

## **Habitat for Humanity of Greater Los Angeles**

Consolidated Financial Statements  
and Supplementary Information  
and Single Audit Reports and Schedules

June 30, 2024  
(With Comparative Totals for 2023)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Habitat for Humanity of Greater Los Angeles

### **Opinion**

We have audited the accompanying consolidated financial statements of Habitat for Humanity of Greater Los Angeles ("Habitat LA"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Greater Los Angeles as of June 30, 2024, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Greater Los Angeles 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.

### **Change in Accounting Principle**

As described in Note 2 to the consolidated financial statements, the Habitat LA has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326, *Financial Instruments - Credit Losses*, as of July 1, 2023, which alters the impairment recognition of financial assets from an "incurred loss" model to an "expected credit loss" model. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Greater Los Angeles's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Greater Los Angeles'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Greater Los Angeles'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.



## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 38 - 40 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2025, on our consideration of Habitat LA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Habitat LA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat LA's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

The consolidated financial statements of Habitat for Humanity of Greater Los Angeles as of June 30, 2023, were audited by other auditors whose report dated January 19, 2024, expressed an unmodified opinion on those consolidated financial statements. As more fully described in Note 3 to the consolidated financial statements, Habitat LA has restated its 2023 consolidated financial statements during the current year to reverse previously recognized loan origination public funds revenue and home repair and recorded escrow liabilities related to certain originated loans, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2023 consolidated financial statements before the restatement.

As part of our audit of the 2024 consolidated financial statements, we also audited adjustments described in Note 3 that were applied to restate the 2023 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Habitat for Humanity of Greater Los Angeles's 2023 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 consolidated financial statements as a whole.



Los Angeles, California

July 23, 2025

Habitat for Humanity of Greater Los Angeles  
Consolidated Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)

	2024	(Restated) 2023
ASSETS		
Cash and cash equivalents	\$ 6,662,050	\$ 6,238,080
Program service grants receivable	519,321	1,832,908
Unconditional promises to give, net	1,926,130	2,302,935
Investments	12,534,157	13,656,446
Mortgage notes receivable, net of discount of \$26,158,259 and \$22,487,550, and allowance for credit losses of \$352,476 and \$0	14,594,394	14,179,897
Prepaid expenses	266,971	201,034
Inventory	3,072,541	2,457,636
Construction in process	14,992,916	13,484,136
Property and equipment, net	6,226,830	6,334,871
Right-of-use asset - operating leases, net	7,126,424	9,567,328
Right-of-use asset - finance leases, net	99,647	131,847
Deposits and other assets	<u>1,116,958</u>	<u>900,637</u>
Total assets	<u><u>\$ 69,138,339</u></u>	<u><u>\$ 71,287,755</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,981,499	\$ 1,276,845
Accrued expenses	2,416,912	1,911,053
Deferred revenue	1,872,976	741,517
Conditional liability	621,000	-
Notes payable, governmental	1,356,805	122,194
Notes payable, other	9,632,622	9,873,921
Operating lease liabilities	7,429,690	9,788,880
Finance lease liabilities	<u>100,728</u>	<u>133,511</u>
Total liabilities	<u>25,412,232</u>	<u>23,847,921</u>
Net assets		
Without donor restrictions	29,638,388	37,548,282
With donor restrictions	<u>14,087,719</u>	<u>9,891,552</u>
Total net assets	<u>43,726,107</u>	<u>47,439,834</u>
Total liabilities and net assets	<u><u>\$ 69,138,339</u></u>	<u><u>\$ 71,287,755</u></u>

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

Habitat for Humanity of Greater Los Angeles  
Consolidated Statement of Activities  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	(Restated) 2023 Total
Support and revenue				
Contributions	\$ 2,693,397	\$ 2,356,015	\$ 5,049,412	\$ 6,721,681
Contributions of nonfinancial assets	224,339	750,528	974,867	2,813,595
Sales of homes	5,640,000	-	5,640,000	5,431,245
ReStore sales of donated goods received	7,154,304	-	7,154,304	8,691,932
ReStore sales of purchased products	441,354	-	441,354	436,875
ReStore value of donated goods received	7,671,019	-	7,671,019	8,814,510
Government grants	1,025,931	3,014,382	4,040,313	3,009,548
Special events revenue, net	724,189	-	724,189	800,993
Mortgage notes receivable discount amortization	995,591	-	995,591	703,632
Investment income, net	719,647	-	719,647	214,893
Other revenue	2,568,040	-	2,568,040	119,141
Net assets released from restriction	<u>1,924,758</u>	<u>(1,924,758)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>31,782,569</u>	<u>4,196,167</u>	<u>35,978,736</u>	<u>37,758,045</u>
Functional expenses				
Program services				
Homeownership	16,245,537	-	16,245,537	13,114,113
Home Repair	3,748,641	-	3,748,641	2,239,685
Restore	<u>15,161,825</u>	<u>-</u>	<u>15,161,825</u>	<u>17,457,270</u>
Total program services	<u>35,156,003</u>	<u>-</u>	<u>35,156,003</u>	<u>32,811,068</u>
Support services				
Fundraising	2,409,345	-	2,409,345	2,096,417
Management and general	<u>1,584,915</u>	<u>-</u>	<u>1,584,915</u>	<u>1,520,932</u>
Total program services	<u>3,994,260</u>	<u>-</u>	<u>3,994,260</u>	<u>3,617,349</u>
Total functional expenses	39,150,263	-	39,150,263	36,428,417
Unallocated payments to national organizations	<u>106,537</u>	<u>-</u>	<u>106,537</u>	<u>150,415</u>
Total expenses	<u>39,256,800</u>	<u>-</u>	<u>39,256,800</u>	<u>36,578,832</u>
Change in net assets from operations	(7,474,231)	4,196,167	(3,278,064)	1,179,213
Loss on sale of real estate	<u>(435,663)</u>	<u>-</u>	<u>(435,663)</u>	<u>-</u>
Change in net assets	(7,909,894)	4,196,167	(3,713,727)	1,179,213
Net assets, beginning of year, as previously reported	43,435,102	4,520,237	47,955,339	46,765,906
Prior period restatements	(5,886,820)	5,371,315	(515,505)	(505,285)
Net assets, beginning of year, as restated	<u>37,548,282</u>	<u>9,891,552</u>	<u>47,439,834</u>	<u>46,260,621</u>
Net assets, end of year	<u>\$ 29,638,388</u>	<u>\$ 14,087,719</u>	<u>\$ 43,726,107</u>	<u>\$ 47,439,834</u>

