Habitat for Humanity®
of Washington, D.C. & Northern Virginia

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023)

HABITAT FOR HUMANITY OF WASHINGTON, D.C.
AND NORTHERN VIRGINIA, INC.

CONTENTS

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Habitat for Humanity of Washington, D.C. and Northern Virginia, Inc.

Opinion

We have audited the financial statements of Habitat for Humanity of Washington, D.C. and Northern Virginia, Inc. (Habitat DC-NOVA), which comprise the statement of financial position as of June 30, 2024, 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 present fairly, in all material respects, the financial position of Habitat DC-NOVA as of June 30, 2024, 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 (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 DC-NOVA 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 DC-NOVA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Marcum LLP / 1899 L Street, NW / Suite 850 / Washington, DC 20036 / **Phone** 202.227.4000 / **marcumllp.com**

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 DC-NOVA'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 DC-NOVA'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.

Other Matter

Report on Summarized Comparative Information

We have previously audited Habitat DC-NOVA's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
December 19, 2024

HABITAT FOR HUMANITY OF WASHINGTON, D.C. AND NORTHERN VIRGINIA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents – unrestricted	$ 1,874,701	$ 3,454,652
Cash and cash equivalents – restricted	345,881	966,758
Accounts receivable and other current assets	196,242	316,224
Grants and pledges receivable	717,559	495,474
Investments	1,516,213	1,153,995
Mortgages receivable, current portion	353,049	373,934
Accrued interest on note receivable	287,591	252,420
Donated inventory	103,231	110,435
Construction in progress	10,296,141	8,215,435
Total Current Assets	15,690,608	15,339,327
Mortgages receivable, net of current portion	2,754,457	2,971,199
Note receivable	593,000	593,000
Property and equipment, net	306,376	324,745
Right of use asset – operating	6,642,333	6,822,338
Investment in joint venture	320,796	343,563
Total Assets	$ 26,307,570	$ 26,394,172
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 477,752	$ 574,831
Line of credit	595,350	1,015,350
Deposits and escrows payable	247,719	226,252
Other current liabilities	3,741	14,844
Operating lease liability, current portion	756,768	819,870
Notes payable, current portion	4,838,140	673,805
Total Current Liabilities	6,919,470	3,324,952
Operating lease liability, net of current portion	6,232,368	6,354,597
Notes payable, net of current portion	2,095,933	5,804,215
Total Liabilities	15,247,771	15,483,764
Net Assets		
Net assets without donor restrictions	10,282,120	10,645,595
Net assets with donor restrictions	777,679	264,813
Total Net Assets	11,059,799 -	10,910,408
Total Liabilities and Net Assets	$ 26,307,570	$ 26,394,172

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF WASHINGTON, D.C. AND NORTHERN VIRGINIA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Sale of homes	$ 872,500	$ --	$ 872,500	$ --
Mortgage discount	262,885	--	262,885	272,354
ReStore income	2,683,983	--	2,683,983	2,877,216
Gain on home buyback	365,240	--	365,240	--
Home repair programs	40,461	--	40,461	161,921
Grants and contributions	1,867,557	809,100	2,676,657	2,764,396
Special events, net	91,559	--	91,559	279,187
Contributed nonfinancial assets	311,167	--	311,167	255,700
Other income	149,469	--	149,469	98,645
Net assets released from restrictions:				
Satisfaction of program restrictions	380,915	(380,915)	--	--
Total Revenue and Support	7,025,736	428,185	7,453,921	6,709,419
Expenses				
Program Services:				
Construction	2,770,533	--	2,770,533	752,715
Non-construction	2,853,586	--	2,853,586	2,723,237
Total Program Services	5,624,119	--	5,624,119	3,475,952
Supporting Services:				
Fundraising	740,995	--	740,995	721,047
General and administrative	939,416	--	939,416	1,052,753
Total Supporting Services	1,680,411	--	1,680,411	1,773,800
Total Expenses	7,304,530	--	7,304,530	5,249,752
Change in Net Assets from Operations	(278,794)	428,185	149,391	1,459,667
Net Assets – Beginning	10,560,914	349,494	10,910,408	9,450,741
Net Assets – Ending	$ 10,282,120	$ 777,679	$ 11,059,799	$ 10,910,408

