Habitat for Humanity of the St. Vrain Valley, Inc.

Financial Statements with Independent Auditor's Report

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

WIPFLI

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Independent Auditor's Report

Board of Directors
Habitat for Humanity of the St. Vrain Valley, Inc.
Longmont, Colorado

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of the St. Vrain Valley, Inc. (the "Organization"), a nonprofit organization, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of the St. Vrain Valley, 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 (''GAAP'').

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 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 the St. Vrain Valley, 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 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, 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 the St. Vrain Valley, Inc.'s ability to continue as a going concern for one year after the date 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 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 the St. Vrain Valley, 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 the St. Vrain Valley, 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 previously audited Habitat for Humanity of the St. Vrain Valley, Inc.'s 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 1, 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.

Wipfli LLP

Wipfli LLP

Denver, Colorado
December 1, 2023

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Financial Position

June 30, 2023

(With Comparative Totals as of June 30, 2022)

ASSETS	2023	2022
Current Assets:		
Cash and Cash Equivalents	$ 480,249	$ 3,348,877
Certificates of Deposit	1,118,933	-
Grants and Contributions Receivable	91,785	161,996
Current Portion of Mortgages Receivable - Net of Unamortized Discount	75,983	68,805
Inventory	10,682	4,573
Prepaid Expenses	39,030	28,752
Land Held for Development and Construction-in-Progress	5,672,160	3,418,999
Total Current Assets	7,488,822	7,032,002
Property and Equipment - At Cost:		
Buildings and Improvements	1,199,606	479,478
Construction Equipment	55,608	55,608
Vehicles	61,958	61,958
Furniture and Office Equipment	32,227	29,782
Construction in Progress - Remodel	-	266,843
	1,349,399	893,669
Less: Accumulated Depreciation	221,421	190,100
Property and Equipment - Net	1,127,978	703,569
Long-Term Assets:		
Beneficial Interest in Assets Held By The Longmont Community Foundation	1,778	1,646
Long-Term Portion of Mortgages Receivables - Net of Unamortized Discount	1,368,488	1,302,252
Total Long-Term Assets	2,498,244	2,007,467
Other Assets:		
Right-of-Use Asset - Operating Lease	343,560	-
TOTAL ASSETS	$ 10,330,626	$ 9,039,469

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Financial Position (Continued)

June 30, 2023

(With Comparative Totals as of June 30, 2022)

LIABILITIES AND NET ASSETS	2023	2022
Current Liabilities:		
Accounts Payable	$ 101,610	$ 301,678
Accrued Liabilities	146,149	126,205
Notes Payable - Current	330,879	200,450
Operating Lease Liability - Current	121,819	-
Total Current Liabilities	700,457	628,333
Long-Term Liabilities:		
Notes Payable - Long-Term	1,952,569	866,975
Operating Lease Liability - Long-Term	221,741	-
Total Long-Term Liabilities	2,174,310	866,975
Total Liabilities	2,874,767	1,495,308
Net Assets:		
Without Donor Restrictions		
Undesignated	7,362,296	7,380,519
Board Designated for Endowment	1,778	1,646
Total Net Assets Without Donor Restrictions	7,364,074	7,382,165
With Donor Restrictions	91,785	161,996
Total Net Assets	7,455,859	7,544,161
TOTAL LIABILITIES AND NET ASSETS	$ 10,330,626	$ 9,039,469

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Activities

For the Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenues and Support				
Operating Revenues:				
Sales to Homeowners	$ 284,516	$ -	$ 284,516	$ 608,795
Mortgage Discount Amortization	99,572	-	99,572	115,148
(Loss) on Repurchase of Mortgage Receivable	(42,511)	-	(42,511)	-
Gain on Forgivable Mortgages Receivable	6,194	-	6,194	-
Home Build Income (Loss) - Net	65,597	-	65,597	(97,792)
Restore Revenue	888,105	-	888,105	893,023
Rental Income	6,900	-	6,900	9,125
Interest and Other Income	73,328	-	73,328	49,136
Total Operating Revenues	1,381,701	-	1,381,701	1,577,435
Support:				
Grants and Contributions	1,555,183	91,785	1,646,968	4,378,473
Paycheck Protection Program Loan Forgiveness	-	-	-	217,500
In-Kind Contributions	57,437	-	57,437	2,480,151
Other Income - Employee Retention Credits	-	-	-	22,766
Net Assets Released from Restrictions	161,996	(161,996)	-	-
Total Support	1,774,616	(70,211)	1,704,405	7,098,890
Total Revenues and Support	3,156,317	(70,211)	3,086,106	8,676,325
Expenses				
Program Services:				
Home Construction	1,626,559	-	1,626,559	2,000,332
Family Services	226,459	-	226,459	265,160
ReStore	869,750	-	869,750	803,965
Total Program Services	2,722,768	-	2,722,768	3,069,457
Supporting Services:				
Management and General	227,212	-	227,212	135,321
Fundraising	224,428	-	224,428	232,534
Total Supporting Services	451,640	-	451,640	367,855
Total Expenses	3,174,408	-	3,174,408	3,437,312
Change in Net Assets	(18,091)	(70,211)	(88,302)	5,239,013
Net Assets - Beginning of Year	7,382,165	161,996	7,544,161	2,305,148
NET ASSETS - END OF YEAR	$ 7,364,074	$ 91,785	$ 7,455,859	$ 7,544,161

