NASSAU HABITAT FOR HUMANITY, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2021

NASSAU HABITAT FOR HUMANITY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nassau Habitat for Humanity, Inc.
Fernandina Beach, FL

Opinion

We have audited the accompanying financial statements of Nassau Habitat for Humanity, Inc. (a Not-for-Profit Entity), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nassau Habitat for Humanity, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nassau Habitat for Humanity, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nassau Habitat for Humanity, 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 Nassau Habitat for Humanity, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Nassau Habitat for Humanity, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it was derived.

Affinity CPA, P.A.

Tampa, Florida
September 28, 2023

NASSAU HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 293,553	$ 129,203
Investment	805,262	-
Mortgage notes receivable, net of discounts, due within one year (Note 7)	75,142	104,619
Loan receivable	2,163	-
Homes held for sale	269,526	183,726
Construction in progress (Note 8)	378,051	144,117
Other assets	926	3,924
Total current assets	1,824,623	565,589
Non-current assets		
Mortgage notes receivable, net of discounts, due after one year (Note 7)	862,473	731,767
Land for development	144,212	230,163
Total non-current assets	1,006,685	961,930
Total assets	$ 2,831,308	$ 1,527,519
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 2,435	$ 669
Homeowners' escrow deposits (Note 3)	6,681	9,168
Total liabilities	9,116	9,837
Net assets without donor restrictions		
Without donor restrictions	1,822,192	1,517,682
With donor restrictions	1,000,000	-
Total net assets	2,822,192	1,517,682
Commitments and contingencies (Notes 13 and 14)		
Total liabilities and net assets	$ 2,831,308	$ 1,527,519

NASSAU HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total December 31, 2022	Total December 31, 2021
PUBLIC SUPPORT AND OTHER REVENUES				
Public support				
Contributions	$ 389,133	$ 1,000,000	$ 1,389,133	$ 205,573
In-kind contributions	2,196	-	2,196	3,380
Total public support	391,329	1,000,000	1,391,329	208,953
Other revenues				
Sale of homes (mortgages received)	155,255	-	155,255	502,474
Amortization of mortgage discounts	143,261	-	143,261	92,865
Residential rental	27,333	-	27,333	22,120
Interest and dividends	6,553	-	6,553	30
Other	934	-	934	564
Total other revenues	333,336	-	333,336	618,053
Total public support and other revenues	724,665	1,000,000	1,724,665	827,006
EXPENSES				
Program services - home construction	269,746	-	269,746	688,338
Supporting services				
Management and general	122,951	-	122,951	54,959
Fundraising	27,458	-	27,458	-
Total supporting services	150,409	-	150,409	54,959
Total expenses	420,155	-	420,155	743,297
Change in net assets	304,510	1,000,000	1,304,510	83,709
Net assets, beginning of year	1,517,682	-	1,517,682	1,433,973
Net assets, end of year	$ 1,822,192	$ 1,000,000	$ 2,822,192	$ 1,517,682

NASSAU HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services	Supporting services			Total Expenses	
					December 31,	
	Home Construction	Management and General	Fundraising	Total Supporting Services	2022	2021
Personnel expenses	$ 12,766	$ 72,339	$ -	$ 72,339	$ 85,105	$ 36,875
Other Expenses						
Construction	144,236	-	-	-	144,236	371,598
Fundraising events		-	27,458	27,458	27,458	-
Dues and subscriptions		18,644	-	18,644	18,644	7,731
Professional	-	12,939	-	12,939	12,939	6,789
Office	1,482	8,396	-	8,396	9,878	6,363
Occupancy	1,105	6,263	-	6,263	7,368	6,660
Advertising and promotion	6,319	-	-	-	6,319	1,412
Vehicle	4,087	-	-	-	4,087	2,356
Insurance	3,691	-	-	-	3,691	2,655
Equipment and tools	1,294	-	-	-	1,294	1,228
Meals and entertainment	-	-	-	-	-	2,248
Rental	-	-	-	-	-	467
Miscellaneous	-	4,370	-	4,370	4,370	2,534
Total expenses before non-cash items	174,980	122,951	27,458	150,409	325,389	448,916
Mortgage discounts applied to home sales	94,766	-	-	-	94,766	294,381
Total expenses	$ 269,746	$ 122,951	$ 27,458	$ 150,409	$ 420,155	$ 743,297

See independent auditor's report and accompanying notes to the financial statements.

