

HABITAT FOR HUMANITY  
GREATER BOSTON, INC.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Habitat for Humanity Greater Boston, Inc.  
Boston, Massachusetts

### Opinion

We have audited the accompanying financial statements of HABITAT FOR HUMANITY GREATER BOSTON, INC. (a Massachusetts not-for-profit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HABITAT FOR HUMANITY GREATER BOSTON, INC. as of June 30, 2024 and 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 of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HABITAT FOR HUMANITY GREATER BOSTON, 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 of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HABITAT FOR HUMANITY GREATER BOSTON, 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HABITAT FOR HUMANITY GREATER BOSTON, 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 GREATER BOSTON, 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.

*Cain, Bourret, Jarry & Cressman LLC*

Dracut, Massachusetts

March 12, 2025

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

**ASSETS**

	<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 929,014	\$ 1,375,334
Investments	3,000	-
Contributions and grants receivable	539,832	76,441
Housing - land and construction in progress	1,971,744	2,169,548
Inventory - Restore	317,639	329,719
Prepaid expenses	-	14,615
Current portion of mortgages receivable, net of unamortized discount	232,006	252,194
<b>Total Current Assets</b>	<b>3,993,235</b>	<b>4,217,851</b>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	6,790	6,790
Vehicles	63,823	63,823
Less: accumulated depreciation	(22,602)	(7,808)
<b>Net Property and Equipment</b>	<b>48,011</b>	<b>62,805</b>
<b>OTHER ASSETS</b>		
Loans receivable, net of allowance for credit losses of \$12,905 and \$0, respectively	66,920	79,503
Mortgages receivable, net of current portion and unamortized discount	4,072,828	3,994,693
Right-of-use asset	970,991	1,339,597
Security deposits	50,000	50,000
<b>Total Other Assets</b>	<b>5,160,739</b>	<b>5,463,793</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,201,985</b>	<b>\$ 9,744,449</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 267,959	\$ 275,159
Agency accounts	20,763	10,055
Deferred revenue	121,963	24,750
Economic Injury Disaster (EIDL) Loan, current portion	3,307	-
Operating lease liability, current	447,298	419,527
<b>Total Current Liabilities</b>	<b>861,290</b>	<b>729,491</b>
<b>LONG-TERM LIABILITIES</b>		
Economic Injury Disaster (EIDL) Loan	71,693	150,000
Operating lease liability, noncurrent	659,429	1,106,727
<b>Total Long-Term Liabilities</b>	<b>731,122</b>	<b>1,256,727</b>
<b>TOTAL LIABILITIES</b>	<b>1,592,412</b>	<b>1,986,218</b>
<b>NET ASSETS</b>		
Without donor restrictions	7,571,073	7,721,931
With donor restrictions	38,500	36,300
<b>Total Net Assets</b>	<b>7,609,573</b>	<b>7,758,231</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,201,985</b>	<b>\$ 9,744,449</b>

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor</u>	<u>With Donor</u>	<u>2024</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<b>SUPPORT AND REVENUES</b>			
Support			
Contributions	\$ 2,553,596	\$ 5,000	\$ 2,558,596
Grants	55,000	62,900	117,900
Contributed nonfinancial assets:			
ReStore	1,198,907	-	1,198,907
Other	268,587	-	268,587
ReStore revenue	1,198,907	-	1,198,907
Net assets released from restrictions			
Satisfaction of program/donor restrictions	65,700	(65,700)	-
Total support	5,340,697	2,200	5,342,897
Revenues			
Sale of homes	569,500	-	569,500
Second mortgage income	101,100	-	101,100
Mortgage discount amortization	118,108	-	118,108
Miscellaneous income	5,604	-	5,604
Total revenues	794,312	-	794,312
<b>TOTAL SUPPORT AND REVENUES</b>	<b>6,135,009</b>	<b>2,200</b>	<b>6,137,209</b>
<b>FUNCTIONAL EXPENSES</b>			
Program service expenses - family services	511,395	-	511,395
Program service expenses - pre/post conveyance	2,275,311	-	2,275,311
Program service expenses - ReStore	2,352,515	-	2,352,515
General and administrative	489,713	-	489,713
Fundraising expenses	645,073	-	645,073
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>6,274,007</b>	<b>-</b>	<b>6,274,007</b>
<b>EXCESS (DEFICIT) OF REVENUES AND SUPPORT OVER EXPENSES</b>	<b>(138,998)</b>	<b>2,200</b>	<b>(136,798)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Other income (expense)	(12,802)	-	(12,802)
Interest income	942	-	942
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<b>(11,860)</b>	<b>-</b>	<b>(11,860)</b>
<b>CHANGES IN NET ASSETS</b>	<b>(150,858)</b>	<b>2,200</b>	<b>(148,658)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>7,721,931</b>	<b>36,300</b>	<b>7,758,231</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 7,571,073</b>	<b>\$ 38,500</b>	<b>\$ 7,609,573</b>