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Functional Expenses

For the Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services				Supporting Services				
	Home Construction	Family Services	ReStore	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2023	Total 2022
Expenses									
Salaries and Wages	$ 574,044	$ 148,607	$ 434,059	$ 1,156,710	$ 116,111	$ 146,834	$ 262,945	$ 1,419,655	$ 1,182,474
Employee Benefits	77,432	21,505	52,626	151,563	14,079	6,180	20,259	171,822	125,379
Payroll Taxes	49,170	13,279	39,780	102,229	11,746	13,252	24,998	127,227	98,465
Total Payroll Related Costs	700,646	183,391	526,465	1,410,502	141,936	166,266	308,202	1,718,704	1,406,318
Cost of Homes Sold	357,499	-	-	357,499	-	-	-	357,499	790,406
Rent and Occupancy	30,588	209	187,356	218,153	210	209	419	218,572	213,304
Mortgage Discount Expense	149,758	-	-	149,758	-	-	-	149,758	-
Repairs and Maintenance - Homes	137,515	-	-	137,515	-	-	-	137,515	159,145
Professional Fees	14,720	10,044	13,284	38,048	20,995	3,399	24,394	62,442	64,143
Tithe	47,679	-	-	47,679	-	-	-	47,679	404,717
Fundraising and Development	17,443	-	-	17,443	-	29,591	29,591	47,034	31,780
AmeriCorp Expenses	44,739	-	-	44,739	-	-	-	44,739	51,448
Insurance	22,338	7,446	-	29,784	7,447	7,446	14,893	44,677	33,610
Cost of Purchased Goods	-	-	35,500	35,500	-	-	-	35,500	19,819
Repairs and Maintenance Building	3,785	1,159	25,874	30,818	1,282	1,110	2,392	33,210	27,143
Technology	16,283	5,715	417	22,415	4,373	5,069	9,442	31,857	37,211
Telephone and Utilities	8,828	2,012	15,073	25,913	3,997	1,617	5,614	31,527	26,993
Depreciation	3,584	-	9,975	13,559	17,763	-	17,763	31,322	21,817
Bank and Credit Card Fees	5,018	42	20,906	25,966	466	1,497	1,963	27,929	22,173
Office Expenses	13,788	2,379	5,851	22,018	3,458	2,369	5,827	27,845	16,884
Interest Expense	12,206	-	1,757	13,963	11,930	-	11,930	25,893	9,909
Advertising	17,057	30	6,268	23,355	-	1,026	1,026	24,381	27,887
Dues and Subscriptions	5,270	6,091	6,902	18,263	2,392	2,131	4,523	22,786	22,547
Volunteer Expenses	7,689	-	23	7,712	4,564	-	4,564	12,276	7,117
Training	5,502	1,983	-	7,485	2,608	1,747	4,355	11,840	6,508
Vehicle Expense	-	-	8,927	8,927	-	-	-	8,927	10,170
Travel	2,199	239	49	2,487	3,522	681	4,203	6,690	12,065
Family Services and Support	900	5,382	-	6,282	-	-	-	6,282	6,660
Supplies	-	-	3,627	3,627	-	-	-	3,627	3,498
Postage and Shipping	986	179	1,026	2,191	177	179	356	2,547	2,303
Printing and Reproduction	539	158	470	1,167	92	91	183	1,350	1,737
Total Expenses by Function	$ 1,626,559	$ 226,459	$ 869,750	$ 2,722,768	$ 227,212	$ 224,428	$ 451,640	$ 3,174,408	$ 3,437,312