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF WASHINGTON, D.C.
AND NORTHERN VIRGINIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	2024							
	Program Services			Supporting Services				
	Construction	Non-Construction	Total	Fundraising	General and Administrative	Total	Total	2023 Total
Salaries and employee benefits	$ 406,573	$ 1,256,024	$ 1,662,597	$ 441,200	$ 547,858	$ 989,058	$ 2,651,655	$ 2,253,515
Cost of home sales – construction costs	2,036,297	-	2,036,297	--	--	--	2,036,297	127,091
Office and warehouse rent	171,751	1,081,928	1,253,679	32,815	33,822	66,637	1,320,316	1,317,558
Professional fees	7,425	120,448	127,873	158,457	116,370	274,827	402,700	467,345
Office	34,768	117,874	152,642	65,197	68,090	133,287	285,929	300,053
Contract services	19,926	105,254	125,180	8,632	1,833	10,465	135,645	139,131
Interest	25,433	3,997	29,430	255	85,947	86,202	115,632	134,036
Insurance	32,922	56,251	89,173	15,345	7,443	22,788	111,961	84,059
Depreciation and amortization	11,263	53,077	64,340	4,077	4,722	8,799	73,139	72,190
Travel and meetings	6,847	8,660	15,507	6,256	32,721	38,977	54,484	30,076
Amortization of debt issuance costs	15,368	--	15,368	--	22,767	22,767	38,135	75,960
Tithe to HFHI and other affiliates	--	32,500	32,500	--	--	--	32,500	65,500
Dues, subscription, printing and publications	1,960	17,573	19,533	8,761	1,263	10,024	29,557	26,219
Bad debt	--	--	--	--	16,580	16,580	16,580	157,019
Total Expenses	$ 2,770,533	$ 2,853,586	$ 5,624,119	$ 740,995	$ 939,416	$ 1,680,411	$ 7,304,530	$ 5,249,752

The accompanying notes are an integral part of these financial statements.

**HABITAT FOR HUMANITY OF WASHINGTON, D.C.
AND NORTHERN VIRGINIA, INC.**

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 149,391	$ 1,459,667
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization of discount on mortgages receivable	(262,885)	(272,354)
Amortization of right-of-use asset	811,933	782,339
Depreciation and amortization	73,139	72,190
Equity in losses of joint venture	22,767	75,960
In-kind re-sale contributions- donated goods	(2,676,792)	(2,875,050)
In-kind re-sale distributions- donated goods	2,683,996	2,871,303
Changes in assets and liabilities:		
Accounts receivable and other current assets	119,982	99,539
Accrued interest on mortgages receivable	(35,171)	(36,327)
Grants and pledges receivable	(222,085)	(320,366)
Mortgages receivable	500,512	551,327
Construction in progress	(2,080,706)	(3,529,246)
Accounts payable and accrued expenses	(97,079)	157,369
Deposits and escrows payable	21,467	14,894
Other current liabilities	(11,103)	(1,917)
Operating lease liability	(817,259)	(782,851)
Total Adjustments	(1,969,284)	(3,193,190)
Net Cash Used in Operating Activities	(1,819,893)	(1,733,523)
Cash Flows From Investing Activities		
Purchases of investments	(362,218)	(1,153,995)
Purchases of property and equipment	(54,770)	(68,824)
Net Cash Used in Investing Activities	(416,988)	(1,222,819)
Cash Flows From Financing Activities		
Payments on line-of-credit	(420,000)	(375,000)
Proceeds from issuance of notes payable	607,000	640,000
Principal payments on notes payable	(150,947)	(182,254)
Net Cash Provided by Financing Activities	36,053	82,746
Net Decrease in Cash and Cash Equivalents	(2,200,828)	(2,873,596)
Cash and Cash Equivalents – Beginning	4,421,410	7,295,006
Cash and Cash Equivalents – Ending	$ 2,220,582	$ 4,421,410

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY OF WASHINGTON, D.C.
AND NORTHERN VIRGINIA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	2024	2023
Reconciliation to Cash and Cash Equivalents		
As Presented on the Statement of Financial Position		
Cash and cash equivalents, unrestricted	$ 1,874,701	$ 3,454,652
Cash and cash equivalents, restricted	345,881	966,758
Total	$ 2,220,582	$ 4,421,410
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 359,959	$ 142,580
Noncash Investing Activities		
Right-of-use asset obtained in exchange for operating lease liability	$ 631,928	$ 7,604,677

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Habitat for Humanity of Washington, D.C. and Northern Virginia, Inc. (Habitat DC-NOVA) is committed to eliminating poverty housing and homelessness in the nation's capital by building affordable, energy and resource-efficient homes for people in need. Habitat DC-NOVA sells all the homes it builds to eligible low to moderate income (LMI) households and may finance the home purchase by offering zero-interest mortgages or assist the prospective homebuyer families in obtaining conventional mortgage financing. Prospective homebuyers make a $500-$2,000 down payment and contribute 300 hours of sweat equity towards the construction of their future home. Mortgage payments on Habitat DC-NOVA originated loans are reinvested to help finance further construction and the acquisition of additional properties and building materials. In essence, Habitat DC-NOVA is a developer, a construction company, a mortgage company, and a social service agency. Providing decent, affordable housing in the nation's capital requires several partners and generous funding from corporations, foundations, local government agencies, and individuals.