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

Habitat for Humanity of Greater Los Angeles  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	Homeownership	Home Repair	Restore	Total Program Services	Fundraising	Management and General	2024 Total	(Restated) 2023 Total
Personnel expenses								
Salaries and wages	\$ 3,185,081	\$ 940,799	\$ 3,523,044	\$ 7,648,924	\$ 1,341,844	\$ 963,746	\$ 9,954,514	\$ 8,921,043
Payroll taxes and benefits	636,860	171,896	855,521	1,664,277	260,289	188,151	2,112,717	1,811,036
Total personnel expenses	<u>3,821,941</u>	<u>1,112,695</u>	<u>4,378,565</u>	<u>9,313,201</u>	<u>1,602,133</u>	<u>1,151,897</u>	<u>12,067,231</u>	<u>10,732,079</u>
Value of donated goods sold - Restore	-	-	7,154,303	7,154,303	-	-	7,154,303	8,691,932
Cost of homes sold - construction costs	5,382,534	-	-	5,382,534	-	-	5,382,534	4,927,936
Cost of homes sold - mortgage discount	4,399,302	254,357	-	4,653,659	-	-	4,653,659	3,204,340
Home repair	34,196	1,942,599	-	1,976,795	-	-	1,976,795	1,171,992
Professional and outside services	376,322	156,752	465,626	998,700	247,410	213,108	1,459,218	1,497,805
Lease expense	-	-	947,292	947,292	-	-	947,292	1,003,914
Build events and and community programs	799,362	92,842	-	892,204	-	-	892,204	879,332
Office and other expenses	234,654	62,217	261,075	557,946	128,058	112,081	798,085	916,193
Cost of goods sold - ReStore	-	-	795,743	795,743	-	-	795,743	750,876
Utilities and facility maintenance	43,332	35,073	452,802	531,207	35,997	35,335	602,539	703,946
Vehicles	71,142	28,467	344,695	444,304	-	-	444,304	364,964
Provision for credit losses	352,476	-	-	352,476	-	-	352,476	-
Bank fees and charges	37,181	25,163	151,210	213,554	99,058	37,392	350,004	359,764
Special events other costs	-	-	-	-	271,542	-	271,542	339,926
Interest and amortization of loan fees	241,465	-	-	241,465	-	-	241,465	249,552
Insurance	81,354	8,357	129,243	218,954	-	11,554	230,508	235,035
Depreciation	141,091	-	-	141,091	-	-	141,091	78,008
Telephone	46,666	5,834	46,327	98,827	11,434	8,493	118,754	148,452
Real estate - closing and development	76,207	15,816	14,837	106,860	-	-	106,860	27,102
Travel	36,242	8,469	20,107	64,818	13,713	15,055	93,586	79,828
Americorp	<u>70,070</u>	<u>-</u>	<u>-</u>	<u>70,070</u>	<u>-</u>	<u>-</u>	<u>70,070</u>	<u>65,442</u>
	<u>\$ 16,245,537</u>	<u>\$ 3,748,641</u>	<u>\$ 15,161,825</u>	<u>\$ 35,156,003</u>	<u>\$ 2,409,345</u>	<u>\$ 1,584,915</u>	<u>\$ 39,150,263</u>	<u>\$ 36,428,418</u>

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

Habitat for Humanity of Greater Los Angeles  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

	2024	(Restated) 2023
Cash flows from operating activities		
Change in net assets	\$ (3,713,727)	\$ 1,179,213
Adjustments to reconcile change in net assets to net cash used in operating activities		
Origination of non-interest bearing mortgages, net	(3,783,300)	(3,902,840)
Issuance of unamortized mortgage discounts	3,308,465	3,204,340
Mortgage discount amortization	(995,591)	(703,632)
Provision for credit losses	352,476	-
Net change in discount on multi-year pledges	(112,373)	105,330
In-kind contributions of property, construction costs, and other assets	(559,724)	(2,462,555)
Forgiveness/transfer of notes payable to homeowners	(99,000)	(891,000)
Depreciation	141,091	78,008
Right of use asset amortization	695,901	676,527
Net realized and unrealized gains and losses	(397,081)	-
Reinvestment of interest and dividends	(335,123)	6,596
Loss on sale of real estate	435,663	-
Changes in operating assets and liabilities		
Program service grants receivable	1,313,587	(214,412)
Unconditional promises to give	489,178	(1,313,576)
Prepaid expenses	(65,937)	80,752
Inventories	(614,905)	(138,530)
Construction in process, net of non-cash items	(3,000,378)	(1,969,734)
Deposits and other assets (except loan fees)	(216,321)	23,874
Accounts payable	704,654	986,009
Accrued expenses	505,859	226,844
Deferred revenue	1,131,459	167,217
Conditional liability	621,000	-
Operating lease liability	(581,987)	(612,823)
Net cash used in operating activities	<u>(4,776,114)</u>	<u>(5,474,392)</u>
Cash flows from investing activities		
Acquisition of property and equipment	(33,050)	(37,782)
Mortgage payments received	703,453	750,724
Purchase of government securities	(698,280)	(28,417,820)
Proceeds from sale of government securities	2,552,773	14,754,778
Proceeds from sale of real estate	1,615,659	-
Net cash provided by (used in) investing activities	<u>4,140,555</u>	<u>(12,950,100)</u>
Cash flows from financing activities		
Proceeds on revolving line of credit	2,545,213	1,345,716
Payments on revolving line of credit	(1,459,646)	(1,025,442)
Proceeds from notes payable	2,702,934	2,398,065
Payments on notes payable	(2,696,189)	(239,488)
Payments on finance lease liabilities	(32,783)	(27,669)
Net cash provided by financing activities	<u>1,059,529</u>	<u>2,451,182</u>
Net increase (decrease) in cash and cash equivalents	423,970	(15,973,310)
Cash and cash equivalents, beginning of year	<u>6,238,080</u>	<u>22,211,390</u>
Cash and cash equivalents, end of year	<u>\$ 6,662,050</u>	<u>\$ 6,238,080</u>

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

Habitat for Humanity of Greater Los Angeles  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS

Habitat for Humanity of Greater Los Angeles, Inc. ("Habitat LA" or the "Organization"), is a California nonprofit public benefit corporation incorporated in 1990 (originally as Habitat for Humanity Harbor Area/Long Beach, CA, Inc.).