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Cash Flows

For the Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash Flows From Operating Activities:		
Change in Net Assets	$ (88,302)	$ 5,239,013
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows From Operating Activities:		
Mortgage Loans Issued - Net of Discount to Net Present Value	(111,943)	-
Loss on the Repurchase of Mortgage Receivable	42,511	-
Mortgage Discount Amortization	(99,572)	(115,148)
(Increase) Decrease in the Value of Beneficial Interest in Assets Held by The Longmont Community Foundation	(132)	190
Depreciation	31,322	21,817
Paycheck Protection Program Loan Forgiveness	-	(217,500)
Non-Cash Lease Expense	118,387	-
Changes in Operating Assets and Liabilities:		
Grants and Contributions Receivable	70,211	(114,145)
Inventory	(6,109)	(1,767)
Prepaid Expenses	(10,278)	(21,124)
Land Held for Development and Construction in Progress	(2,253,161)	(2,408,516)
Accounts Payable	(200,068)	207,059
Accrued Liabilities	19,944	32,961
(Payments on) Operating Lease Liability	(118,387)	-
Net Cash Flows Provided (Used) By Operating Activities	(2,605,577)	2,622,840
Cash Flows From Investing Activities:		
(Purchase of) Property and Equipment	(455,731)	(283,118)
(Purchase of) Certificates of Deposit	(1,110,000)	-
Reinvestment of Interest in Certificates of Deposit	(8,933)	-
(Repurchase) of Mortgage Receivable	(99,451)	-
Mortgage Payments Received	195,041	215,558
Net Cash Flows Provided (Used) By Investing Activities	(1,479,074)	(67,560)
Cash Flows From Financing Activities:		
Proceeds from Notes Payable	1,446,717	165,583
(Repayments of) Notes Payable	(230,694)	(77,249)
Net Cash Flows Provided (Used) By Financing Activities	1,216,023	88,334
Net Change in Cash and Cash Equivalents	(2,868,628)	2,643,614
Cash and Cash Equivalents - Beginning of Year	3,348,877	705,263
Cash and Cash Equivalents - End of Year	$ 480,249	$ 3,348,877
SUPPLEMENTAL DISCLOSURE:		
Cash Paid for Interest	$ 25,893	$ 9,909
NON-CASH FINANCING ACTIVITY:		
Forgiveness of Paycheck Protection Program Loan	$ -	$ 217,500

See accompanying notes to the financial statements.

Note 1: Nature of the Organization and Significant Accounting Policies

Nature of Operations

Habitat for Humanity of the St. Vrain Valley, Inc. (the "Organization"), is a non-profit housing ministry that displays the care of Jesus Christ to people from all walks of life, regardless of faith, and helps build simple, decent, affordable homes with people in need, while striving to make affordable housing a matter of conscience for families in the St. Vrain Valley School District and Estes Park.

The Organization operates a Habitat for Humanity ReStore (the "ReStore"), a retail operation, where home furnishings, appliances, and other miscellaneous items are donated and then sold to the community at reduced prices. Revenue is recognized by the Organization at the time the donated goods are sold; therefore, no value for the donated ReStore inventory is included in these financial statements. The ReStore is operated with the sole purpose of generating funds to assist the Organization's mission of building houses.

The Organization is an affiliate of Habitat for Humanity International.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> *Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Governing Board has designated, from net assets without donor restrictions, funds to be held for an endowment.
>
> *Net assets with donor restrictions:* Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no funds held in perpetuity as of June 30, 2023 and 2022. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Income Tax Status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Accounting standards require the Organization to recognize in the financial statements the impact of uncertain tax positions based on the specific guidance in the standards. Management evaluated the Organization's tax positions and concluded that no uncertain tax positions exist as of June 30, 2023 and 2022.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. The prior year presentation does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents, grants and contributions receivable, mortgages receivable, and accounts payable. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest. Certificates of deposit are not required to be classified in one of the levels prescribed by the fair value hierarchy.

At June 30, 2023, the Organization held multiple certificates of deposit totaling $1,118,933, at yields ranging from 2.41% to 5.00%, which are scheduled to mature in the year ending June 30, 2024.

The certificates of deposit are held at financial institutions with maturities of six months, and renew automatically unless the Organization directs otherwise. Subsequent to the year ended June 30, 2023, several of the certificates of deposit expired and were not renewed.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Grants and Contributions Receivable

Grants and contributions receivable represent written or oral agreements to contribute cash or other assets to the Organization. At June 30, 2023 and 2022, management deemed all grants and contributions receivable to be fully collectible; accordingly, no allowance for uncollectible amounts was required. All grants and contributions receivable are due within one year.