See independent auditors' report and notes to financial statements

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor</u>	<u>With Donor</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2023</u>
<b>SUPPORT AND REVENUES</b>			
Support			
Contributions	\$ 1,802,307	\$ -	\$ 1,802,307
Grants	-	263,000	263,000
Contributed nonfinancial assets:			
ReStore	1,244,965	-	1,244,965
Other	344,503	-	344,503
Special events, net	94,132	-	94,132
ReStore revenue	1,244,966	-	1,244,966
Net assets released from restrictions			
Satisfaction of program/donor restrictions	<u>226,700</u>	<u>(226,700)</u>	<u>-</u>
Total support	<u>4,957,573</u>	<u>36,300</u>	<u>4,993,873</u>
Revenues			
Mortgage discount amortization	109,424	-	109,424
Miscellaneous income	<u>10,780</u>	<u>-</u>	<u>10,780</u>
Total revenues	<u>120,204</u>	<u>-</u>	<u>120,204</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,077,777</u>	<u>36,300</u>	<u>5,114,077</u>
<b>FUNCTIONAL EXPENSES</b>			
Program service expenses - family services	646,693	-	646,693
Program service expenses - pre/post conveyance	1,358,716	-	1,358,716
Program service expenses - ReStore	2,405,851	-	2,405,851
General and administrative	293,383	-	293,383
Fundraising expenses	<u>657,246</u>	<u>-</u>	<u>657,246</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>5,361,889</u>	<u>-</u>	<u>5,361,889</u>
<b>EXCESS (DEFICIT) OF REVENUES</b>			
<b>AND SUPPORT OVER EXPENSES</b>	<u>(284,112)</u>	<u>36,300</u>	<u>(247,812)</u>
<b>OTHER INCOME (EXPENSES)</b>			
Gain (loss) on disposal of asset	(48,833)	-	(48,833)
Other income (expense)	(21,000)	-	(21,000)
Interest income	<u>1,228</u>	<u>-</u>	<u>1,228</u>
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<u>(68,605)</u>	<u>-</u>	<u>(68,605)</u>
<b>CHANGES IN NET ASSETS</b>	<u>(352,717)</u>	<u>36,300</u>	<u>(316,417)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>8,264,777</u>	<u>-</u>	<u>8,264,777</u>
Prior period adjustment	<u>(190,129)</u>	<u>-</u>	<u>(190,129)</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 7,721,931</u>	<u>\$ 36,300</u>	<u>\$ 7,758,231</u>

See independent auditors' report and notes to financial statements

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024						
	Program Services				Supporting Services		Totals
	Homeowner Services	Cost of Homes Sold and Program Support	ReStore	Total Program Expenses	General and Administrative Expenses	Fundraising Expenses	
Salaries	\$ 114,422	\$ 824,994	\$ 453,487	\$ 1,392,903	\$ 124,210	\$ 355,243	\$ 1,872,356
Payroll taxes	9,649	69,571	38,242	117,461	10,474	29,957	157,893
Benefits	12,740	91,857	50,492	155,089	13,830	39,554	208,472
Total salaries and related expenses	136,811	986,421	542,221	1,665,453	148,514	424,754	2,238,721
Advertising	749	-	3,235	3,984	1,259	554	5,797
Americorps/Stipends	-	34,608	-	34,608	-	-	34,608
Applicant costs	11,467	-	-	11,467	-	-	11,467
Credit loss expense	9,950	-	-	9,950	-	-	9,950
Bank charges	-	-	28,546	28,546	574	6,986	36,106
Education and training	10	20,592	2,246	22,848	7,428	770	31,046
Cost of goods sold	-	-	14,157	14,157	-	-	14,157
Cost of homes sold	-	814,178	-	814,178	-	-	814,178
Depreciation	-	14,795	-	14,795	-	-	14,795
Dues, fees and subscriptions	-	25,000	-	25,000	557	-	25,557
Equipment rental	354	1,346	891	2,591	-	-	2,591
Insurance	-	12,237	3,036	15,273	4,988	-	20,261
Interest	-	3,696	-	3,696	-	-	3,696
Imputed interest expense	-	194,758	-	194,758	-	-	194,758
Office expenses and supplies	2,316	3,594	5,006	10,916	2,791	3,639	17,346
Payroll services	3,284	23,689	13,022	39,995	3,567	10,201	53,763
Postage	-	30	-	30	1,872	2,025	3,927
Printing	-	-	-	-	-	4,646	4,646
Professional fees	37,572	44,087	6,567	88,226	255,420	122,278	465,924
Real estate taxes	1,912	456	-	2,368	-	-	2,368
Rent	34,554	36,065	402,592	473,211	46,073	57,591	576,875
Repairs and maintenance	-	1,040	6,473	7,513	1,020	-	8,533
Site cleaning and disposal	1,042	12,380	58,101	71,523	-	-	71,523
Tithe expenses	-	25,000	-	25,000	-	-	25,000
Truck expenses	-	163	4,897	5,060	160	-	5,220
Telephone and information technology	1,671	14,556	1,847	18,074	6,566	10,026	34,666
Travel	692	6,195	2,000	8,887	8,357	894	18,138
Utilities	424	425	46,691	47,540	567	709	48,816
	<u>242,808</u>	<u>2,275,311</u>	<u>1,141,528</u>	<u>3,659,647</u>	<u>489,713</u>	<u>645,073</u>	<u>4,794,433</u>
Donated services and goods:							
ReStore gifts in-kind	-	-	1,210,987	1,210,987	-	-	1,210,987
Professional fees	268,587	-	-	268,587	-	-	268,587
	<u>268,587</u>	<u>-</u>	<u>1,210,987</u>	<u>1,479,574</u>	<u>-</u>	<u>-</u>	<u>1,479,574</u>
Totals	<u>\$ 511,395</u>	<u>\$ 2,275,311</u>	<u>\$ 2,352,515</u>	<u>\$ 5,139,221</u>	<u>\$ 489,713</u>	<u>\$ 645,073</u>	<u>\$ 6,274,007</u>