NASSAU HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,304,510	$ 83,709
Adjustments to reconcile change in net assets		
to net cash flows provided by operating activities		
Issuance of non-interest bearing mortgage loans	(155,255)	(502,474)
Mortgage payments received from homeowners	102,521	135,576
Mortgage notes receivable transferred to homes held for sale	-	104,291
Amortization of discount on mortgage notes	(48,495)	201,516
(Increase) Decrease in assets:		
Loan receivable	(2,163)	-
Inventory	(233,783)	(7,248)
Other assets	2,998	(1,807)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	1,766	(2,654)
Escrow funds payable	(2,487)	488
Net cash provided by operating activities	969,612	11,397
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(805,262)	-
Net cash used in investing activities	(805,262)	-
Net change in cash and cash equivalents	164,350	11,397
Cash and cash equivalents, beginning of year	129,203	117,806
Cash and cash equivalents, end of year	$ 293,553	$ 129,203

See independent auditor's report and accompanying notes to the financial statements.

NOTE 1 NATURE OF ORGANIZATION

Nassau Habitat for Humanity, Inc. (“Habitat” or the “Organization”) is a nonprofit corporation established in 1993 to build quality and affordable housing for eligible families in Nassau County, Florida. The Organization is affiliated with Habitat for Humanity International (“Habitat International”), a Christian-inspired ministry whose mission is to provide low-income families with decent, affordable housing.

In fulfilling its mission, the Organization builds single-family homes, sells them to low-income families (the “homeowners”), and holds non-interest-bearing mortgage notes receivables with payments commensurate with the homeowner’s ability to pay. Homeowners who have demonstrated a housing need are required to volunteer 300 hours of service to the building of their home or other homes that the Organization is building. Upon completion, the homes are sold at a defined purchase price based on a third-party appraisal.

The Organization receives support from the local community through volunteer labor, donated building materials and services, and donations. This support, and the cash collected on mortgage notes receivable, are used to fund operations and future home construction.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Habitat have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and, accordingly, reflect all significant receivables, payables and other assets and liabilities.

Basis of Presentation

Habitat has adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors (the “Board”).

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors or grantors. Some donor or grantor restrictions are temporary in nature. Those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Contributions are recorded at their fair market value on the date of receipt. All contributions are available for unrestricted use unless specifically designated by the donor. The Organization reports contributions restricted by donors as increases in net assets *without* restrictions if restrictions expire (that is, when either stipulated time restriction ends, or a purpose restriction is accomplished) in the same reporting period in which revenue is recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Sale of homes represents homes built and subsequently sold by Habitat. When homes are sold to qualified buyers who finance the purchase, the resulting mortgage notes are zero-interest bearing and discounted based upon prevailing market rates at the inception of the mortgages. The first mortgage gross sale amount is included as the sale of home in the Statement of Activities and the applicable discount from this note is presented as the mortgage discounts in the Statement of Functional Expenses. In certain instances, there is a silent second mortgage on the home that is fully reserved on the Statement of Financial Position since the Organization does not anticipate it will receive cash from these mortgages. When homes or land are sold to buyers in the form of a cash sale, the gross sale amount is included in the sale of home in the Statement of Activities. Contracts are considered to have commercial substance as they involve a signed promissory note which is paid in accordance with the note terms. Due to the nature of the contracts, there is no variable consideration and only one performance obligation. As such, Habitat recognizes the income from the sale of homes on the completed contract method when home closings occur.

Habitat accounts for grants and contracts as exchange transactions. Revenue is recognized as an increase in the Statement of Activities as stipulated performance is executed, or as expenditures are incurred in accordance with applicable agreements under expenditure reimbursement contracts. A receivable is recorded to the extent contract revenue exceeds payment received. Advances in excess of costs incurred are deferred and recognized as revenue when the related expense is incurred.

Support arising from donated, or in-kind goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. For the years ended December 31, 2022 and 2021, volunteers provided approximately 2,200 and 6,800 volunteer hours, respectively, to assist the Organization in providing home construction services for which no amount has been recorded in the financial statements because the non-professional construction-related volunteer services did not meet the criteria for recognition under GAAP.

Additionally, Habitat utilizes the services of outside volunteers to perform a variety of tasks that assist the Organization in areas other than construction. The fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under GAAP.