Habitat LA is committed to a vision of a world where everyone has a decent place to live, and as such its primary program is creating affordable homeownership. Through volunteer labor and tax-deductible donations, Habitat LA builds, renovates and repairs simple, sustainable and affordable homes in partnership with homeowner partners and volunteers. Habitat LA houses are sold to the partner homeowners at no profit and financed with affordable loans. Homeowners are selected based on need, ability to repay the Habitat mortgage, and willingness to partner. Habitat LA is not a give-away program as in addition to a down payment and monthly mortgage payments, partner homeowners who meet the selection criteria invest up to 500 hours of their own labor ("sweat equity") into the building of their homes.

Habitat LA strives to effectively address the growing housing crisis with comprehensive and creative strategies through its different housing initiatives, including new construction, affordable lending, rehabilitating existing homes, home repairs, neighborhood revitalization, disaster relief and global builds. Habitat LA operates retail stores (the "ReStores") which principally sell donated home goods and building materials to the public. Proceeds from ReStore sales are used towards the Organization's mission and contribute to it by making lower cost home repair and furnishing materials available.

Habitat LA is an affiliate of Habitat for Humanity International, Inc. ("Habitat International") a housing ministry with ecumenical Christian roots, serving people from all faiths and walks of life. Although Habitat International assists with information resources, financial support in the form of loans and grants, technical support, and national partnerships, Habitat LA is an independently operated and governed entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidated financial statement presentation

Habitat LA's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") has established the FASB Accounting Standards Codification ("ASC") as the sole source of authoritative accounting to be applied by nongovernmental entities in the preparation of consolidated financial statements in conformity With U.S. GAAP.

Habitat for Humanity of Greater Los Angeles  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation

The accompanying consolidated financial statements as of and for the years ended June 30, 2024 and 2023 include the activities of Partnership Housing, Inc. ("PHI") and 1332 Locust, LLC ("Locust"), wholly controlled subsidiaries. PHI was formed as a Community Housing Development Organization ("CHDO") to be able to offer not only affordable homeownership opportunities but also affordable housing opportunities while maximizing the use of public funds available for the overall mission of eliminating substandard housing in the Greater Los Angeles Area. 1332 Locust LLC, a limited liability company, was formed to construct 36 affordable units in the City of Long Beach. All material intercompany accounts and transactions have been eliminated in consolidation.

Recently adopted accounting standards

In June 2016, the FASB issued ASC 326, *Financial Instruments - Credit Losses* ("FASB ASC 326"), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measure at fair value through net income. The most significant change in the standard is a shift from an "incurred loss" model to an "expected credit loss" model.

Under the standard, disclosures are required to provide users of financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses. Habitat LA adopted FASB ASC 326 effective July 1, 2023. As a result of the adoption of the standard, the organization recorded a provision for credit losses of \$352,476.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions, and such differences may be material to the consolidated financial statements.

Net assets

Habitat LA follows the guidance, which requires that net assets be either classified as with donor restrictions or without donor restrictions. Accordingly, Habitat LA's net assets, revenues, gains, expenses, and losses are classified as with donor restrictions or without donor restrictions as follows:

Habitat for Humanity of Greater Los Angeles  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets (continued)

- *Net assets without donor restrictions* - are available for use at the discretion of the Board of Trustees (the "Board") and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.
- *Net assets with donor restrictions* - consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Habitat LA to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Note 19 for more information on the composition of net assets with donor restrictions and the release from restrictions thereof.

Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received, based on management's estimate of the present value of future cash flows expected to be received by Habitat LA. Subsequent changes in these estimates are recorded as an allowance for uncollectible promises to give.

Contributions with donor restrictions which expire during the same fiscal year in which the contributions are made are recorded as net assets with donor restrictions and released within the same year as an increase in net assets without donor restrictions and as a satisfaction of program restrictions.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.



Habitat for Humanity of Greater Los Angeles  
Notes to Consolidated Financial Statements  
June 30, 2024  
(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued)

Habitat LA determines whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. After a contribution has been deemed unconditional, Habitat LA considers whether the contribution is restricted on the basis of the current definition of the term donor-imposed restriction, which includes a consideration of how broad or narrow the purpose of the agreement is, and whether the resources are available for use only after a specified date.

Revenue from contracts with customers

Habitat LA revenue is recognized to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. Habitat LA revenues recognized under Accounting Standards Codification 606, Revenue from Contracts with Customers, consist primarily of sales of homes to low and moderate income individuals and families and sales of goods in its ReStore thrift stores.

Contributed nonfinancial assets

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased by Habitat LA. Additionally, a substantial number of volunteers have made significant contributions of their time to Habitat LA's program and supporting services. The value of this contributed time is not reflected in the consolidated financial statements since it does not require a specialized skill.

Donations of construction materials, property and equipment are recorded as in-kind contributions at their estimated fair value as of the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Habitat for Humanity of Greater Los Angeles  
Notes to Consolidated Financial Statements  
June 30, 2024  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed nonfinancial assets (continued)

Pursuant to Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, contributed nonfinancial assets are presented as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets. Habitat LA is required to disclose (a) A disaggregation of the amount of contributed nonfinancial assets recognized within the consolidated statement of activities by category that depicts the type of contributed nonfinancial assets and (b) For each category of contributed nonfinancial assets recognized provides: (i) Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, Habitat LA will disclose a description of the programs or other activities in which those assets were used; (ii) Habitat LA's policy about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) a description of the valuation techniques and inputs used to arrive at a fair value measure; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure.

Government funding

Habitat LA receives funds from various government agencies ("Agencies") for pre-development costs associated with the development of land acquired for construction projects pursuant to "loan agreements." The Agencies provide funding to Habitat LA generally interest-free, with specified covenants and provisions that the property be used for low-income housing during the term of the loan agreement. If Habitat LA complies with the provisions of the agreement, the loan is forgiven by the agency when the property is sold to a qualified home buyer. At the date of property closing, the covenants and provisions of the loan agreement transfer from Habitat LA to the qualified home buyer and Habitat LA is relieved of any of its obligations pursuant to the loan agreement.