Inventory

ReStore inventory consists of goods purchased and held for sale at the ReStore. Inventories are stated at the lower of cost or net realizable value. Items donated to the ReStore are not included in these financial statements, as donated goods are recognized at the time of sale.

Mortgages Receivable

The Organization constructs homes to be sold with interest-free mortgages. These mortgages are discounted based upon the prevailing market interest rates at the inception of the mortgage. The discount rates are set by Habitat for Humanity International based on the annual simple average of the rates published by the Internal Revenue Service (IRS) under 2010-5 Section 42(B)(2) for buildings placed into service during the period. The rates determined by the IRS used to discount the mortgages funded for the years ended June 30, 2023 and 2022, were 7.85% and 7.49%, respectively. The discounts are charged directly to operations at the inception of the mortgage and amortized over the life of the mortgage. From time-to-time, the Organization may sell mortgages rather than hold them to term. In these situations, the gain or loss on the sale of mortgages is recorded in the year in which the mortgage is sold.

Land Held for Development and Construction in Process

Land held for future development is recorded at cost. All costs incurred in construction of a home are capitalized and recorded at cost. These costs may include donated goods and services associated with the individual project. These accumulated costs are not subject to depreciation.

Property and Equipment

Property and equipment is carried at cost or fair market value at date of contribution. Property and equipment acquired with an estimated useful life in excess of one year and a cost of $500 or more is capitalized and depreciated using the straight-line method over the estimated useful life of the respective asset. Useful lives range from 39 years for buildings, 7 to 39 years for building and leasehold improvements, 5 to 15 years for equipment and furniture, and 5 years for vehicles.

Donations of assets are recorded at estimated fair market value. Long-lived assets are recorded without implying a time restriction therefore increasing net assets without donor restrictions at the fair market value in the year which the assets are received.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of the assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from the use of the assets is less than their carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is based on discounted cash flows or appraised values, depending on the nature of the assets. Management of the Organization has not identified any impairments of long-lived assets during the years ended June 30, 2023 and 2022.

Revenue Recognition

Revenues from operations are primarily derived from ReStore and home sales. Revenues from these sources is recognized when the services are provided, in an amount that reflects the consideration that the Organization expects to be entitled in exchange for those services. All revenues from contracts with customers is recognized at a point-in-time.

ReStore sales are primarily from customers in the St. Vrain Valley School District and Estes Park area and surrounding Colorado counties with payment due at the point of sale. The nature of these sales does not give rise to contract costs or any variable consideration or warranties.

Home sales are to qualified low-income individuals and families in the St. Vrain Valley School District and Estes Park area. Homes are appraised for value prior to sale and the sales price may be set below the appraised value. Homes are funded primarily by financing provided by the Organization. Home sales are recorded at the discounted value of payments to be received over the lives of the mortgage. Some qualified buyers may receive down payment assistance from other agencies to reduce their loan amount. The Organization recognizes revenue from home sales when a home closing occurs, and title is transferred to the home buyer. The nature of these sales does not give rise to any other contract costs or variable consideration.

The key factors affecting the amount, timing and uncertainty of the Organization's revenue is its concentration of revenue attributed to ReStore sales, sales to homeowners, and in-kind contributions. Management does not believe that the Organization is exposed to any significant risks related to its concentration of revenues.

The Organization does not have any contract liabilities and does not have any significant contract-related assets outside of mortgages receivable.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Net receivable and contract balances from contracts with customers were as follows:

	Mortgages Receivable, Net
July 1, 2021	$ 1,471,467
June 30, 2022	$ 1,371,057
June 30, 2023	$ 1,444,471

Rental Income

The Organization leases office space in their administration building. Rental income is billed and due monthly. All leases between the Organization and tenants of the property are month to month and are treated as operating leases.

The Organization leases a house from the City of Longmont which it then leases to AmeriCorp members. Rental income is billed and due monthly. All leases between the Organization and tenants of the property are month to month and are treated as operating leases.

Contribution Revenues

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier that is more than trivial and that must be overcome before the revenue can be earned and recognized.

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Grant Revenues

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions: Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions: Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization received no grant awards considered exchange transactions for the years ended June 30, 2023 and 2022.

