florida to concentrations of credit risk consist primarily of bank deposits.

Habitat Florida maintains bank accounts with balances which, at times, may exceed federally insured limits. Habitat Florida has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposit accounts.

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.

Recent Accounting Pronouncements Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.* 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.

Recent Accounting Pronouncements Not Yet Adopted

In 2016, ASU 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 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.

ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization will adopt this new standard effective for the fiscal year ending June 30, 2023 and shall disclose qualitative and quantitative information. Management believes the effect on current accounting policies will be immaterial as there are no material lease contracts.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through February 10, 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:

Financial assets at year-end	
Cash and cash equivalents	$ 139,318
Accounts receivables, net	987
Current financial assets available to meet cash needs for general expenditures within one year	$ 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 ACCOUNTS RECEIVABLE

It is the Organization's policy to withhold benefits from Florida Affiliates, with seriously delinquent receivable balances. As of June 30, 2022, the Organization had gross accounts receivable of approximately $9,000. It is the opinion of management that approximately $8,000 of the receivable balance should be reserved for in an allowance for doubtful accounts, resulting in a net accounts receivable balance of approximately $1,000 as of June 30, 2022.

NOTE 5 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 $13,000 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.

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization received loan proceeds from a financial institution in the amount of approximately $36,000 under the Paycheck Protection Program (the "PPP"). This program was established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In accordance with the PPP funding agreement, the Organization's loan would be forgiven and converted into a grant once the Organization meets certain criteria related to its payroll, utility, and interest expenses over a specified measurement period.

Habitat Florida's management determined that the Organization should record the PPP loan as a conditional contribution. The Organization met those conditions during the year ended June 30, 2022. As a result of the loan's forgiveness, the Organization recorded approximately $36,000 of support from grants and contributions on the Statement of Activities.

NOTE 7 CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets included in the Statement of Activities during the year ended June 30, 2022 was $30,000 of rent, all of which was utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated assets.

NOTE 8 CONCENTRATIONS

The revenue derived from the CCTCP program's management fees comprised 53% of the Organization's total revenues and public support. The State of Florida's continuation of the CCTCP program has a significant impact on the Organization's future cash flows.

NOTE 9 COMMITMENTS

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.

NOTE 10 CONTINGENCIES

In March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation. measures worldwide. These measures could negatively impact the Organization's operations, vendors, and donors. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's operations or cash flows.

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.