A significant portion of Habitat LA's revenues originate from the CalHome program, a program of the State of California designed to support homeownership for low and very low-income households. The program generally allows for use of funds for mortgage assistance, owner-occupied rehabilitation, technical assistance, accessory dwelling units, and homeownership project development, though specific awards are made for one or two of these activities in response to a Notice of Funding Availability. Habitat LA receives funds for mortgage assistance, owner-occupied rehabilitation and project development. Funds are loaned to home owners, generally for a period of 30 years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government funding (continued)

The program has various compliance requirements, including the reuse of any funds repaid with a requirement to monitor and reuse those funds for 20 years. Early repayment of the loans is not common, although it does occur. Habitat LA has interpreted the requirements of the program to mean that conditions are met at the time of the loan origination, and therefore recognizes grant revenue at that time. Funds from loans repaid early are considered a reuse liability and are available for loans to new borrowers for a period of 20 years from the expenditure expiration date in each award agreement. Habitat LA has determined that a restriction on the grant funds remains in place until the 20-year period for each grant has elapsed.

Home sales and cost of homes transferred

Revenue is recognized from the sale of homes at a point in time when title passes to eligible purchasers on a gross basis. The sales arrangements typically include a significant financing component, since Habitat LA generally provides subordinate loans to the home purchasers. Because the subordinate financing is non-interest bearing, a mortgage discount is also recorded as an expense, resulting in deferred recognition of the net gain on the sale. The gross home sale revenue recognized includes the sum of the cash down payment, any third-party financing, the face value of the non-interest bearing mortgage receivable, and the value of any government funding, such as notes payable forgiven or transferred to the homeowner at the time of sale. The transactions are presented at gross because home sales are an ongoing major activity of Habitat LA.

Habitat LA recognizes the remaining net profit on the sales as interest imputed over the life of the subordinate financing. Management has concluded that collection of the related subordinate loans is probable, since trust deeds are recorded and repayment is required after 30 years or upon the sale or transfer of the property.

Cost of homes sold consists of land cost, land development cost, direct and indirect costs of housing construction and capitalized interest, property taxes and overhead incurred during the development period. Cost is determined by the specific identification and per unit methods. Cost of homes sold is considered a program expense in the consolidated statement of functional activities.

Concentration of credit risk

Financial instruments that potentially subject Habitat LA to a concentration of credit risk are primarily cash and cash equivalents, unconditional promises to give, and mortgage notes receivable. Habitat LA maintains its cash balances in the form of bank demand deposits and money market accounts with major financial institutions, including securities brokerage firms, that management has determined to be credit worthy.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risk (continued)

The concentration of credit risk of mortgage notes receivable is diversified through numerous different borrowers; however, the borrowers are concentrated in Los Angeles County. Accordingly, Habitat LA's ability to collect these mortgage notes receivable is dependent on the homeowners' ability to pay, which could be affected by the overall economic conditions in this geographic area. The mortgage notes receivable are secured by a trust deed on the real property which reduces the risk of loss to Habitat LA.

Habitat LA has no significant financial instruments with off-balance sheet risk of accounting loss.

As of June 30, 2024, three pledges comprised 77% of the balance of unconditional promises to give and as of June 30, 2023, two pledges comprised 69% of the balance of unconditional promises to give. Collection of these unconditional promises to give may be subject to a greater risk of uncertainty in the event of adverse economic, political or business developments, including tax law changes.

Cash and cash equivalents

For purposes of the consolidated statements of financial position and the consolidated statements of cash flows, Habitat LA considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Habitat LA maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Habitat LA has not experienced any losses in such accounts.

Investments

Habitat LA's investments are reported at their fair value. Unrealized gains and losses are included in the changes in net assets. Habitat LA's investments are in government securities which have a readily determinable fair value.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in change in net assets when they occur.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Habitat LA uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. There have been no changes in valuation techniques for the years ended June 30, 2024 and 2023.

Habitat LA's financial assets and liabilities measured at fair value on a recurring basis are categorized according to the fair value hierarchy consisting of the following three levels:

- *Level 1* - Valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets and liabilities.
- *Level 2* - Valuation inputs are obtained from readily-available pricing sources for comparable instruments.
- *Level 3* - Valuation inputs are obtained without observable market value and require a high level of judgment to determine the fair value.

Program service grants receivable

Substantially all program service grants receivable are due from government agencies. Habitat LA provides for losses on program service grants receivable using the allowance method. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable is impaired, when based on current information and events it is probable that Habitat LA will be unable to collect amounts due according to the original contractual terms of the receivable agreement.

Mortgage notes receivable

Mortgage notes receivable consist of non-forgivable non-interest bearing residential home loans made to qualified borrowers that are secured by a deed of trust, with terms generally ranging from 20 to 30 years. The mortgage note receivable must be probable of collection, fixed and determinable, not conditional on future events occurring and Habitat LA must have fulfilled substantially all of its obligations to the home buyer, other than normal warranty claims, prior to Habitat LA recognizing the home sale revenue and related mortgage note receivable in its consolidated financial statements. Non-forgivable and non-interest bearing mortgages that meet the forgoing recognition criteria are discounted based upon prevailing market rates for low income housing at the origination date of each mortgage.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage notes receivable (continued)

Additionally, Habitat LA enters into forgivable mortgage notes receivable ("silent") that are secured with a second, third, fourth, and/or fifth trust deed in favor of either Habitat LA or a local government agency to ensure compliance with the terms of Habitat LA's homeownership programs. The primary purpose of these silent mortgages is to allow the mortgage holder the right to recapture a portion of any equity if the home is sold or transferred to a nonqualified homeowner before a certain number of years, usually 25 to 55, have elapsed since the original purchase. These silent mortgages also protect the homeowner by preventing predatory lenders from paying off the first mortgage and encumbering the property and the homeowner with an onerous new mortgage.

The silent mortgage notes receivable typically bear no interest. Some forgiven if the homeowner lives in the home for the required period of time and complies with all other covenants and restrictions per the deed of trust. Accordingly, Habitat LA does not report a value for these silent mortgage notes receivable that are forgivable in its consolidated financial statements as it is assumed they have no economic value. Other subordinated mortgages that are not forgivable are recognized at the discounted value of the loan, using the rate determined by Habitat LA.

Allowance for mortgage notes receivable credit losses

Habitat LA uses established lending criteria to ensure that only individuals who meet the Organization's financial and credit criteria are approved to be homebuyers, and receive a non-interest bearing mortgage loan from Habitat LA. This includes a thorough review of each prospective homeowner's credit report and scores, sources of income and financial history.