In-Kind Contributions

Donated services are recognized as contributions in accordance with GAAP for Not-for-Profit Organizations, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2023 and 2022, the Organization received and recognized $57,437 and $2,480,151, respectively, of donated land and services. Volunteers also provided assistance with specific programs and fund-raising events throughout the year that were not recognized as contributions in the financial statements because the recognition criteria were not met.

Donations of assets are recorded at estimated fair market value at the date of donation, except for goods donated to the ReStore. Consistent with the Habitat for Humanity International Affiliate Operations Manual, goods donated to the ReStore are reflected as revenue at the time of sale when there is an objective, measurable basis for determining the fair value.

Advertising

The Organization expenses the costs of advertising as incurred. Advertising costs totaled $24,381 and $27,887 for the years ended June 30, 2023 and 2022.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to credit risk consist of cash accounts that may, during the year, exceed the federally insured limit set by the FDIC, and mortgage notes receivable. Since the Organization places cash in individual financial institutions in excess of FDIC insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash and cash equivalents. At June 30, 2023 and 2022, the Organization's uninsured cash balance totaled approximately $741,000 and $3,235,000 respectively.

The Organization finances the construction and ownership of homes to low-income individuals in the St. Vrain Valley School District and Estes Park, Colorado. The mortgages are secured by a deed of trust. The Organization has established procedures to limit the risk of default by limiting the sales prices of the homes and not charging interest in order to establish a monthly mortgage payment that is manageable by the owner. Homes are appraised for value prior to sale and the original sales price may be set below the appraised value. The values of the mortgaged homes that collateralize the mortgage notes receivable are subject to market value fluctuations beyond the control of the Organization.

Credit risk with respect to grants and contributions receivable is limited due to the number and creditworthiness of the corporations, foundations, churches, and individuals that comprise the contributor base.

Functional Allocation of Expenses

The statements of functional expenses reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include indirect costs, such as, advertising, depreciation, rental and occupancy, repairs and maintenance, insurance, technology, travel, office expenses, and professional fees that are allocated on the basis of use and time for the expenses, as well as salaries, payroll taxes, and employee benefits that are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Accounting Pronouncement Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, on accounting standards codification (ASC) 842. ASC 842 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted this guidance in the year ended June 30, 2023 with modified retrospective application to July 1, 2022 through a cumulative-effect adjustment.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Accounting Pronouncement Adopted (Continued)

The Organization has elected the package of practical expedients permitted in ASC 842. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC 842, (b) whether the classification of the leases would be different in accordance with ASC 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of July 1, 2022) would have met the definition of initial direct costs in ASC 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following right-of-use (ROU) assets and lease liabilities as of July 1, 2022:

Right-of-Use Asset - Operating Leases	$	461,947
Operating Lease Liability	$	461,947

This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on the Organization's operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

ASC 842 Lease Accounting

The Organization is a lessee in noncancelable operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization separates lease and non-lease components to determine the lease payment.

Upcoming Accounting Pronouncements

ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, will require the Organization to present financial assets measured at amortized cost (including contract receivables and contract assets) at the net amount expected to be collected over the remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. This accounting standard will be effective for financial statements issued for interim and annual periods beginning after December 15, 2022. The Organization is evaluating what impact this new standard will have on its 2024 financial statements.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 1, 2023, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

As of June 30,	2023	2022
Cash and Cash Equivalents	$ 480,249	$ 3,348,877
Grants and Contributions Receivable	91,785	161,996
Certificates of Deposit	1,118,933	-
Current Portion of Mortgages Receivable - Net	75,983	68,805
	1,766,950	3,579,678
Less: Restricted Contributions Included in Cash and Cash Equivalents	-	(67,550)
Total Financial Assets Available for General Expenditure	$ 1,766,950	$ 3,512,128

Note 2: Liquidity and Availability (Continued)

The Organization had board designated funds totaling $1,778 and $1,646 for an endowment as of June 30, 2023 and 2022, respectively. Although the Organization does not intend to spend from these designated funds for other than the intended purpose, these amounts could be made available if necessary.

The Organization does not have a formal liquidity policy. The Organization invests its financial assets in a manner consistent with the concept of prudent money management, seeking maximum returns within reasonable levels of risk.