Habitat DC-NOVA is affiliated with, but is not controlled by, Habitat for Humanity International, Inc. (the international affiliate), which is headquartered in Americus, GA. The international affiliate conducts projects worldwide and is a resource center for local affiliates such as Habitat DC-NOVA. Habitat DC-NOVA pays an annual tithe to the international affiliate and a sustainability fee of $25,000.

INCOME TAXES

Habitat DC-NOVA is exempt from payment of income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expense when incurred.

CASH AND CASH EQUIVALENTS

Habitat DC-NOVA classifies all highly liquid investments with original maturities of less than 90 days as cash equivalents. Cash and cash equivalents include demand deposits and money market funds. Restricted cash includes a loan reserve established for payment of the servicing fee in compliance with the note's payable agreements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND OTHER ASSETS

Accounts receivable primarily consist of miscellaneous receivables such as refunds due from vendors and ReStore sales receivable. Habitat DC-NOVA's management evaluates the allowance for credit losses for amounts deemed uncollectible. Management determines the allowance for credit losses based on an analysis of historical losses adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by management. Accounts receivable balances were deemed to be fully collectible as of June 30, 2024.

Other assets primarily consist of security deposits and miscellaneous prepaid expenses.

GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable consist of unconditional promises to give to Habitat DC-NOVA. Unconditional promises to give are recorded at their present net realizable value. For those due in more than one-year, fair value is estimated by discounting estimated future cash flows at rates approximating the current rate for risk-free returns. Management determines the allowance for doubtful grants and pledges by reviewing all outstanding pledges for possible uncollectibility. Pledges are charged to the allowance account when deemed uncollectible. Grants and pledges receivable are expected to be collected within one year and management believes all grants and pledges receivable are collectible as of June 30, 2024.

DONATED INVENTORY

Donated inventory consists of ReStore (thrift store) inventory. ReStore inventory is carried at fair value and estimated using historical turnover in lieu of a physical count.

INVESTMENTS

Investments consist of certificates of deposit that have original maturities of greater than three months. The certificate of deposits are valued at principal plus accrued interest which approximates fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recognized as earned.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, Habitat DC-NOVA has measured its applicable financial instruments at fair value on a recurring basis based on the required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. The three levels of the fair value hierarchy are described as follows:

> Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
>
> Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of June 30, 2024, Habitat DC-NOVA's investments, as described in Note 3 of the financial statements, were measured at fair value on a recurring basis.

PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION AND AMORTIZATION

Acquisitions of property and equipment greater than $2,500 and with estimated useful life greater than one year and all expenditures for repairs, maintenance and betterments that materially prolong the useful lives of assets are capitalized. Donated property is valued at fair value at the date of the gift. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets: furniture and equipment – 3 to 5 years; software – 5 years; and vehicles – 3 to 7 years. Amortization of leasehold improvements is calculated using the straight-line method over the lesser of the remaining term of the lease or the estimated useful life of the improvements.

IMPAIRMENT OF LONG-LIVED ASSETS

Habitat DC-NOVA reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended June 30, 2024.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RIGHT OF USE ASSET AND LEASE LIABILITY

At the inception of an agreement, DC-NOVA evaluates whether the agreement meets the criteria for a lease. The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using a risk free rate of return that coincides with the date and term of the lease and is adjusted for lease incentives. The asset is amortized over the lease term and is reflected as rent expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the lease term.

HOME SALES AND COST OF HOME SALES

When home sales occur, the revenue is recorded and the related previously capitalized construction in progress is recognized as cost of home sales expense in the year of the sale. In general, home sales revenue is lower than cost of home sales expense and, therefore, Habitat DC-NOVA subsidizes this difference through grants and contributions. Home sales revenue also includes the proceeds from the sale of homes if a home buyer has a mortgage with Habitat DC-NOVA. Cost of home sales consists mostly of capitalized home construction costs, including certain costs related to the sale of homes.