Habitat LA regularly reviews its mortgage receivable portfolio and monitors the accounts for delinquencies. The Organization's allowance for credit losses is that amount considered adequate to absorb probable losses in the portfolio based on management's evaluations of the size and current risk characteristics of the mortgage notes receivable portfolio. A mortgage note receivable is considered impaired when, based on current information and events, it is probable that Habitat LA will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note.

The allowance established for these mortgage notes receivable is based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral. As of the date of these consolidated financial statements, there were no mortgages subject to foreclosure proceedings. As of June 30, 2023, management did not record an allowance for losses within its mortgage notes receivable portfolio because the fair value of its collateral interest in the properties securing the mortgage notes receivable exceeded the net carrying value of the mortgage notes receivable.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory consists primarily of building materials and supplies, which are used in the construction of homes, and donated materials including home furnishings and home improvement materials, that are sold in the ReStores. Inventories are stated at lower of cost or market with cost determined by the first-in, first-out ("FIFO") method. ReStore inventories are reported at estimated selling price, since the fair value is not reasonably determinable until the goods are sold.

Construction in process and finished homes for sale

Construction in process represents costs incurred to build or rehabilitate single-family homes and condominiums for eventual sale to Habitat LA homeowners. In the event a development is no longer deemed to be probable of completion, the costs previously capitalized are charged off to expense. Habitat LA's projects consist of new single-family home and condominium developments, and major rehabilitations of existing homes acquired by Habitat LA. Since the purpose and mission of Habitat LA is to build affordable housing for low-income individuals, Habitat LA does not generally write down the value of construction in process to estimated sales value, because any excess cost over sales value is a component of program services. Projects are classified as construction in process until the build or rehabilitation project is substantially completed, at which time it is reclassified as "finished homes held for sale."

As of June 30, 2023, construction in process also included land and development for costs for a residence purchased by Habitat LA for the purpose of development and sale to raise funds for operating activities. During the year ended June 30, 2024, Habitat LA sold the completed property at a loss of \$435,663.

Property and equipment

Expenditures greater than \$5,000 which materially increase property lives are capitalized. The cost of maintenance and repair is charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statements of activities.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Autos and trucks	3 - 5 years
Furniture and equipment	5 - 7 years
Computer software and hardware	3 - 5 years
Leasehold improvements	3 - 10 years
Buildings	27.5 years

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and impounds

Habitat LA collects monthly payments from homeowners for property taxes and insurance, referred to as impounds, and records a liability until the amounts are remitted by Habitat LA to the appropriate third party.

Income taxes

Habitat LA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from state franchise taxes under Section 23701d of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the IRC, is subject to federal income tax. Habitat LA does not believe that for the years ended June 30, 2024 and 2023 that it had unrelated business taxable income and accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

Habitat LA accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. Habitat LA recognizes the effect of income tax positions only if those positions are more-likely-than-not of being sustained by the appropriate taxing authorities. Habitat LA does not believe that its income tax returns include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying consolidated financial statements.

Functional expenses

Habitat LA's primary mission is providing qualified families with affordable homeownership. Costs related to this purpose, which includes the ReStore operations, are reported as program expenses in the consolidated statements of functional expenses. Activities performed by Habitat LA to generate funds and/or resources to support its programs and operations are reported as fundraising activities. All costs not identifiable with a specific program or fundraising activity are included as management and general expenses, which include management, finance, accounting, and human resources. Expenses directly attributable to a specific functional area of Habitat LA are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas have been allocated across program and other supporting services based on estimates of time and effort spent by staff and resources. Depreciation and amortization are allocated using an allocation developed based on a review of the assets in service compared to the functions they support.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Habitat LA recognizes a right-of-use ("ROU") asset and a corresponding lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The ROU asset represents Habitat LA's right to use the underlying leased asset and the lease liability represents the obligation to make lease payments. Initial lease liability is measured at the present value of future lease payments discounted using the risk-free rate with reference to the lease term. Initial ROU asset measurement is based on the initial measurement of lease liability, plus any lease payments made to the lessor at or before lease commencement, less any lease incentives received, plus any initial direct costs incurred by Habitat LA.

Habitat LA evaluates their leases at inception or at any subsequent modification and classifies them as either an operating lease or a finance lease based on lease terms.

Special events revenues

Habitat LA conducts special events in which a portion of the gross proceeds paid by the donor represents payment for the direct costs of the benefits received by the donor at the event. Special events revenue is recognized when the event occurs. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of special events of \$236,645 and \$162,115 for the years ended June 30, 2024 and 2023, respectively, which ultimately benefit the donor rather than Habitat LA, are deducted from gross special events revenue. Other direct costs of special events were \$271,542 and \$339,926 for the years ended June 30, 2024 and 2023, respectively.

3. RESTATEMENTS

During 2024, Habitat LA determined loan origination public funds revenue and certain home repair expenses were improperly recognized in previously reported periods. In addition, escrow liabilities related to CalHome loans originated were not previously recorded. Loan origination public funds revenue were recognized when Habitat LA originated certain CalHome loans and recognized home repair expenses as costs were incurred by borrowers. As such, a prior period adjustment was recorded to reverse loan public funds revenue and home repair expenses recognized and to properly record escrow liabilities.

In addition, Habitat LA has concluded that the CalHome requirement to reuse and monitor funds for a period of 20 years constitutes a restriction. Accordingly, grant revenue previously recognized for this program has been reclassified from net assets without donor restrictions to net assets with donor restrictions. This had no impact on the change in net assets for the fiscal year ended June 30, 2023.

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3. RESTATEMENTS (continued)

The following statement line items for the fiscal year ended June 30, 2023 were affected by the prior period adjustment recorded:

Statement of activities as of June 30, 2023:

	As Originally Presented	As Adjusted	Effect of Change
Loan origination public funds	\$ 1,146,000	\$ -	\$ (1,146,000)
Home repair	\$ 3,375,465	\$ 2,239,685	\$ (1,135,780)

Statement of financial position as of June 30, 2023:

	As Originally Presented	As Adjusted	Effect of Change
Accrued expenses	\$ 1,395,548	\$ 1,911,053	\$ 515,505
Net assets	<u>47,955,339</u>	<u>47,439,834</u>	<u>(515,505)</u>
	<u><u>\$ 49,350,887</u></u>	<u><u>\$ 49,350,887</u></u>	<u><u>\$ -</u></u>