Note 3: Land Held for Development and Construction-in-Progress

Construction in progress consists of the costs of lots, land development, and home construction costs. The following is a summary of construction in progress:

As of June 30,	2023	2022
Land and Land Development Costs	$ 3,661,946	$ 2,884,888
Home Construction Costs	2,010,214	534,111
Total Construction in Progress	$ 5,672,160	$ 3,418,999

Note 4: Mortgages Receivable

Mortgages receivable consists of the following:

As of June 30,	2023	2022
Mortgages Receivable at Face Value	$ 3,128,321	$ 2,927,682
Less: Unamortized Discount	1,683,850	1,556,625
Net Mortgages Receivable	1,444,471	1,371,057
Less: Current Portion, Net of Unamortized Discount	75,983	68,805
Long-term Portion, Net of Unamortized Discount	$ 1,368,488	$ 1,302,252

Note 4: Mortgages Receivable (Continued)

The following are future receipts due under mortgages receivable at June 30:

Year Ending June 30,		
2024	$	199,481
2025		199,509
2026		193,520
2027		190,710
2028		185,606
Thereafter		2,159,495
Total	$	3,128,321

At June 30, 2023 and 2022, the Organization had 42 and 39 outstanding mortgage receivables with applicable discount rates ranging from 7.38% to 8.38%.

All mortgage notes are collateralized by the respective homes sold. The Board of Directors meets together with management on a regular basis to review delinquent loans, if any, and to consider if any foreclosure proceedings should be initiated. Receivable balances are considered to be delinquent based on contractual terms. The need for an allowance is based on past collection experience and on an analysis of current mortgage receivable collectability. Management believes that the fair value of each underlying mortgaged asset exceeds the value of the associated loan outstanding; therefore, no allowance for uncollectible mortgages is recorded.

In February 2023, the Organization paid $99,451 in cash to repurchase a mortgage receivable that was previously sold to FirstBank. The mortgage receivable had an outstanding balance of $132,883 at the time of repurchase, resulting in a loss of $42,511 from the transaction.

Note 5: Beneficial Interest in Assets held by The Longmont Community Foundation

The Organization has entered into an endowment fund agreement with The Longmont Community Foundation (the “Foundation”). The Foundation commingles these funds with the funds of other entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management. As of June 30, 2023 and 2022, the fair value of the assets held by the Foundation totaled $1,778 and $1,646, respectively.

Note 6: Endowment

The Organization’s endowment consists of funds held by The Longmont Community Foundation (the “Foundation”). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 6: Endowment (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA) to allow, subject to the specific intent of a donor expressed in the gift instrument, for the appropriation or accumulation of so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Such appropriation may take place even though an endowment is "under water" (i.e., the market value of the fund is less than the historical dollar value (HDV) of the fund), and the Organization is not required to utilize other Organization resources to bring the value of the endowment fund up to HDV.

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

1. The duration and preservation of the fund,
2. The purpose of the Organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other Organization resources,
7. The investment policies of the Organization.

The following are the changes in the Board designated endowment net assets:

Balance, July 1, 2021	$	1,836
Investment Gains (Losses), Net		(190)
Balance, June 30, 2022		1,646
Investment Gains (Losses), Net		132
Balance, June 30, 2023	$	1,778

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2023 and 2022, there was no such deficiency.

Spending Policy

Disbursements from the endowment shall be limited to a sustainable annual amount as defined by the Board of Trustees of the Foundation.

Note 6: Endowment (Continued)

Investment Return Objectives

The Organization follows the investment policies adopted by the Foundation for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on the Foundation's investment policies and strategies.

Note 7: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). There were no changes in methods or assumptions during the years ending June 30, 2023 and 2022. The levels of the fair value hierarchy under FASB ASC 820 are described as follows:

<u>Level 1 Fair Value Measurements</u> - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

<u>Level 2 Fair Value Measurements</u> - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

<u>Level 3 Fair Value Measurements</u> - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Investments held by The Longmont Community Foundation: Valued based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices.

Note 7: Fair Value Measurements (Continued)

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value on a recurring basis as of June 30, 2023 and 2022:

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments Held By The Longmont Community Foundation	$ -	$ 1,778	$ -	$ 1,778

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments Held By The Longmont Community Foundation	$ -	$ 1,646	$ -	$ 1,646

Note 8: Property and Equipment

Property and equipment, net of accumulated depreciation, consisted of the following:

As of June 30,	2023	2022
Buildings and Improvements	$ 1,093,904	$ 391,613
Construction Equipment	3,443	7,027
Vehicles	3,281	1,620
Furniture and Office Equipment	27,350	36,466
Construction in Progress - Basement Remodel	-	266,843
Property and Equipment, Net	$ 1,127,978	$ 703,569

Depreciation expense charged to operations for the years ended June 30, 2023 and 2022, was $31,322 and $21,817, respectively.