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023							Totals	
	Program Services				Supporting Services				
	Cost of Homes			Total Program Expenses	General and Administrative Expenses				Fundraising Expenses
	Homeowner Services	Sold and Program Support	ReStore		Administrative Expenses	Fundraising Expenses			
Salaries	\$ 216,621	\$ 702,416	\$ 453,707	\$ 1,372,744	\$ 123,437	\$ 394,723	\$ 1,890,904		
Payroll taxes	18,421	60,682	40,747	119,850	10,570	33,795	164,215		
Benefits	22,773	74,141	48,303	145,217	12,856	40,659	198,732		
Total salaries and related expenses	257,815	837,239	542,757	1,637,811	146,863	469,177	2,253,851		
Advertising	105	-	2,238	2,343	1,105	2,817	6,265		
Americorps/Stipends	-	14,082	-	14,082	-	-	14,082		
Applicant costs	1,353	678	-	2,031	-	-	2,031		
Credit loss expense	3,179	-	-	3,179	-	-	3,179		
Bank charges	-	-	32,882	32,882	501	9,596	42,979		
Education and training	-	5,982	-	5,982	6,734	-	12,716		
Consultants	3,232	77,767	4,250	85,249	5,050	46,389	136,688		
Cost of goods sold	-	-	22,031	22,031	-	-	22,031		
Depreciation	406	4,864	-	5,270	406	609	6,285		
Dues, fees and subscriptions	-	25,000	-	25,000	519	-	25,519		
Equipment rental	-	6,056	9,254	15,310	-	-	15,310		
Insurance	3,932	25,561	9,831	39,324	5,898	3,932	49,154		
Interest	-	13,006	-	13,006	-	-	13,006		
Imputed interest expense	-	42,337	-	42,337	-	-	42,337		
Office expenses and supplies	1,859	(11,112)	8,541	(712)	10,605	2,794	12,687		
Payroll services	8,402	27,479	18,987	54,868	4,863	15,405	75,136		
Postage	481	224	-	705	344	5,346	6,395		
Printing	-	785	-	785	92	9,076	9,953		
Professional fees	6,575	78,898	13,150	98,623	16,804	19,724	135,151		
Real estate taxes	-	4,112	-	4,112	-	-	4,112		
Rent	35,704	53,556	380,282	469,542	35,704	53,557	558,803		
Site cleaning and disposal	-	19,033	73,179	92,212	-	-	92,212		
Tithe expenses	-	90,000	-	90,000	10,600	-	100,600		
Truck expenses	-	3,507	16,386	19,893	12	-	19,905		
Telephone and information technology	10,527	29,916	4,272	44,715	9,428	14,878	69,021		
Travel	3,484	8,602	2,887	14,973	21,320	3,166	39,459		
Utilities	704	1,144	45,534	47,382	403	780	48,565		
	<u>337,758</u>	<u>1,358,716</u>	<u>1,186,461</u>	<u>2,882,935</u>	<u>277,251</u>	<u>657,246</u>	<u>3,817,432</u>		
Donated services and goods:									
ReStore gifts in-kind	-	-	1,219,390	1,219,390	-	-	1,219,390		
Professional fees	308,935	-	-	308,935	16,132	-	325,067		
	<u>308,935</u>	<u>-</u>	<u>1,219,390</u>	<u>1,528,325</u>	<u>16,132</u>	<u>-</u>	<u>1,544,457</u>		
Totals	<u>\$ 646,693</u>	<u>\$ 1,358,716</u>	<u>\$ 2,405,851</u>	<u>\$ 4,411,260</u>	<u>\$ 293,383</u>	<u>\$ 657,246</u>	<u>\$ 5,361,889</u>		