REVENUE RECOGNITION

Unconditional contributions and grants are recognized when promised to or received by Habitat DC-NOVA. Unconditional contributions and grants are recorded as with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Specifically, unconditional gifts of cash for the acquisition of long-lived assets are recorded as with donor restrictions and unconditional promises to give are recorded as with donor restrictions due to implied time restrictions. Within net assets with donor restrictions, amounts are reclassified to net assets without donor restrictions when the time restrictions expire or when the purpose restrictions are met.

Habitat DC-NOVA also receives revenue from conditional grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Habitat DC-NOVA has met the specified conditions. Amounts recognized under the agreements but not received are included in grants and pledges receivables in the accompanying statement of financial position.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NONFINANCIAL CONTRIBUTIONS

Nonfinancial contributions (gifts-in-kind) are recognized as both support and revenue and expenses in the accompanying statement of activities at the estimated fair value at the date of donation. Donated services are recognized if the services received create or enhance nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

CLASSIFICATION OF NET ASSETS

Habitat DC-NOVA's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Habitat DC-NOVA at the discretion of Habitat DC-NOVA's management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of Habitat DC-NOVA or by the passage of time.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of Habitat DC-NOVA are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas, such as salaries and employee benefits, rent and depreciation and amortization, have been allocated among the various functional areas based on direct salaries and other equitable basis such as square footage used, and direct costs for certain activities.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued guidance (FASB ASC 326), *Current Expected Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable and mortgages receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30, 2024:

Cash – undesignated	$ 1,874,701
Cash – restricted for New Market Tax Credit (NMTC) programs	79,178
Certificates of deposit – required balance of line of credit	266,703
Total Cash and Cash Equivalents	$ 2,220,582

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table summarizes Habitat DC-NOVA's fair value hierarchy for financial assets that were measured at fair value on a recurring basis as of June 30, 2024:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Certificates of deposit	$ 1,516,213	$ --	$ 1,516,213	$ --

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of Habitat DC-NOVA's certificates of deposit was determined using contractual cash flows and current interest rates for certificates of deposit with similar remaining time to maturity.

NOTE 4 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Habitat DC-NOVA leases property and office space under noncancelable operating leases, which are scheduled to expire on various dates through March 2035. Habitat DC-NOVA evaluated current contracts to determine which met the criteria of a lease.

The ROU assets represent Habitat DC-NOVA's right to use underlying assets for the lease term, and the lease liabilities represent the Habitat DC-NOVA's obligation to make lease payments arising from the leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Habitat DC-NOVA has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. As of June 30, 2024, right-of-use assets, net of accumulated amortization of $1,594,272, totaled $6,642,333, and the operating lease liabilities totaled $6,989,136. Cash paid for amounts included in the measurement of lease liabilities totaled $1,023,400 for the year ended June 30, 2024.

The weighted average lease term and discount rate as of June 30, 2024, were as follows:

Weighted average remaining lease term	9.33 years
Weighted average discount rate	3%

The maturities of operating lease liabilities as of June 30, 2024, were as follows:

For the Year Ending December 31,	
2025	$ 952,900
2026	924,814
2027	897,058
2029	907,527
2029	864,969
Thereafter	3,457,165
Total Lease Liability Before Discount	8,004,433
Less: Present Value Discount	(1,015,297)
Lease Liability	$ 6,989,136

NOTE 5 – MORTGAGES RECEIVABLE

Mortgages receivable consists of non-interest-bearing promissory notes ranging in amounts from $15,000 to $317,000. Habitat DC-NOVA outsources the administration, servicing and collection of its mortgage receivables to a third-party service organization. Monthly mortgage payments range from $42 to $9,013, and maturities range from 2024 to 2069.

Mortgages receivable are reported at amortized cost net of allowance for credit losses. Amortized cost is the principal balance outstanding, net of unamortized discounts. The discount on mortgages receivable is determined using imputed interest rates (discount rates range from 6% to 9%). Amortization of the discount totaled $262,885 for the year ended June 30, 2024. The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Management estimates the allowance balance using analysis of historical collectibility, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics, changes in environmental conditions or other relevant factors.

Net mortgages receivable consisted of the following as of June 30, 2024:

Mortgages receivable, current	$ 353,049
Mortgages receivable, non-current	4,146,790
Mortgages receivable	4,499,839
Less: Allowance for credit losses on mortgages	(48,850)
Less: Unamortized discount to net present value	(1,343,483)
Net Present Value of Mortgage Receivable	$ 3,107,506

In previous years, Habitat DC-NOVA entered into an agreement in which it used non-interest-bearing mortgage receivable as security to obtain an operating loan. The detail of this loan is shown in Note 9. The mortgage receivable used as security remains as assets in the statement of financial position with a corresponding liability in the form of secured obligations. The terms and payment schedules of the secured obligations are coincident with those of the underlying mortgage receivable. At June 30, 2024, the book value of these secured obligations, was $528,573.