Note 9: Notes Payable

The following is a summary of notes payable:

As of June 30,	2023	2022
\$195,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$9,750, matures in January 2027; secured by a deed of trust on property in Longmont, Colorado.	\$ 39,000	\$ 48,750
\$240,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$12,000, matures in January 2026; secured by a deed of trust on property in Longmont, Colorado.	29,362	41,362
\$200,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$10,000, matures in January 2030; secured by a deed of trust on property in Longmont, Colorado.	50,967	60,967
\$100,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$5,000, matures in May 2032; secured by a deed of trust on property in Longmont, Colorado.	40,000	45,000
\$50,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$2,500, matures in May 2032; secured by a deed of trust on property in Longmont, Colorado.	20,000	22,500
\$50,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$2,500, matures in May 2033; secured by a deed of trust on property in Longmont, Colorado.	22,500	25,000
\$140,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$7,000, matures in April 2033; secured by a deed of trust on property in Longmont, Colorado.	63,000	70,000
\$150,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$7,500, matures in June 2035; secured by a deed of trust on property in Longmont, Colorado.	82,500	90,000
\$37,919 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of \$1,896, matures in September 2040; secured by a deed of trust on property in Longmont, Colorado.	30,335	32,231

Note 9: Notes Payable (Continued)

As of June 30,	2023	2022
$130,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $6,500 commencing on the date of the first Certificate of Occupancy issued for a unit constructed on the land purchased in part with the funds and continuing annually for 20 years from August 2017 at which all unpaid principal is due; secured by a deed of trust on property in Longmont, Colorado.	127,874	127,874
$134,000 note payable to the Ward Revocable Trust – 0% interest, payable in four equal installments due starting with the first sale of any home on the lots and ending with the sale of the fourth home with the entire balance due in March 2028; secured by a deed of trust on property in Estes Park, Colorado.	134,000	134,000
$250,000 note payable to Habitat for Humanity of Colorado – $125,000 distributed as of June 30, 2022; 2.75% interest, due in full on July 31, 2023; secured by a deed of trust on property in Longmont, Colorado. Subsequent to year-end, the outstanding loan balance was paid in full in July 2023.	250,000	125,000
$40,583 note payable to Ally Financial – 10.99% interest, payable in monthly principal payments of $695, maturing July 2028; secured by a vehicle.	28,755	35,395
$245,837 note payable to First National Bank – payable in monthly principal and interest payment of $1,625, interest at the U.S Prime Rate plus 0.25% through March 2021, then 3.25%, with a final payment due in June 2028; secured by a deed of trust on property used as the office building.	196,552	209,346
$646,717 note payable to City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $32,336, matures in November 2042; secured by a deed of trust on property in Longmont, Colorado.	646,717	-
$475,000 note payable to Impact Development Fund – 5.50% interest, payable in monthly principal payments of $1,839, maturing December 2029; secured by a deed of trust on property in Longmont, Colorado.	321,886	-
$200,000 note payable to Habitat for Humanity of Colorado – 2.75% interest, payable in monthly interest-only payments, principal due upon maturity, maturing September 2024; secured by a deed of trust on property in Estes Park, Colorado.	200,000	-
Total Notes Payable	2,283,448	1,067,425
Less: Current Maturities Included in Current Liabilities	330,879	200,450
Notes Payable - Long-Term	$ 1,952,569	$ 866,975

Note 9: Notes Payable (Continued)

Subsequent to the year ended June 30, 2023, the Organization entered into a construction loan agreement for $300,000 with Habitat for Humanity of Colorado, Inc. The loan bears interest at 2.75% and matures on January 10, 2025.