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Change in Net Assets</b>	<u>\$ (148,658)</u>	<u>\$ (316,417)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,795	6,285
Loss on disposal of asset	38,060	48,833
Mortgage amortization income	(118,108)	(109,424)
Imputed interest expense	194,758	42,337
Sale of housing and property financed with mortgage receivable, net of cost	244,678	-
Decrease (increase) in assets:		
Contributions and grants receivable	(463,391)	(53,694)
Inventory - Restore	12,080	(25,575)
Investments	(3,000)	-
Prepaid expenses and other current assets	14,615	(634)
Loan receivable	12,583	(3,746)
Right-of-use asset	368,606	347,336
Security deposits	-	10,628
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,200)	(1,176)
Agency accounts	10,708	232
Deferred revenue	97,213	24,750
Operating lease liability	(419,527)	(393,173)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(151,788)</u>	<u>(423,438)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(63,823)
Construction of housing and improvements	(654,434)	(864,469)
Cash received from mortgage notes receivable	434,902	399,158
<b>Net Cash Provided (Used) in Investing Activities</b>	<u>(219,532)</u>	<u>(529,134)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(75,000)	(102,235)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(446,320)	(1,054,807)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>1,375,334</u>	<u>2,430,141</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 929,014</u>	<u>\$ 1,375,334</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 3,696</u>	<u>\$ 13,006</u>

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**Note 1. ORGANIZATION AND PURPOSE**

Habitat for Humanity Greater Boston, Inc. (the Organization) is a charitable nonprofit Massachusetts corporation organized in December 1987. It is an affiliate of Habitat for Humanity International (HFHI), an organization with a grassroots structure which is dedicated to eliminating poverty housing from the earth and making poverty housing and homelessness socially and politically unacceptable in the world. The Organization's mission is to help low-to-moderate income families become homeowners in the Greater Boston area using the Habitat model of volunteer labor, donated materials and charitable contributions to construct housing. Each Habitat family helps build their home by providing at least 300 hours of "sweat equity". When the home is complete, Habitat sells it to the family for an affordable price and provides the family with a no-interest mortgage loan. The Organization is responsible for raising funds for all of its projects, its annual operating budget and for "tithing" 10% of its unrestricted revenues to HFHI projects overseas.

The Organization's program divisions are as follows:

**Homeowner Services:** The Homeowner Service division interacts with applicants for the Habitat homeowner program and assists the Family Selection Committee with the family selection process. It also monitors the "sweat equity" program and conducts a series of education classes on topics relating to homeownership, including budgeting, credit and financial management, condominium associations, home repairs and legal matters. Existing Habitat families with financial problems receive credit counseling and, when appropriate, referrals to other social service programs. The Organization also helps families living in condominium associations communicate effectively with each other so they can manage the association's finances.

**Construction and Sale of Habitat Homes:** The Organization builds homes in partnership with low-to-moderate income families, volunteers, and donors. The division identifies and acquires land for projects, works with architects on the design of homes, and works with lawyers on permitting and real estate documentation. It also obtains permits for projects and functions as a general contractor during construction, including procuring construction materials and managing subcontractors.

**ReStore Operations:** In 2011, the Organization opened its Habitat ReStore. The ReStore is a retail business that accepts donations of new and gently-used building materials, furniture, appliances, and housewares and resells them to the general public through a retail store front warehouse. The Habitat ReStore helps to protect the environment by keeping hundreds of tons of material out of our landfills and provides a low-cost outlet for home improvement materials, and making home renovations and improvements more affordable.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization prepares its financial statements in accordance with generally accepted accounting principles and standards in the United States (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets, 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 whose use is not subject to donor-imposed stipulations. Contributions are available for unrestricted use unless specifically restricted by the donor.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- *Net assets with donor restrictions* – Net assets that are either available for use, but expendable only for those purposes specified by the donor, or net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Contributions restricted for capital improvements are released to unrestricted revenue at the time funds are expended for the specified improvement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents for the years ended June 30, 2024 or 2023.

Pledges and Other Receivables

Receivables, other than mortgages, are stated at the amount management expects to collect from outstanding balances. Receivables that are expected to be collected in greater than one year are recorded at the present value of the estimated future cash flows. Receivables are reflected net of an allowance for credit losses based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors. Credit loss expense for the years ended June 30, 2024 and 2023 was \$9,950 and \$3,179 respectively. The allowance for credit losses on loans receivable was \$12,905 and \$0 for the years ended June 30, 2024 and 2023, respectively.