Cash and Cash Equivalents

Habitat considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Mortgage Notes Receivable

The Organization constructs and sells affordable housing with interest-free mortgages. Sales of homes are recorded at the gross amount of payments to be received over the lives of the mortgages. These payments do not include interest. The notes have been discounted at various interest rates depending on the prevailing interest rate for similar mortgages at the inception of the loan using the effective interest method over the lives of the mortgages. Mortgages are reported net of discounts. The Organization does not maintain an allowance for uncollectible mortgages because the net mortgage receivable balances is below market prices and the Organization has the ability to foreclose on properties and resell them to collect any past due amounts.

Inventory

Habitat's inventory includes homes held for sale, construction in progress, and land for development. The inventory items are recorded at the lower of cost, as determined on a specific identification basis, or net realizable value. Donated materials are valued at market or retail value on the date of donation.

Construction in progress consists of lots and construction costs of houses not completed as of December 31, 2022. Costs incurred in conjunction with home construction are capitalized until the home is sold. Upon sale of the home, all direct costs are expensed.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. Habitat has a policy of capitalizing expenditures for property and equipment with costs greater than $2,500. Depreciation is provided using the straight-line method over the estimated useful lives of assets. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or otherwise retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other supporting activities have been summarized in the Statement of Functional Expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time and effort spent by employees on each functional area or based on the Organization's square footage analysis for all indirect occupancy-related expenses.

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 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.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and 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 and inputs that are derived principally from or corroborated by observable market data are also included. 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.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis.

Income Tax

Habitat is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying financial statements. However, the Organization may be subject to tax on unrelated business income, if any, which may be generated from other activities not related to its exempt purpose.

Management has evaluated Habitat's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, Habitat is subject to income tax examinations by the U.S. federal or state tax authorities up to three years after tax returns are filed.

Advertising

Advertising costs are charged to operations when incurred. During each of the years ended December 31, 2022, and 2021, Habitat incurred approximately $6,000 and $1,000 respectively related to the advertisements for its home construction activities.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the Right-of-use (ROU) assets and lease liabilities. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, as an accounting policy election, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments if the rate implicit in a lease is not-readily determinable.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the Statement of Financial Position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Recent Accounting Pronouncements Adopted

1. In 2016, Accounting Standards Update No. 2016-02, *Leases* ("ASU 2016-02") was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the requirements in ASC 840, *Leases*, and most industry-specific guidance.

   The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases.

2. In 2020, ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for *Contributed Nonfinancial Assets*, was issued. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued.

Summarization and Reclassification of Certain 2021 Financial Information

The financial information for the year ended December 31, 2021, presented for comparative purposes, is not intended to be a complete presentation. Certain 2021 amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, *Presentation of Financial Statements*, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued. The Organization's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through September 28, 2023, the date the financial statements were available for issue.

NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS

Habitat collects escrow payments from its mortgagors to pay real estate taxes and property insurance. Escrow payments are deposited into a bank account restricted to escrow transactions.

The balance of the bank account as of December 31, 2022, and 2021 was approximately $1,000 and $5,000 respectively.

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Habitat's financial assets available within one year of the balance sheet date to meet cash needs for general expenditure as of December 31 are as follows:

	December 31,	
	2022	2021
Financial assets at year-end		
Cash and cash equivalents	$ 293,553	$ 129,203
Investment	805,262	-
Mortgage notes receivable due within one year	75,142	104,619
	1,173,957	233,822
Less those unavailable for general expenditures within one year, due to contract restrictions (see Note 3)	(907)	(5,401)
Current financial assets available to meet cash needs for general expenditures within one year	$ 1,173,050	$ 228,421

Habitat has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as more fully described in Note 9, *Line of Credit*, Habitat has a revolving line of credit with a lending institution in the amount of $50,000.

NOTE 5 INVESTMENTS

Major categories of investments as of December 31 are summarized below:

	December 31,	
	2022	2021
Mutual funds	$ 805,262	$ -

Investment returns are as follows for the years ended December 31:

	December 31,	
	2022	2021
Dividend income	$ 5,262	$ -

NOTE 6 FAIR VALUE MEASUREMENTS

The Organization's investment measured at fair value on a recurring basis is as follows as of December 31, 2022:

	Quoted Prices of Identical Products in Active Markets (Level 1)
Mutual funds	$ 805,262

NOTE 7 MORTGAGE NOTES RECEIVABLE

As of December 31, 2022, and 2021, Habitat held 28 and 27 mortgages receivable, respectively, for properties it had sold to qualified buyers. As of December 31, 2022, these mortgages have maturity dates ranging from 1 to 30 years. The notes on these mortgages are non-interest bearing, payable in equal monthly installments, and are secured by deeds of trust on the properties. The payments collected on these mortgages are used to help fund future home construction. As mortgage payments are made, Habitat recognizes the amortization of the discount as revenue.