Balance of and changes in net assets as of June 30, 2023

	As Originally Presented	As Adjusted	Effect of Change
Beginning balance, July 1, 2022	\$ 46,765,906	\$ 46,260,621	\$ (505,285)
Change in net assets	1,189,433	1,179,213	(10,220)
Total net assets	47,955,339	47,439,834	(515,505)
Without donor restrictions	43,435,102	37,548,502	(5,886,600)
With donor restrictions	\$ 4,520,237	\$ 9,891,552	\$ 5,371,315

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4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position dates, were comprised of the following for the years ended June 30:

	2024	(Restated) 2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,662,050	\$ 6,238,080
Mortgage notes receivable, current	511,915	530,726
Contributions and grants receivable	1,926,130	1,926,130
Program service grants receivable	519,321	519,321
Investments	<u>12,534,157</u>	<u>12,534,157</u>
	<u>22,153,573</u>	<u>21,748,414</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(14,087,719)	(9,891,552)
Pledges received due in more than one year	(366,193)	-
Investments with maturity greater than one year	-	(9,870,681)
Addback: net assets with donor restrictions to be met in less than a year	426,923	933,696
Addback: CalHome required net assets - associated assets not included in the financial assets above	<u>8,385,697</u>	<u>5,371,315</u>
	<u>(5,641,292)</u>	<u>(13,457,222)</u>
	<u>\$ 16,512,281</u>	<u>\$ 8,291,192</u>

As of June 30, 2024, Habitat LA had \$16,512,281 of financial assets to meet cash requirements for general expenditures within one year of the consolidated balance sheet date. In addition, Habitat LA has available a revolving line of credit to provide financial support for construction projects and general expenditures of \$12,500,000 (see Note 15), of which \$9,546,787 is available. As part of Habitat LA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

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5. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The following table is a supplemental disclosure of cash flow information for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Recognition of in-kind contributions and related assets and expenses	\$ 974,867	\$ 2,813,595
Right-of-use assets obtained from finance lease obligations	-	161,180
Reduction in right-of-use assets due to modification of operating lease	\$ 1,777,203	\$ -

Cash paid for interest totaled \$241,465 and \$339,926 for the years ended June 30, 2024 and 2023.

6. PROGRAM SERVICE GRANTS RECEIVABLE

Program service grants receivable consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
City of Santa Fe Springs	\$ -	\$ 1,300,000
Choice Watts	404,290	-
State of California - Department of Housing and Community Development	-	200,000
Housing Authority of the City of Los Angeles	-	166,265
City of Inglewood	115,031	144,139
City of Pico	-	22,504
	<u>\$ 519,321</u>	<u>\$ 1,832,908</u>

Habitat LA has not recorded an allowance for uncollectible grants receivable since management believes that it is probable that all receivables will be collected.

7. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Unconditional promises to give	\$ 2,151,002	\$ 2,640,180
Less: unamortized discount	(24,872)	(137,245)
Less: allowance for doubtful accounts	<u>(200,000)</u>	<u>(200,000)</u>
	<u>\$ 1,926,130</u>	<u>\$ 2,302,935</u>

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7. UNCONDITIONAL PROMISES TO GIVE (continued)

Unconditional promises to give, which are due more than one year from the date of donation, are discounted using the risk-free interest rate of approximately 6.00%. Amounts due in less than one year and in excess of one year are as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 1,559,937	\$ 1,316,682
One to five years	<u>591,065</u>	<u>1,323,498</u>
	<u>\$ 2,151,002</u>	<u>\$ 2,640,180</u>

8. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Habitat LA's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equities	\$ 13,171	\$ -	\$ -	\$ 13,171
U.S. Treasury Bill	-	2,242,323	-	2,242,323
U.S. Treasury Note	<u>-</u>	<u>10,278,663</u>	<u>-</u>	<u>10,278,663</u>
	<u>\$ 13,171</u>	<u>\$ 12,520,986</u>	<u>\$ -</u>	<u>\$ 12,534,157</u>

The following table summarizes the valuation of Habitat LA's investments by the fair value hierarchy levels as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Note	\$ -	\$ 9,870,681	\$ -	\$ 9,870,681
U.S. Treasury Bill	<u>-</u>	<u>3,785,765</u>	<u>-</u>	<u>3,785,765</u>
	<u>\$ -</u>	<u>\$ 13,656,446</u>	<u>\$ -</u>	<u>\$ 13,656,446</u>

Investment income, net consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 335,123	\$ 236,676
Net realized and unrealized income (loss)	397,081	(6,596)
Investment advisory fee	<u>(12,557)</u>	<u>(15,187)</u>
	<u>\$ 719,647</u>	<u>\$ 214,893</u>

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9. MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable consist of non-forgivable non-interest bearing residential home loans secured by a deed of trust which are payable in monthly installments, if secured by a first deed of trust, over 20 to 30 years. These non-forgivable non-interest bearing mortgages have been discounted to and recorded at present value by Habitat LA based upon prevailing market interest rates for low income housing mortgages. Habitat LA recognizes the discount as interest income over the term of the mortgage note receivable using the effective interest rate method. Generally, mortgage notes receivable are discounted at the time the mortgage is originated using an interest rate of prime plus 2%.

In addition, Habitat LA enters into mortgage notes receivable secured by second, third, fourth, and fifth trust deeds, that are non-forgivable non-interest bearing which require a balloon payment upon the earlier of the sale or transfer of the property, or 30 years. Those second, third, fourth, and fifth mortgage notes receivable, which have fixed and determinable repayment terms, are reported at their present value in the accompanying consolidated financial statements. The arrangements include a significant contribution element, and therefore the discount is recognized as a program expense in the year the loan is issued.

A significant portion of Habitat LA's notes receivable have arisen from various CalHome grants administered by the California Department of Housing and Community Development (HCD). The agreements with HCD require that Habitat LA maintain and reuse any repaid funds for a period of 20 years following the expiration date of the individual grant agreement. As of June 30, 2024, Habitat LA had \$230,634 in reuse funds not deployed into new loans.

At times, Habitat LA pledges various mortgage notes receivable as collateral to secure notes payable and obligations to its creditors. These arrangements may restrict the Organization's ability to sell, transfer or pledge these mortgage notes receivable to other entities.