Mortgages Receivable

The Organization is a charity engaged in providing homeownership opportunities to low-to-moderate income families living or working in the Greater Boston area. Upon completion of construction, the home is conveyed to a selected family for an affordable price. The Organization takes back a non-interest bearing note and the note is secured by a first mortgage on the home. The Organization takes a second note, secured by a second mortgage, for the difference between the first note and the home's fair market value as determined by an independent appraisal. The first note receivable is then discounted in accordance with Internal Revenue Code Section 1288. The discounted amount, which represents the underlying mortgage receivable, is recorded at its face value less the calculated discount. The Organization utilizes the rate published by the Internal Revenue Service under the Applicable Federal Rates (AFR) Rulings for Low-Income Housing Tax Credits. The mortgages have an original maturity of 20 to 35 years and arise in connection with the Organization's homebuilding initiatives in Greater Boston. These mortgages are secured by the underlying real estate that is located in the Greater Boston area.

The Organization believes that all mortgages are fully collectible, and as such, no allowance for credit losses is necessary for the years ended June 30, 2024 or 2023.

See independent auditors' report.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventory

Inventory consists of donated building supplies and other home improvement items to be sold at the Organization's ReStore. The Organization believes that the inventory of donated goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. Accordingly, donated inventory is valued at zero prior to being offered for sale. At the end of its fiscal year, the Organization estimates the value of donated goods on hand and records the amount as merchandise inventory with corresponding adjustments to cost of sales using a three-month average of sales.

House Construction in Progress

Property held for development consists of costs to develop homes for projects located in Massachusetts. Property held for development is recorded on the cost method. Costs associated with the acquisition, development, and construction of property, including interest and associated general and administrative costs are capitalized as a cost of the property, and are reported net of contingent liabilities.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2024 or 2023.

As of June 30, 2024, the Organization had 12 structures and 46 units in varying stages of development, including 43 residential units and 3 commercial units.

As of June 30, 2023, the Organization had 13 structures and 75 units in varying stages of development, including 72 residential units and 3 commercial units.

Property and Equipment

Property and equipment purchased by the Organization with unrestricted funds are recorded at cost. Donated property and equipment is recorded at fair value at the date of the gift. Depreciation is provided for in amounts sufficient to amortize the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. When assets are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in the change in net assets. Depreciation expense for the years ending June 30, 2024 and 2023 was \$14,795 and \$6,285, respectively.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	7 years
Office equipment	5 years
Furniture and equipment	7 years
Vehicle	5 years

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

Employees of the Organization are entitled to paid vacation, sick days, and other personal days off, depending on job classification, length of service, and other factors. Unused vacation days may be carried over from one calendar year to the next up to a maximum of 10 days. Any accrued and unused vacation will be paid to an employee upon their departure.

For the year ended June 30, 2023, unused sick days are cumulative and may be carried from one year to the next up to a maximum of 60 days; however, employees are not entitled to compensation for any accumulated but unused sick leave. As of July 1, 2023, the Organization implemented a revised sick leave policy. Accrued but unused sick time as of June 30, 2023, is subject to a forfeiture schedule unless used within specified periods. Balances of 40 hours or less as of June 30, 2023, must be used by December 31, 2023, or will be forfeited. Balances exceeding 40 hours are forfeited on a tiered schedule through June 30, 2026. Additionally, sick time granted in any calendar year is not carried over to subsequent years. Current-year sick time is used prior to legacy balances. Unused sick leave is not paid out upon termination of employment.

Accrued compensated absences for the years ended June 30, 2024 and 2023 were \$55,450 and \$49,798, respectively.

**Revenues and Support Recognition**

**Revenue Recognition**

In accordance with ASC Topics 606 and Topic 958, the Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

**Transfer to Homeowners**

Mortgage income includes the annual amortization of the discount for the present time value of money on the primary mortgage and recognition for the release of the contingent mortgage upon the premature sale by a homeowner.

**Contributions and Contributed Services**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved.

Contributions received with donor-imposed restrictions are reported as restricted revenues when they are received. A reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as an increase in net assets without donor restrictions when received. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are classified as net assets with donor restrictions, and the restrictions are considered to be released at the time of acquisition of such long-lived assets. There was no contributed property and equipment for the years ended June 30, 2024 and 2023.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions and Contributed Services (Continued)**

Contributions of services are reported as revenues at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition has not been satisfied.

**Fundraising and Special Events**

Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received. There was no special event revenue for the year ended June 30, 2024. Net special event revenue for the year ended June 30, 2023 consisted of \$119,026 in gross income and \$24,894 of direct event expenses.

**ReStore Sales**

Retail store sales represent merchandise sales of building materials, furniture, appliances, and housewares donated to the Organization. Retail store revenues are recognized when the related goods are sold. The Organization collects sales tax on Restore sales and remits the funds collected to the appropriate taxing authority.

**Advertising**

The Organization expenses advertising costs as they are incurred.

**Income Taxes and Uncertain Tax Positions**

The Organization is exempt from federal and state income taxation under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3) of the Code and Section 830 CMR 63.38T.1 of Massachusetts General Laws. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expenses. The Organization is not a private foundation. Only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal or state income tax. The Organization accounts for income taxes in accordance with income tax accounting guidance in FASB ASC Topic 740, *Income Taxes*. Management is not aware of any transactions that would negatively impact the Organization's tax-exempt status.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Organization would be recorded in operating expenses for the year. No interest or penalties from any tax authorities were recorded in the accompanying financial statements.