NOTE 5 – MORTGAGES RECEIVABLE (CONTINUED)

Collections of payments on mortgages receivable are expected to be as follows:

For the Year Ending June 30,	
2025	$ 353,049
2026	345,145
2027	337,941
2028	326,794
2029	318,877
Thereafter	2,818,033
	$ 4,499,839

NOTE 6 – CONSTRUCTION IN PROGRESS AND PROPERTY AND EQUIPMENT

CONSTRUCTION IN PROGRESS

Costs associated with the acquisition, development and construction of a project are capitalized. Such costs may include (1) pre-acquisition costs such as land acquisition or improvement; (2) infrastructure development or construction costs such as equipment rental, construction materials, or subcontractors; and (3) other costs such as interest, insurance, or construction benefits. While construction projects may span several years, most of the individual units included in a project within construction in progress are expected to be completed and sold in future years.

Construction in progress consisted of the following at June 30, 2024:

Skyland Terrace	$ 4,232,002
55th Place	2,596,414
Constitution Ave	1,199,532
Fairfax Presbyterian Church	622,924
Frye Road	452,294
Morrisons	378,670
Potomac Avenue	376,380
Reeves Farmhouse	254,882
Others	182,973
	$ 10,296,141

NOTE 6 – CONSTRUCTION IN PROGRESS AND PROPERTY AND EQUIPMENT (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024:

Leasehold improvements	$ 415,555
Furniture and equipment	297,555
Software	174,400
Vehicles	92,089
Total Property and Equipment	979,599
Less: Accumulated Depreciation and Amortization	(673,223)
Property and Equipment, Net	**$ 306,376**

Depreciation and amortization expense was $73,139 for the year ended June 30, 2024.

NOTE 7 – INVESTMENT IN JOINT VENTURE

Habitat DC-NOVA participates in New Markets Tax Credit (NMTC) programs. NMTC programs were originally established as part of the Community Renewal Tax Relief Act of 2000 and the law covering NMTC programs was most recently extended until December 2019. The goal of NMTC programs is to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in certified community development entities. The tax credit for investors equals 39% of the investment, and investors receive the tax credit over a seven-year period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities. NMTC financing allows organizations to receive low-interest loans or investment capital from CDEs, primarily financial institutions, which will allow their investors to receive tax credits. As a result of participation in NMTC programs, Habitat DC-NOVA obtained the low-interest loans described in Note 9.

NOTE 7 – INVESTMENT IN JOINT VENTURE (CONTINUED)

MANNITAT LEVERAGE LENDER, LLC (MANNITAT)

During the year ended June 30, 2017, Habitat DC-NOVA and Manna, Inc. formed Mannitat Leverage Lender, LLC (Mannitat). As part of the agreement, Habitat DC-NOVA contributed cash of $500 such that Habitat DC-NOVA owns 50% of Mannitat. Because Habitat DC-NOVA does not have effective control over Mannitat, management determined that consolidated financial statements including both Habitat DC-NOVA and Mannitat are not required to be presented, which is in accordance with GAAP. Habitat DC-NOVA recorded its investment in Mannitat using the equity method. Investment in joint venture amounted to $320,796 as of June 30, 2024.

NOTE 8 – NOTE RECEIVABLE

In conjunction with the New Markets Tax Credits (NMTC) loans described in Note 9, Habitat DC-NOVA provided cash of $593,000 to Mannitat in return for a promissory note in the same amount. The promissory note matures in June 2025 when the balance will be payable in full. The note receivable accrues interest at an annual rate of 6.13%. In accordance with the terms of the promissory note, no principal payments are due until maturity and only monthly interest payments of $3,027 have been accrued. As a result, accrued interest on the note receivable totaled $287,591 at June 30, 2024.

NOTE 9 – NOTES PAYABLE

Habitat DC-NOVA has financed the acquisition or construction of various housing properties through several notes payable from various lenders such as financial institutions, the international affiliate, and local government.