Mortgage notes receivable and the related discount are summarized as follows as of June 30:

	<u>2024</u>	<u>2023</u>
First trust deeds	\$ 8,241,283	\$ 8,874,371
Second/third/fourth/fifth trust deeds	31,863,846	26,793,076
Junior lien position	1,000,000	1,000,000
Discount to present value	<u>(26,158,259)</u>	<u>(22,487,550)</u>
	14,946,870	14,179,897
Allowance for credit losses	<u>(352,476)</u>	<u>-</u>
	<u><u>\$ 14,594,394</u></u>	<u><u>\$ 14,179,897</u></u>

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9. MORTGAGE NOTES RECEIVABLE (continued)

Scheduled mortgage notes receivable collections are summarized as follows:

Year ending June 30,

2025	\$ 511,915
2026	530,411
2027	512,760
2028	503,353
2029	492,477
Thereafter	<u>38,554,213</u>
	41,105,129
Less: unamortized discount	<u>(26,158,259)</u>
	<u><u>\$ 14,946,870</u></u>

Mortgage notes receivable discount amortization revenue for the years ended June 30, 2024 and 2023 was \$995,591 and \$703,632, respectively.

Mortgages receivable consisted of the following:

	First Trust Deeds	Second Trust Deeds	Third Trust Deeds	Fourth Trust Deeds	Fifth Trust Deeds	CalHome Loans	Other	Total
Gross mortgage balance	\$ 8,874,371	\$ 8,416,089	\$ 9,604,022	\$ 2,960,865	\$ 340,785	\$ 6,219,115	\$ 100,000	\$ 36,515,247
Unamortized discount	<u>(2,986,880)</u>	<u>(5,704,581)</u>	<u>(6,820,588)</u>	<u>(2,183,608)</u>	<u>(246,360)</u>	<u>(4,443,223)</u>	<u>(28,088)</u>	<u>(22,413,328)</u>
	<u>5,887,491</u>	<u>2,711,508</u>	<u>2,783,434</u>	<u>777,257</u>	<u>94,425</u>	<u>1,775,892</u>	<u>71,912</u>	<u>14,101,919</u>
Activity								
Principal payments	(633,088)	(69,480)	(3,150)	-	-	(93,400)	-	(799,118)
Loan originations	-	85,000	2,034,800	-	-	3,206,000	-	5,325,800
Amortization of discount	333,249	127,612	152,505	38,980	5,078	336,715	1,452	995,591
Discount on newly-issued notes	<u>-</u>	<u>-</u>	<u>(1,774,577)</u>	<u>-</u>	<u>-</u>	<u>(2,902,745)</u>	<u>-</u>	<u>(4,677,322)</u>
	<u>(299,839)</u>	<u>143,132</u>	<u>409,578</u>	<u>38,980</u>	<u>5,078</u>	<u>546,570</u>	<u>1,452</u>	<u>844,951</u>
Balances as of June 30, 2024								
Gross mortgage balance ending	8,241,283	8,431,609	11,635,672	2,960,865	340,785	9,331,715	100,000	41,041,929
Ending unamortized discount	<u>(2,653,631)</u>	<u>(5,576,969)</u>	<u>(8,442,660)</u>	<u>(2,144,628)</u>	<u>(241,282)</u>	<u>(7,009,253)</u>	<u>(26,636)</u>	<u>(26,095,059)</u>
	<u><u>\$ 5,587,652</u></u>	<u><u>\$ 2,854,640</u></u>	<u><u>\$ 3,193,012</u></u>	<u><u>\$ 816,237</u></u>	<u><u>\$ 99,503</u></u>	<u><u>\$ 2,322,462</u></u>	<u><u>\$ 73,364</u></u>	<u><u>\$ 14,946,870</u></u>

In addition to the discount due to the lack of a stated interest rate, Habitat LA has implemented an allowance for credit losses. Potential losses on first trust deeds are minimal, as these loans were issued no later than 2016, principal payments are required, and home values have increased substantially since the loans originated.

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9. MORTGAGE NOTES RECEIVABLE (continued)

Subordinated loans have a more elevated risk. However, since these loans do not require repayment for 30 years, unless the property is sold, the borrowers' income and credit situation do not constitute an immediate risk. Early repayment has occurred when necessary, and no defaults have occurred in the past 10 years, so Habitat LA lacks historical data from which to perform a calculation. Instead, management has estimated an allowance using broader residential default rate information, applied to the gross value of the loan portfolio.

The allowance for credit losses consisted of the following:

	<u>2024</u>	<u>2023</u>
Allowance upon adoption of the standard	\$ 315,000	\$ -
Provision for credit losses	<u>37,476</u>	<u>-</u>
	<u><u>\$ 352,476</u></u>	<u><u>\$ -</u></u>

10. INVENTORY

Inventory consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Building materials for home construction projects	\$ 570,497	\$ 472,308
ReStore inventory	<u>2,502,044</u>	<u>1,985,328</u>
	<u><u>\$ 3,072,541</u></u>	<u><u>\$ 2,457,636</u></u>

11. CONSTRUCTION IN PROCESS

Construction-in-process is summarized by project is as follows as of June 30:

	<u>2024</u>	<u>2023</u>
City of Los Angeles, County of Los Angeles and unincorporated cities	\$ 8,321,934	\$ 7,658,836
Long Beach	6,212,423	5,384,352
Lakewood	448,595	430,984
Compton	<u>9,964</u>	<u>9,964</u>
	<u><u>\$ 14,992,916</u></u>	<u><u>\$ 13,484,136</u></u>



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11. CONSTRUCTION IN PROCESS (continued)

The following table is a summary of home building activity for the years ended June 30:

	<u>2024</u>		<u>2023</u>	
	<u>Number of Homes</u>	<u>Cost</u>	<u>Number of Homes</u>	<u>Cost</u>
Home construction in process, beginning of year	158	\$ 13,484,136	148	\$ 11,008,686
Costs incurred during fiscal year - new and existing projects	60	8,708,555	19	7,197,315
Homes transferred to finished homes	<u>(10)</u>	<u>(7,199,775)</u>	<u>(9)</u>	<u>(4,721,865)</u>
	<u><u>208</u></u>	<u><u>\$ 14,992,916</u></u>	<u><u>158</u></u>	<u><u>\$ 13,484,136</u></u>

The following table is a summary of finished home activity for the years ended June 30:

	<u>2024</u>		<u>2023</u>	
	<u>Number of Homes</u>	<u>Cost</u>	<u>Number of Homes</u>	<u>Cost</u>
Costs transferred to Finished Homes from construction in process	10	\$ 7,199,775	9	\$ 4,721,865
Homes transferred to new owners	<u>(10)</u>	<u>(7,199,775)</u>	<u>(9)</u>	<u>(4,721,865)</u>
	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>

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12. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2024</u>	<u>2023</u>
Autos and trucks	\$ 374,351	\$ 374,351
Land	4,194,119	4,194,119
Buildings	2,527,689	2,514,839
Furniture and equipment	68,935	68,935
Computer software and hardware	288,060	288,060
Leasehold improvements	<u>605,013</u>	<u>584,813</u>
	8,058,167	8,025,117
Accumulated depreciation	<u>(1,831,337)</u>	<u>(1,690,246)</u>
	<u><u>\$ 6,226,830</u></u>	<u><u>\$ 6,334,871</u></u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$141,091 and \$78,008, respectively.