The Organization's federal tax returns and state reports for the years ended June 30, 2022 through June 30, 2024 (open years) are subject to examination by the Internal Revenue Service and Massachusetts Attorney General's Office.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value Measurements

The Organization reports financial instruments at fair value in accordance with Financial Accounting Standards Board (FASB) ASC 820, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity, and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

There have been no changes in the valuation methodologies used by the Organization as compared to the prior year.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued expenses, operating lease liabilities, and loans payable. These financial instruments are stated at cost, which approximates fair value.

The Organization holds a small amount of preferred stock, which is recorded at fair value in accordance with ASC 958-320, *Investments – Debt and Equity Securities*.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Adoption of New Accounting Standard

Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments-Credit Losses (Topic 326), which replaces the incurred loss methodology with a forward-looking expected loss model for recognizing credit losses on financial instruments, including mortgage loans receivable and loans receivable.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New Accounting Standard (Continued)**

The organization has evaluated the impact of adopting FASB ASU 2016-13 and determined that the expected credit losses on its mortgage loans receivable portfolio are immaterial. This conclusion was reached based on historical loss data, the nature of the organization's mortgage portfolio, and the current economic conditions. As a result, no adjustment was made to the financial statements upon adoption of FASB ASU 2016-13, and there was no impact on the Organization's net assets as of the adoption date.

In addition to mortgage loans receivables, the Organization holds loans receivable from condominium associations and homeowners. The Organization has adopted the expected loss methodology of FASB ASU 2016-13, Financial Instruments-Credit Losses (Topic 326) and applied an allowance for credit losses against the loans receivable balance as of June 30, 2024. The value of this reserve is immaterial to the financial statements as a whole.

The Organization will continue to evaluate expected credit losses on an ongoing basis, adjusting the allowance for credit losses as necessary to reflect changes in the portfolio or economic conditions.

Effective July 1, 2022, the Organization adopted FASB ASC 842. In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. This ASU is effective for fiscal years beginning after December 15, 2021. The adoption of FASB 842 did not have a material impact on the Organization's statement of activities and changes in net assets or cash flows for the years ended June 30, 2024 or 2023.

**Reclassifications**

Certain reclassifications may have been made to the prior year financial statements in order for them to conform to the current year presentation.

**Note 3. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in bank accounts at high quality credit financial institutions. The balances, at times, may exceed federally insured limits (FDIC). Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the standard maximum insurance amount was permanently raised to \$250,000. At June 30, 2024 and 2023 Habitat exceeded the FDIC insured limit by approximately \$678,000 and \$1,124,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. The Organization monitors the credit-worthiness of the financial institutions in which it deposits money.

The Organization's concentration of credit risk with respect to mortgages receivable depends on its partner families' ability to repay, which may vary with economic conditions within this geographic area.

**Note 4. LOANS RECEIVABLE**

The Organization has loans receivable from condominium associations and homeowners. As of June 30, 2024 and 2023 the loan receivable balances due totaled \$79,825 and \$79,503, respectively. The related allowance for credit losses on these loans receivable was \$12,905 and \$0 for the years ended June 30, 2024 and 2023, respectively. The loans receivable are presented net of the allowance for credit losses on the accompanying Statements of Financial Position.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 5. MORTGAGES RECEIVABLE**

Transfers to homeowners represent the sale of houses built by the Organization in exchange for mortgage notes with no interest. As discussed in Note 2, these mortgages are payable over 20 – 35 years and discounted for the present time value of money. Mortgage payments received after 30 days are considered late and subject to the Organization’s delinquency policy. Notices of filing of foreclosure will be made if payments are 90 days delinquent, the homeowner is not on a payment plan and has not been granted a grace period. The Organization has a policy of working with homeowners to ensure that accounts are brought up to date and all remedies exhausted before any legal action will commence. At June 30, 2024, the Organization had 47 loans outstanding with a gross value of \$5,910,896 and a discounted value of \$4,304,834. At June 30, 2023, the Organization had 48 loans outstanding with a gross value of \$5,783,565 and a discounted value of \$4,246,887.

**Note 6. CONTINGENT MORTGAGES RECEIVABLE**

Homeowners who purchase housing through the Organization’s program are subject to additional payments should the house be sold before the full term of the mortgage is completed. The remaining payments on the original mortgage would be due at the closing and they would be subject to a second predetermined (contingent) mortgage. Contingent mortgage receivables are not reported in the accompanying financial statements since these mortgages have no value unless a homeowner fails to comply with the covenants and restrictions of the terms of the home sale. The Organization recognized income from second contingent mortgages totaling \$101,100 and \$0 for the years ending June 30, 2024 and 2023, respectively, and these amounts are included in revenues in the accompanying statements of activities.

