

**HABITAT FOR HUMANITY
OF CAMDEN COUNTY, INC.**

Financial Statements
and
Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8-14

INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity of Camden County, Inc.

Qualified Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Camden County, Inc., which comprise the Statements of Financial Position as of June 30, 2023 and 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years ended June 30, 2023 and 2022, and the related Notes to Financial Statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Camden County, Inc., as of June 30, 2023 and 2022, and the changes in its net assets and cash flows for the years ended June 30, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Accounting Standards Codification Update 842 (ASC 842) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset. Habitat for Humanity of Camden County, Inc., did not adopt ASC 842 for the year ended June 30, 2023, has excluded from property and debt in the accompanying statements of financial position, certain lease obligations that should be capitalized to conform with accounting principles generally accepted in the United States of America. In our opinion, as a result of not adopting ASC 842 the financial statements are not in conformity with accounting principles generally accepted in the United States of America.

We conducted our audits 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 Camden County, 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Camden County, 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 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 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 Camden County, 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 Camden County, 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 Camden County, Inc.’s June 30, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2022. 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.

Marshall Jones

Atlanta, Georgia
November 14, 2023

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
 Statements of Financial Position
 June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 310,135	\$ 286,843
Mortgages receivable, net of imputed interest	253,546	269,677
Accounts receivable	-	16,330
ReStore inventory	25,602	25,850
Property inventory	-	11,000
Construction in progress	12,724	1,546
Land held for development	209,203	231,168
Vehicles and equipment, net of depreciation	8,865	7,366
Lease deposit	19,800	19,800
TOTAL ASSETS	\$ 839,875	\$ 869,580
LIABILITIES		
Accrued expenses	\$ 8,986	\$ 1,390
Escrows, net	9,850	11,098
TOTAL LIABILITIES	18,836	12,488
NET ASSETS		
Net assets without donor restrictions	821,039	857,092
TOTAL NET ASSETS	821,039	857,092
TOTAL LIABILITIES AND NET ASSETS	\$ 839,875	\$ 869,580

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

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.

Statements of Activities

For the Years Ended June 30, 2023 and 2022

	2023	2022
Revenue		
Contributions	\$ 1,406	\$ 39,045
Contributions in kind	-	11,000
Restore income, net of sales tax	241,496	277,602
Grant income	10,426	-
Fundraising income, net of expenses	33,707	15,309
Loan forgiveness income	-	33,300
Mortgage amortization income	14,731	14,731
Interest income	-	2,397
Sale to homeowner	-	150,000
Loss on sale of equipment	-	(5,758)
Total Revenues	301,766	537,626
Expenses		
Program services	246,731	283,426
General and administration	59,319	51,408
Fundraising	31,769	26,564
Total Expenses	337,819	361,398
Change in Net Assets	(36,053)	176,228
Net Assets Without Donor Restrictions – Beginning of Year	857,092	680,864
Net Assets Without Donor Restrictions – End of Year	\$ 821,039	\$ 857,092

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

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022

	Program Services	General and Administration	Fundraising	2023	2022
Functional Expenses					
Cost of home sold	\$ 5,813	\$ -	\$ -	\$ 5,813	\$ 89,141
Salaries and wages	115,422	14,426	14,428	144,276	99,239
Payroll taxes	14,194	1,774	1,774	17,742	19,007
Accounting fees	-	23,457	-	23,457	21,865
Advertising and promotion	-	-	1,655	1,655	2,279
Office expense	4,817	602	602	6,021	4,696
Information technology	432	54	54	540	371
Occupancy	73,330	9,167	9,166	91,663	80,782
Travel	1,612	202	201	2,015	1,233
Interest expense	-	-	-	-	516
Depreciation	918	115	115	1,148	4,228
Insurance	12,975	1,622	1,622	16,219	10,770
Bank fees	-	5,747	-	5,747	4,742
Other taxes and fees	2,166	272	270	2,708	10,563
Auto expenses	2,136	267	267	2,670	2,971
Dues and subscriptions	960	120	120	1,200	4,830
Telephone	1,470	184	184	1,838	2,062
Miscellaneous	10,486	1,310	1,311	13,107	2,103
Total Functional Expenses	\$ 246,731	\$ 59,319	\$ 31,769	\$ 337,819	\$ 361,398

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

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (36,053)	\$ 176,228
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,148	4,228
Loss on sale of equipment	-	5,758
Change in mortgage discount	(14,731)	(14,731)
Contributions in kind	-	(11,000)
Loan forgiveness income	-	(33,300)
(Increase) decrease in:		
Accounts receivable	16,330	(16,330)
ReStore inventory	248	(850)
Property inventory	11,000	-
Land held for development	21,965	(1,868)
Construction in progress	(11,178)	16,761
(Increase) decrease in:		
Accrued expenses	7,596	(2,995)
Escrow payables, net	(1,248)	(486)
Net Cash (Used in) Provided by Operating Activities	(4,923)	121,415
Cash Flows From Investing Activities		
Purchase of equipment	(2,647)	(5,555)
Proceeds from sale of equipment	-	5,000
Net Cash Used in Investing Activities	(2,647)	(555)
Cash Flows From Financing Activities		
Proceeds from collections of mortgages receivable	30,862	29,442
Issuance of mortgages receivable	-	(60,000)
Payments on long-term debt	-	(6,256)
Net Cash Provided by (Used in) Financing Activities	30,862	(36,814)
Net Increase in Cash	23,292	84,046
Cash – Beginning of Year	286,843	202,797
Cash – End of Year	\$ 310,135	\$ 286,843