NEW MARKETS TAX CREDITS (NMTC) LOANS

Habitat DC-NOVA had four NMTC loans totaling $6,000,000 from Jubilee Manna Sub-CDE I, LLC, which is a certified community development entity. The loan proceeds were to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents. In accordance with the original terms of the loans, monthly payments of principal and interest were required for the first seven years. During the year ended June 30, 2018, Habitat DC-NOVA paid the outstanding balance due on two of the four NMTC loans (Note A and Note B). In addition, Habitat DC-NOVA amended the terms of the remaining two loans (Note C and Note D), such that payments of interest only

NOTE 9 – NOTES PAYABLE (CONTINUED)

NEW MARKETS TAX CREDITS (NMTC) LOANS (CONTINUED)

are required until June 15, 2025. Interest on the loans accrues at an annual rate of 5.13%. Habitat DC-NOVA was in compliance with the financial loan covenants of the NMTC loans.

The following table summarizes the maturity dates and outstanding balances due at June 30, 2024 for the two NMTC loans in accordance with the terms of the loans:

Note C (June 30, 2025)	$ 2,648,350
Note D (July 13, 2046)	1,260,924
	$ 3,909,274

Debt issuance costs were fully amortized as of June 30, 2024.

PENTAGON FEDERAL CREDIT UNION (PEN FED)

Habitat DC-NOVA has an acquisition loan from Pen Fed with a maximum draw of $1,302,720 which is secured by the related acquired properties. The loan was used for the acquisition of properties. Advances under the acquisition loan accrue interest at a variable rate equal to the Wall Street Journal prime rate plus 1% and monthly interest only payments are required until September 2025, the maturity date of the loan. The interest rate at June 30, 2024 was 4.25%. The outstanding balance due on the Pen Fed loan was $880,100 at June 30, 2024.

DOUGLASS COMMUNITY LAND TRUST

Habitat DC-NOVA has a forgivable loan from The Douglass Community Land Trust in the amount of $640,000. The loan was used to finance the construction of homes for families in Washington, D.C. As homes sales occur, portions of the loan will be forgiven through a prorated assumption of the loan by the buyers of the completed homes. Home buyers will assume portions of the loan in accordance with the terms of their home sale. No home sales related to the loan took place during the year ended Jun 30, 2024.

NOTE 9 – NOTES PAYABLE (CONTINUED)

INTERNATIONAL AFFILIATE

Habitat DC-NOVA had two loans from the international affiliate (one loan accrued interest at an annual rate of 4.75% and the other loan was a zero-interest loan). The maturity dates of the two loans were December 31, 2024 and September 30, 2025, respectively and both of the loans were secured by mortgages receivable. On June 8, 2018, the loans were refinanced, and Habitat DC-NOVA obtained a new loan totaling $1,054,861 which matures June 8, 2028. In accordance with the terms of the refinanced loan, interest accrues at 4.75% for the first 5 years and then 4.5% for the remaining 5 years. In accordance with the terms of the refinanced loan, Habitat DC-NOVA is required to prepay at least $300,000 of the principal balance due on the note within 24 months of closing, unless the international affiliate agrees to release Habitat DC-NOVA from the pre-payment requirement. In September 2020, the loan was amended to remove this requirement. In addition to this amendment, in July 2020, the payment schedule was amended, resulting in Habitat DC-NOVA receiving a refund of $22,937, which will be due at a later date. Habitat DC-NOVA was in compliance with the international affiliate loan financial covenants at June 30, 2024. The outstanding balance due on the international affiliate loans was $528,573 at June 30, 2024.

ECONOMIC INJURY DISASTER LOAN – HFHNV

On May 21, 2020, Habitat DC-NOVA entered into an Economic Injury Disaster Loan (EIDL) with the SBA in the amount of $150,000 for financial liquidity purposes after the onset of COVID-19. The loan matures in May 2050, with a fixed interest rate of 2.75% per annum. Consecutive monthly payments of principal and interest will commence in July 2022. The outstanding balance due on the EIDL loan was $150,000 at June 30, 2024.

ECONOMIC INJURY DISASTER LOAN – HFH WDC

In June 2020, Habitat DC-NOVA entered into a SBA loan with its financial institution under the Economic Injury Disaster Loan program funding for the amount of $150,000, which came with a $10,000 grant. The balance of principal and interest will be payable for thirty (30) years from the date of the Promissory Note with a fixed interest rate of 2.75% per annum. Installment payments, including principal and interest will begin twelve (12) months from the date of the Promissory Note. The outstanding balance due on the loan was $143,748 at June 30, 2024.