**Note 7. LINE OF CREDIT**

The Organization has available a line of credit with Dedham Institute for Savings in the amount of \$500,000 to be drawn upon as needed. The interest rate on the line of credit was 8.00% and 7.75% per annum as of the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the balance outstanding was \$0.

The Organization had available a line of credit with Brookline Bank in the amount of \$500,000 that was terminated in October 2023. As of June 30, 2024 and 2023, the balance outstanding was \$0.

**Note 8. LONG-TERM DEBT**

On June 26, 2020, the Organization received loan proceeds in the amount of \$150,000 under the COVID-19 Economic Injury Disaster Loan (EIDL) Program. The EIDL, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to help small businesses and other entities overcome the effects of the pandemic by providing borrowers with working capital to meet ordinary and necessary operating expenses. The loans and accrued interest are not forgivable and must be repaid. The note bears interest at 2.75% per annum and has a loan term of 30 years. Payments are deferred for the first 30 months, with payments beginning immediately thereafter.

Principal payments due in the next five years and in the aggregate:

2025	\$	3,307
2026		5,793
2027		5,954
2028		6,120
2029		6,291
Thereafter		<u>47,535</u>
Total	\$	<u>75,000</u>

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 9. CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets included in the financial statements are as follows:

	<u>2024</u>	<u>2023</u>
Professional legal fees	\$ 268,587	\$ 325,067
Donated architectural services	-	16,000
Donated appliances	-	3,436
Donated goods - ReStore	1,198,907	1,244,965
	<u>\$ 1,467,494</u>	<u>\$ 1,589,468</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. All gifts-in-kind were utilized by the Organization in its normal course of business for the years ended June 30, 2024 and 2023.

During the year ended June 30, 2024 and 2023, the Organization received donations for professional legal fees. The Organization recorded a corresponding revenue and expense for these services within the accompanying financial statements.

During the year ended June 30, 2023, the Organization received donations for professional architectural services. The Organization recorded revenue and a corresponding increase to construction in progress for these services within the accompanying financial statements.

During the year ending June 30, 2023, the Organization received donated appliances and the Organization recorded revenue and a corresponding increase to construction in progress within these financial statements using an estimated fair value.

The Organization receives donated items to be sold at its Restore locations. Donated ReStore goods are valued at the gross selling price received, and a corresponding in-kind expense is recorded in the statement of functional expenses.

All gifts-in-kind received by the Organization for the year ended June 30, 2024 and 2023 were considered to be without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

**Note 10. LEASING ACTIVITIES**

The Organization records its operating leases in accordance with FASB ASC 842 whereby the lease is recorded as a right-of-use asset at the present value of the lease payments with a corresponding operating lease obligation for terms exceeding 12 months. Principal payments on the leases are considered amortization of the right-of-use asset.

The Organization has an operating lease for its office space located at Massachusetts Avenue in Boston with a lease commencement date of April 1, 2022 and a rent commencement date of July 1, 2022. The lease is for a term of five years and terminates on July 31, 2027. The Organization accounts for rent expense on a straight-line basis over the term of the lease.

The Organization leases additional space, for its ReStore activities, of approximately 21,120 square feet as the lessee under a non-cancelable operating lease agreement. The original lease term is for ten (10) years with two (2) five (5) year options. The original lease expires in July 2026.

See independent auditors' report.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 10. LEASING ACTIVITIES**

Rent expense for the years ended June 30, 2023 and 2022 was \$576,875 and \$558,803, respectively.

For the years ended June 30, 2024 and 2023, the Organization recorded a right-of-use asset of \$970,991 and \$1,339,597, respectively, and operating lease liabilities of \$1,106,727 and \$1,526,254, respectively. The lease agreement did not provide an implicit rate of return and the Organization used the risk-free rate of 5.25% based on information available at the commencement date of the lease in determining the present value of the payments.

**Supplemental noncash information:**

	<u>Mass. Ave</u>	<u>ReStore</u>	<u>Total</u>
Lease liabilities arising from obtaining right-of-use asset at inception of lease	\$ 768,548	\$ 2,028,888	\$ 2,797,437
Lease payments: inception through 6/30/23	(167,772)	(1,742,280)	(1,910,052)
Imputed interest: inception through 6/30/23	47,914	590,956	638,870
Operating lease liability - June 30, 2023	648,690	877,564	1,526,254
Lease payments: 7/1/23 through 6/30/24	(172,856)	(316,800)	(489,656)
Imputed interest: 7/1/23 through 6/30/24	30,667	39,462	70,129
Operating lease liability - June 30, 2024	<u>\$ 506,501</u>	<u>\$ 600,226</u>	<u>\$ 1,106,727</u>