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

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND BASIS OF PRESENTATION

Description of Organization

Habitat for Humanity of Camden County, Inc. (“the Organization,”), a non-profit corporation located in St. Mary’s, Georgia, was incorporated in 1997 in the State of Georgia. The Organization is an affiliate of Habitat for Humanity International, Inc. The Organization empowers individuals and families to build and buy their own homes with the help of people in the local community. With volunteer labor, local donations and some in-kind materials, homes are sold and rehabilitated at no interest (if the Organization maintains the mortgage) to workforce households who are required to have a need for housing, the ability to pay their mortgage and participate in the construction of the homes. The program prepares partner families to be successful homeowners. The Organization also operates a ReStore, which is a retail center for new and gently-used building materials and home furnishings sold to the general public at deeply discounted prices.

The Organization annually remits a portion of its contributions to Habitat for Humanity International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2023 and 2022, the Organization tithed \$3,500 and 4,831 to Habitat for Humanity International, Inc., respectively.

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. There are no net assets with donor restrictions at June 30, 2023 and 2022.

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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 statement. Accordingly, actual results could differ from those estimates.

Cash

Cash may, from time to time, exceed federally insured limits.

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.

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 five 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 five-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's mortgages are non-interest-bearing if the Organization maintains the mortgage. 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)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Construction in Progress

Property and equipment are stated at cost. Depreciation is provided for on the straight-line method over the estimated useful lives of the asset. Minor improvements, maintenance and repairs are charged to expense as incurred.

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.

Inventory

ReStore inventory represents building materials and materials to be used in construction of Habitat houses or sold to the general public. All inventory is donated and valued at fair value at date of receipt. ReStore inventory is recorded net of any allowance for obsolescence. ReStore sales are recognized at the time the transaction occurs in the store.

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.

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.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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.

The Organization receives significant donated services from unpaid volunteers who assist in home building, operational support, 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. Two parcels of land were donated to the Organization during the year ended June 30, 2022 and recorded as contributions in kind revenue of \$11,000 at their estimated fair value.

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. Accordingly, certain expenses have been allocated among the programs and supporting services receiving benefit. The allocation has been made based on management's best estimate of the actual resources used in those areas and is based upon time and effort.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 June 30, 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 June 30, 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 June 30, 2023 and 2022.

NOTE 3 – MORTGAGES RECEIVABLE

The Organization holds 14 non-interest-bearing mortgages, which are secured by sold homes as of June 30, 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.

Uncollectible notes are expected to be insignificant. Accordingly, no provision for doubtful accounts has been included on the Statements of Financial Position. The notes have been discounted at rates of 7.39% to 8.14%, according to rates established by Habitat for Humanity International's Finance Department.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 – MORTGAGES RECEIVABLE (Continued)

Aggregate maturities of the mortgages receivable at June 30, 2023 are as follows:

Years ending June 30,	Amount
2024	\$ 70,980
2025	28,693
2026	28,693
2027	27,809
2028	22,363
Thereafter	246,011
Less discount	(171,003)
Mortgages receivable, net	\$ 253,546

NOTE 4 – LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization’s financial assets available within one year of the Statements of Financial Position date for designated expenditures are as follows as of June 30, 2023 and 2022:

	2023	2022
Cash	\$ 310,135	\$ 286,843
Accounts receivable	-	16,330
Mortgages receivable, current portion	70,980	76,605
Financial assets available to meet cash needs within one year	\$ 381,115	\$ 379,778

NOTE 5 – OPERATING LEASE COMMITMENT

FASB issued Accounting Standards Codification Update 842 (ASC 842), which is a comprehensive change for lease arrangements. The objective of ASC 842 is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases. This standard requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as outflows of resources.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset. The Organization did not adopt ASC 842 for the year ended June 30, 2023.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 – OPERATING LEASE COMMITMENT (Continued)

In June 2021, the Organization entered into a 39-month property lease agreement, including a lease deposit of \$19,800. The terms of the lease require monthly payments of \$4,950 with an annual escalation each October through September, 2024.

Future minimum rent lease payments are as follows for the years ended June 30:

2024	\$ 85,388
2025	22,275
Total	\$107,663

NOTE 6 – CONTINGENCY

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2023, the date these financial statements are available to be issued.

Subsequent to the year end June 30, 2023, the Board of Directors terminated the employment of the former Executive Director due to arrest on charges related to theft by taking at a previous employer. The Board of Directors do not believe the termination will result in financial or operational implications for the Organization. The Restore sales, deposit histories, and bank statement were reviewed by the Board of Directors, and no irregularities were found. The financial statements for the year ended June 30, 2023, do not reflect any adjustments related to this event.

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