The following are future maturities on the notes payable:

Years Ending June 30,	
2024	$ 330,879
2025	320,989
2026	115,725
2027	111,841
2028	100,265
Thereafter	1,303,749
Total	$ 2,283,448

Note 10: In-Kind Contributions

In-kind contributions included in the Statements of Activities are comprised of the following:

Nonfinancial Asset	Year Ended June 30, 2023	Year Ended June 30, 2022	Usage in Programs or Function	Donor Restriction	Fair Value Techniques
Land	$ -	$ 2,440,000	Home Construction	None	Appraised by external appraiser
Vehicles	8,289	-	ReStore	None	Estimated based on current rates of supplies provided
Home Rental	29,960	27,600	Home Construction	None	Estimated based on current rental rates of similar homes in the area
Construction Services	14,944	12,356	Home Construction	None	Estimated based on current rates of construction services provided
Construction Supplies	561	-	Home Construction	None	Estimated based on current rates of construction supplies provided

Note 10: In-Kind Contributions (Continued)

Nonfinancial Asset	Year Ended June 30, 2023	Year Ended June 30, 2022	Usage in Programs or Function	Donor Restriction	Fair Value Techniques
Fundraising Supplies	2,411	-	Fundraising	None	Estimated based on current rates of supplies provided
Accounting Services	-	195	Management and General	None	Estimated based on current rates of accounting services provided
Training Services	1,272	-	Management and General	None	Estimated based on current rates of services provided
Total	$ 57,437	$ 2,480,151			

Note 11: Paycheck Protection Program

In April 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small organizations cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic.

In March 2021, the Organization received a second PPP loan in the amount of $217,500. The Organization applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven in December 2021. As such, the loan forgiveness was recognized in the financial statements for the year ended June 30, 2022, in accordance with ASC 470.

Note 12: Employee Retention Credits

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created the Employee Retention Credit (ERC) to provide funding for designated organizations to cover a portion of retaining employees during the COVID-19 pandemic. The Organization applied for and received $22,766 in funding under this program for the year ended June 30, 2022.

Note 13: Net Assets with Donor Restriction

Net assets with donor restrictions are comprised of the following:

As of June 30,	2023	2022
Subject to the Passage of Time:		
Grants and Contributions Receivable	$ 91,785	$ 161,996

Net assets totaling $161,996 and $204,886 were released from net assets with donor restrictions for the years ending June 30, 2023 and 2022, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes.

Note 14: Leases

The Organization leases retail space from an unrelated third party, which expires in March 2026. Monthly payments are $10,813. The lease does not include an option to renew.

The Organization also leases office equipment and residential properties from unrelated third parties on short-term bases. These lease costs have been included in the short-term lease costs below.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus, for many of the leases, variable payments. The Organization's office space lease requires it to make variable payments for the Organization's proportionate share of the building's property taxes. The Organization's equipment lease requires it to make variable payments based on the amount of equipment use. The variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Components of lease expense were as follows:

For the Year Ended June 30,	2023
Operating Lease Costs	$ 129,750
Variable Lease Costs	56,633
Short-Term Lease Costs	48,467
Total Lease Costs	$ 234,850

Weighted-average remaining lease terms and discount rates are as follows as of June 30, 2023:

Weighted-Average Remaining Lease Terms - Operating Lease	33 Months
Weighted-Average Discount Rate - Operating Lease	2.86 %

Maturities of lease liabilities are as follows as of June 30, 2023:

Year Ended June 30,	Payments	Imputed Interest	Lease Liability
2024	$ 129,750	$ 7,931	$ 121,819
2025	129,750	4,400	125,350
2026	97,313	922	96,391
Total	$ 356,813	$ 13,253	$ 343,560

Note 14: Leases (Continued)

The prior guidance on operating leases, ASC 840, requires a disclosure of future operating lease commitments. In conjunction with the presentation of the 2022 financial statements, the following schedule summarizes future operating lease commitments in existence as of June 30, 2022:

Year Ending June 30,		
2023	$	132,217
2024		130,267
2025		129,750
2026		97,313
Total	$	489,547

Rent expense for the years ended June 30, 2023 and 2022 was $218,572 and $213,304, respectively.

Note 15: Retirement Plan

The Organization sponsors a defined contribution plan (the Plan) under Section 401(k) of the Internal Revenue Code for all employees who meet certain requirements as to age and length of service. The Organization makes a contribution to the Plan equal to 100% percent on the first 3% of gross wages and 50% on the next 2% of gross wages. The Organization's contributions to the Plan totaled $26,490 and $26,291 for the years ended June 30, 2023 and 2022, respectively.

Note 16: Transactions with Habitat for Humanity International

The Organization voluntarily remits a portion of its contributions to Habitat for Humanity International on an annual basis. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2023 and 2022, $47,679 and $404,717, respectively, was contributed to Habitat for Humanity International. These amounts are presented in Program Services in the statements of functional expenses. As of June 30, 2023 and 2022, $11,112 and $40,505, respectively, was due to Habitat for Humanity International and is included in accounts payable on the statements of financial position.