Mortgage notes receivable as of December 31 were as follows:

	December 31,	
	2022	2021
Mortgage notes receivable at face value	1,704,991	$ 1,652,257
Less: Unamortized discounts on mortgage notes	$ (767,376)	(815,871)
	937,615	836,386
Less: Amounts due within one year	(75,142)	(104,619)
Mortgage notes receivable, due after one year	$ 862,473	$ 731,767

Principal payments on the mortgage notes receivable balance are expected to be received as follows:

Year ending December 31,	
2023	$ 109,794
2024	109,794
2025	108,368
2026	101,133
2027	96,925
Thereafter	1,178,977
Total	$ 1,704,991

During the years ended December 31, 2022, and 2021, Habitat sold one and three homes, respectively, to qualified buyers at a zero-interest mortgage which the Organization is financing. For the years ended December 31, 2022, and 2021, the sales and the resulting discount on the sales of these homes were approximately $155,000 and $95,000, respectively, for the year ended December 31, 2022; and $502,000 and $294,000, respectively, for the year ended December 31, 2021.

NOTE 8 CONSTRUCTION IN PROGRESS AND MATERIALS AND SUPPLIES INVENTORY

All construction costs, including materials, supplies and subcontract labor and services paid by the Organization, as well as the value of those items donated to the Organization, are considered work in progress until a mortgage is signed on the house. At December 31, 2022, and 2021, four and two homes were under construction, respectively.

NOTE 9 LINE OF CREDIT

Habitat has a revolving line of credit with a financial institution in the amount of $50,000. The line of credit is not collateralized. The interest on the line of credit is variable and is subject to change from time to time based on changes in an independent index which is the highest base rate on corporate loans at large U.S. money center commercial banks that the Wall Street Journal published as PRIME Rate (the "index). At the time of signing the line of credit, the index rate was 5.5%. The line of credit is due upon demand. As of December 31, 2022, and 2021, the line of credit had a $-0- outstanding balance.

NOTE 10 CONCENTRATIONS OF CREDIT RISK

In 2022, approximately 75% of the public support was received from one individual.

The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. As of December 31, 2022, the Organization had approximately $36,000 of uninsured cash. The Organization has not experienced any losses on such accounts, and by managing the deposit concentration risk by placing cash with a creditworthy financial institution, management believes it is not exposed to any significant risk on bank deposit accounts.

Since the Organization's home sales are concentrated within one geographic location (Nassau County, Florida) for individuals who may not otherwise qualify for home mortgage financing, there is a concentration of credit risk associated with the mortgage notes receivable. To minimize this risk, it is the Organization's policy to require credit reports, employment verifications, and background checks on all potential homeowners. Additional protection is provided by the recorded first mortgage liens on the real property during the period that the mortgage is outstanding, and the non-assumable nature of the mortgage without prior written approval from the Organization.

NOTE 11 RELATED-PARTY TRANSACTIONS

The Organization, an affiliate of Habitat International, has a policy to remit a percentage of all unrestricted contributions received annually to Habitat International. During the years ended December 31, 2022 and 2021, payments to Habitat International totaled approximately $9,000 and $2,000, respectively.

NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets are reported on the Statement of Activities as in-kind contributions. For the year ended December 31, 2022, approximately $1,000 was for contributed inventory and approximately $1,000 was for legal services. For the year ended December 31, 2021, approximately $3,000 was for contributed inventory.

These contributed nonfinancial assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions. This donated inventory is valued at the estimated retail value of the inventory items. The legal services are valued at the donor's typical hourly rate.

NOTE 13 COMMITMENTS

The Organization leases its office space under an operating lease agreement from the City of Fernandina Beach, Florida for a monthly rental of $155. The lease is extended each year, for a maximum of four years, from the initial term ending September 30, 2020. Additionally, the Organization also leases certain storage space under month-to-month agreements.

Rent expense totaled approximately $7,000 for each of the years ended December 31, 2022 and 2021.

NOTE 14 CONTINGENCIES

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

The Organization may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.