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

	<u>Mass. Ave</u>	<u>ReStore</u>	<u>Total</u>
FY25	\$ 177,940	\$ 316,800	\$ 494,740
FY26	183,024	316,800	499,824
FY27	188,108	-	188,108
Total lease payments	549,072	633,600	1,182,672
Less: Imputed interest	(42,571)	(33,374)	(75,945)
Present value of lease payments	<u>\$ 506,501</u>	<u>\$ 600,226</u>	<u>\$ 1,106,727</u>

**Note 11. CONTRIBUTION TO HABITAT FOR HUMANITY INTERNATIONAL, INC.**

Habitat for Humanity International, Inc. has a suggested 10% tithing based on internal calculations for unrestricted funds, however, there is no penalty for tithing less than this amount. This amount is used for Habitat for Humanity International's worldwide housing programs. For the years ended June 30, 2024 and 2023, contributions to Habitat for Humanity International, Inc. amounted to \$25,000 and \$100,600, respectively.

**Note 12. TAX DEFERRED ANNUITY PLAN**

The Organization maintains a 403(b) tax-deferred retirement plan which is funded entirely by contributions from its employees. At the present time, the Organization does not contribute to the plan. The plan covers any employees electing to participate. During the years ended June 30, 2024, and 2023, expenses incurred in connection with the plan were immaterial.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 13. RESTORE PROGRAM**

The Organization established its ReStore in January 2011. The ReStore is set-up to receive donated goods such as building materials and household items that would otherwise be destined for landfills. The Organization stores and sells these goods to the public at discount prices. This raises money for the Organization's programs and makes discounted materials available for the public. The ReStore received approximately \$1,198,907 and \$1,244,966 in donated materials and goods during the years ended June 30, 2024 and 2023, respectively. For the year ended June 30, 2024 the ReStore Program generated \$1,198,907 of revenues with associated costs of \$1,141,528. This resulted in net income of \$57,379 on ReStore activities for the year ended June 30, 2024. For the year ended June 30, 2023 the ReStore Program generated \$1,244,966 of revenues with associated costs of \$1,186,461. This resulted in net income of \$58,505 on ReStore activities for the year ended June 30, 2023.

**Note 14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization had the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 929,014	\$ 1,375,334
Contributions and grants receivable	539,832	76,441
Mortgage notes receivable, current portion	<u>348,956</u>	<u>373,061</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,817,802</u>	<u>\$ 1,824,836</u>

The Organization's financial assets available within one year of the balance sheet date for general expenditures are reduced by amounts that are subject to donor-imposed restrictions.

**Note 15. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors. For the years ended June 30, 2024 and 2023, all donor-restricted contributions and releases from donor restrictions were for the purposes of specified home builds.

**Note 16. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$190,129 was recorded to record deferred rent on the ReStore lease that should have been recorded at the inception of the lease. The balance of this deferred rent at June 30, 2022 was \$190,129 and this adjustment resulted in an increase in deferred rent and a decrease in net assets without donor restrictions as of June 30, 2023. There were no prior period adjustments recorded for the year ended June 30, 2024.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

**Note 17. CONTINGENCIES**

The Organization routinely invests in properties in order to prepare a request for proposal (RFP) for a given municipality. Such an investment may include costs for architects, engineers, and other costs incurred prior to gaining title to the property. From time to time, a project may not come to fruition and the invested costs would be written off.

For the year ended June 30, 2024, the Organization had invested approximately \$611,900 in properties it did not yet own. For the year ended June 30, 2024, the Organization wrote off \$38,060 for investments in properties that will not be developed by the Organization. This amount is included in other expenses in the accompanying financial statements.

For the year ended June 30, 2023, the Organization had invested approximately \$511,200 in properties it did not yet own. For the year ended June 30, 2023, the Organization wrote off \$21,000 for investments in properties that will not be developed by the Organization. This amount is included in other expenses in the accompanying financial statements.

**Note 18. OTHER MATTERS**

The Organization claimed the Employee Retention Credit (ERC) in prior periods based on its interpretation of applicable regulations. Management believes the credits were claimed in compliance with IRS rules. However, due to the complexity of ERC requirements and recent increased scrutiny by the IRS, there is a risk that the credits may be subject to audit or adjustment. Management is not currently aware of any audit or examination related to the ERC claims.

**Note 19. SUBSEQUENT EVENTS**

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2024 through March 12, 2025, the date the financial statements were first available to be issued.

Subsequent to year-end, the Organization created a new wholly owned subsidiary. The subsidiary Organization acquired nine mortgages under a purchase agreement from the Organization, and to fund the purchase of these subject mortgages, issued a promissory note of approximately \$2.7 million to the Northern Trust Company. The promissory note is secured by the mortgages.

Subsequent to year-end, the Organization entered into a promissory note for \$200,000 for the purchase of land in Boston to build four affordable housing units. The note bears interest at an annual rate of 3%, and is due and payable on the earlier of (1) the sale of the first homeownership unit at project, or (2) no later than August 1, 2026.

The EIDL loan was repaid in full in November 2024.

There were no other subsequent events that require recognition or disclosure in the financial statements.