NOTE 9 – NOTES PAYABLE (CONTINUED)

VIRGINIA HOUSING DEVELOPMENT AUTHORITY LOANS

Habitat DC-NOVA entered into two notes payable with Virginia Housing Development Authority (VHDA) in November 2008 and December 2012, respectively. The notes are payable over 180 months in equal installments including interest at 3%. The notes are to be repaid fully in December 2027. The outstanding balance due on the VHDA loans was $75,378 at June 30, 2024.

NATIONAL HOUSING TRUST COMMUNITY DEVELOPMENT FUND

Habitat DC-NOVA has a $500,000 loan from The National Housing Trust Community Development Fund. The loan, used to finance home construction for families in Washington, D.C., carries a 5% interest rate with monthly interest and principal payments. The note is due in full on May 15, 2027. As of June 30, 2024, the outstanding loan balance is $500,000.

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

Habitat DC-NOVA has a $107,000 loan from the Fairfax County Redevelopment and Housing Authority, used to finance the construction of a home in Alexandria, Virginia. The loan accrues interest at 8.54% and matures on April 30, 2025. purchaser of the home will assume the loan per the loan terms. The purchaser is required to be at or below 30% the Area Medium Income. As of June 30, 2024, the home has not been sold.

Notes payable, grouped by lender, consisted of the following at June 30, 2024:

New Markets Tax Credits (NMTC) loans	$ 3,909,274
Pentagon Federal Credit Union	880,100
Douglass Community Land Trust	640,000
International Affiliate	528,573
National housing Trust Community Development Fund	500,000
Economic Injury Disaster loan – HFHNV	150,000
Economic Injury Disaster loan – HFH WDC	143,748
The Fairfax Country Redevelopment and Housing Authority	107,000
Virginia Housing Development Authority loans	75,378
Total	$ 6,934,073

NOTE 9 – NOTES PAYABLE (CONTINUED)

Future maturities of notes payable are as follows:

Year Ending June 30,	
2025	$ 4,838,140
2026	91,110
2027	592,402
2028	67,852
2029	68,185
Thereafter	1,276,384
	$ 6,934,073

NOTE 10 – LINE-OF-CREDIT

Habitat DC-NOVA has a $1,500,000 line-of-credit available from Sandy Spring Bank. Under the line-of-credit, Habitat DC-NOVA is required to maintain a $250,000 certificate of deposit as partial collateral for the outstanding balance. As described in the terms of the line-of-credit agreement, certain other assets of Habitat DC-NOVA have also been identified as collateral. As of June 30, 2024, the interest rate was 9.25%. Payments on the line-of-credit totaled $420,00 during the year ended June 30, 2024. The balance due on the line-of-credit was $595,350 at June 30, 2024. In January 2024, Habitat DC-NOVA signed a modification to the loan agreement to extend the maturity date to January 31, 2025, and to add a provision that the interest rate will not be less than 6.5%.

In March 2024, Habitat DC-NOVA secured a line of credit with John Marshal bank up to $1,500,000. Under the line-of-credit, Habitat DC-NOVA is required to maintain a $1,500,000 certificate of deposit as partial collateral for the outstanding balance. As described in the terms of the line-of-credit agreement, certain other assets of Habitat DC-NOVA have also been identified as collateral. As of June 30, 2024, the interest rate was 6.25%. DC-NOVA did not draw down on the line of credit during the year ended June 30, 2024.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024, Habitat DC-NOVA's net assets with donor restrictions were restricted for specific purposes or time periods as follows:

Subject to expenditure for specified purpose:	
Development Projects	$ 379,974
Time restriction	300,100
Vans and Related Repairs	35,000
Home Repair	47,605
Build Days	15,000
Total Net Assets With Donor Restrictions	$ 777,679

NOTE 12 – CONTRIBUTED NONFINANCIAL ASSETS

RECORDED AMOUNTS

Donated services are recognized as contributions and expense in accordance with generally accepted accounting principles, 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 Habitat DC-NOVA. Donated services consisted of legal services of $311,167 for the year ended June 30, 2024. There were no donor-imposed restrictions associated with the contributed services. Donated professional services are recorded at the estimated fair value, with corresponding expense recorded in general and administrative in the accompanying statement of activities. The estimated fair value is valued based on rates for similar services.

Habitat DC-NOVA receives support in the form of in-kind donations of building materials and household items. It operates ReStores in three locations in order to liquidate these items. These contributions are valued at the amount of cash received for the items less all costs associated with their sale. The in-kind contributions are recorded as revenue once their fair market values can be determined (i.e. when the items are sold). There were no donor-imposed restrictions associated with the donated goods and services.

NOTE 12 – CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

UNRECORDED AMOUNTS

Habitat DC-NOVA relies on contributions of both time and expertise from its pool of volunteers who donate thousands of hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact, and success of Habitat DC-NOVA. These volunteer services have not been reflected in the accompanying financial statements because the volunteer services provided do not meet the criteria necessary for recognition under generally accepted accounting principles.

NOTE 13 – RETIREMENT PLAN

Habitat DC-NOVA sponsors a defined contribution 401(k) plan for participants who meet age and length of service requirements. The Plan allows for elective deferrals which may be limited by the Internal Revenue Code. Habitat DC-NOVA contributes a matching amount to the Plan which is equal to participant salary deferrals. Habitat DC-NOVA's contributions to the Plan totaled $92,951 for the year ended June 30, 2024.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

CONCENTRATION OF CREDIT RISK

Habitat DC-NOVA maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of June 30, 2024, Habitat DC-NOVA had approximately $3,776,000 of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately $3,054,000. Habitat DC-NOVA monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

CONSTRUCTION CONTRACTS

Habitat DC-NOVA has committed to several construction contracts relating to various home building projects. The estimated combined commitment under the construction contracts totaled $1,478,241. In relation to these construction contracts, Habitat DC-NOVA has already paid $1,283,382 at June 30, 2024, and the amount had been included in construction in progress. The remaining unpaid commitment on the construction contracts was $280,259 at June 30, 2024.

NOTE 15 – AVAILABILITY OF RESOURCES AND LIQUIDITY

Habitat DC-NOVA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Habitat DC-NOVA's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2024, were as follows:

Cash and cash equivalents – unrestricted	$ 1,874,701
Accounts receivable (included in accounts receivable and other assets)	40,409
Grants and pledges receivable	717,559
Mortgages receivable, current portion	353,049
Total Financial Assets Available Within One Year	2,985,718
Less: Amounts unavailable for general expenditures within one year due to donors' restrictions	(777,679)
Financial Assets Available to Meet General Expenditures Within One Year	$ 2,208,039

Habitat DC-NOVA has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Habitat DC-NOVA throughout the year. This is done through monitoring and reviewing Habitat DC-NOVA's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of Habitat DC-NOVA's cash flow related to Habitat DC-NOVA's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, Habitat DC-NOVA has two committed lines of credit totaling $3,000,000, of which approximately $2,405,000 was unused and available to draw upon as of June 30, 2024. Habitat DC-NOVA's used line of credit is secured by Habitat DC-NOVA's certificates of deposit and property.

NOTE 16 – INCOME TAXES

Under Section 501(c)(3) of the IRC, Habitat DC-NOVA is exempt from the payment of taxes on income other than net unrelated business income. Habitat DC-NOVA reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income taxes. For the year ended June 30, 2024, no provision for income taxes was made, as Habitat DC-NOVA had no net unrelated business income and did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. Habitat DC-NOVA's tax returns are subject to possible examination by the taxing authorities. For

NOTE 16 – INCOME TAXES (CONTINUED)

federal purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. There are currently no examinations pending or in progress regarding Habitat DC-NOVA's tax returns. It is Habitat DC-NOVA's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

NOTE 17 – PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Habitat DC-NOVA's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE 18 – RECLASSIFICATION

Certain 2023 amounts have been reclassified to conform with the 2024 financial statements presentation.

NOTE 19 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 19, 2024, the date the financial statements were available to be issued.

In October 2024, Habitat DC-NOVA entered into two NMTC loan agreements with two certified community development entities. The first loan amounted to $1,862,000, with interest rate of 0.72% and term of 30 years. The second loan amounted to $1,568,000, with interest rate of 1.39% and term of 30 years. Semi-annual interest-only payments are required for the first seven years of both loans. The loan proceeds were to be used solely for the purpose of constructing and/or rehabilitating, and selling qualified housing properties to low-income persons in low income communities.

NOTE 19 – SUBSEQUENT EVENTS (CONTINUED)

In November 2024, Habitat DC-NOVA entered into a secured construction loan for up to $5,149,260, with interest rate of 7.63%. The loan term is 30 months, with six month extension option at the lender's discretion. The principal and interest payments are due and payable (1) upon the closing of the sale of each house as defined in the loan agreement, and (2) month to month from time to time on the outstanding due and payable. Any remaining outstanding principal and interest payments will be due at the earlier of (a) the end of the loan term, or (b) sale of the last home.

Other than the items above, there were no subsequent events that require recognition or disclosure in these financial statements.