13. DEPOSITS AND OTHER ASSETS

Deposits and other assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Deposits	\$ 983,638	\$ 751,248
Beneficial interest in charitable remainder trusts	76,833	76,833
Other receivables	<u>56,485</u>	<u>72,556</u>
	<u><u>\$ 1,116,956</u></u>	<u><u>\$ 900,637</u></u>

Habitat LA received a 50.0% interest in a charitable remainder insurance trust which it has valued at \$76,833 using a 5.0% discount rate to estimate the present value of the future benefits based on the income beneficiary's life expectancy.

14. DEFERRED REVENUE

Deferred revenue consists of amounts advanced to Habitat LA under mortgage assistance and OOR grants (the "Grants") from CalHome. The Grants are to provide mortgage assistance to eligible low and moderate-income homeowners within Los Angeles County. The financial assistance to each homeowner is limited based on a calculated gap between the price of the home and the financial resources available to the homeowner.

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14. DEFERRED REVENUE (continued)

The following table provides information about significant changes in deferred revenue for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of period	\$ 741,517	\$ 574,300
Increase in deferred revenue due to cash received during the period	4,495,317	2,344,992
Decrease in deferred revenue due to recognition of revenue during the period	<u>(3,363,858)</u>	<u>(2,177,775)</u>
	<u><u>\$ 1,872,976</u></u>	<u><u>\$ 741,517</u></u>

15. NOTES PAYABLE, GOVERNMENTAL AGENCIES

Habitat LA is awarded grants by governmental agencies, generally in the form of loans to finance, in part, the acquisition and development of specific housing projects. The grant/loan agreements require a written Disposition and Development Agreement ("DDA") between Habitat LA and the city granting the funds. These loans are secured by deeds of trust on the development property and are generally non-interest bearing with a maturity date of the earlier of one to two years or the sale/transfer of the property. No payments of interest or principal are due during the loan term except in the case of an "Event of Default" as defined in the loan agreement. Upon project completion, if Habitat LA sells/transfers the property to a qualified buyer, the proportionate amount of debt owed by Habitat LA on the property is forgiven as to Habitat LA but remains a lien on the property that transfers to the homeowner as a mortgage. Accordingly, at the date the property sale/transfer and fulfillment of the terms of the loan agreement occur, the amount of outstanding debt being forgiven is recorded as additional home sale proceeds by Habitat LA. The repayable loans are recorded until the loans are repaid.

The following table is a summary of Habitat LA's notes payable, governmental agencies as of June 30:

	<u>2024</u>	<u>2023</u>
City of Long Beach	\$ 21,805	\$ 122,194
City of Lancaster	<u>1,335,000</u>	<u>-</u>
	<u><u>\$ 1,356,805</u></u>	<u><u>\$ 122,194</u></u>

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16. DONATED LAND HELD FOR DEVELOPMENT

In October 2021, Habitat LA entered into a bargain purchase agreement with the City of Santa Fe Springs in which Habitat LA purchased a property from the city for \$10. Management valued the property at \$621,000 based on comparable sales. The sale closed escrow in April 2024, at which point Habitat LA recorded the land value as part of construction in process, and recorded a liability due to the conditions of the agreement, which require that Habitat LA develop 18 units of affordable housing and sell the units to qualified buyers. Habitat LA will recognize the revenue related to this agreement when the conditions are met by sales of the developed property. As of June 30, 2024, the value of the land is recognized as a conditional liability on the statement of financial position.

17. NOTES PAYABLE, OTHER

In December 2018, Habitat LA entered into a Credit and Security Agreement and Business Loan Agreement with Cathay Bank as set forth below. The borrowings from Cathay Bank are subject to various covenants including the following financial covenants: (i) maintain a minimum liquidity of not less than \$4.0 million as of each quarter-end; (ii) maintain a minimum current ratio of not less than 2.00 to 1.00; (iii) maximum debt to tangible net worth (total net assets) ratio of not more than 2.00 to 1.00 as of each quarter-end; (iv) maintain minimum effective tangible net worth (total net assets) of not less than \$30.0 million as of each quarter-end; (v) maintain minimum net income (change in net assets) of not less than \$1.00; and (vi) maintain a consolidated debt service coverage ratio (as defined in the Cathay Bank agreements) of not less than 1.20 to 1.00. As of June 30, 2024, Habitat LA was in substantial compliance with these covenants or obtained a covenant waiver for failed covenants from Cathay Bank.

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17. NOTES PAYABLE, OTHER (continued)

Habitat LA's notes payable are summarized as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Revolving loans, due on the earliest of (i) the date that is 18 months from the date the advance was made, or (ii) April 30, 2025; with interest at the U.S. prime rate plus .50%. The Note is secured by substantially all the assets of Habitat LA, including a Second Deed of Trust up to \$12.5 million on its corporate facility located in Bellflower, California.	\$ 2,953,213	\$ 1,867,648
Term loan, payable in equal monthly installments of \$13,935 maturing on December 31, 2024, with interest at a fixed rate of 8.11%.	81,832	220,000
Promissory note maturing on January 1, 2026, interest at a fixed rate of 5.07%, payable in monthly principal and interest payments of \$28,996, with the balance due at maturity. The Note is collateralized by a Deed of Trust on Habitat LA's corporate facility located in Bellflower, California.	4,288,802	4,412,202
Promissory note maturing on June 1, 2026, interest at the prime rate plus 1.00% but no lower than 4.75% per annum payable monthly. Principal is due at maturity. Note is secured by a Deed of Trust on the 200 - 210 East 14th Street, 1332 Locust Avenue, Long Beach properties.	942,000	942,000
Promissory note maturing on August 31, 2026, interest at 6.0% fixed through maturity date, principal and interest due on August 31, 2026. The Note is collateralized by a Deed of Trust on the 215 - 228 El Segundo Blvd., Los Angeles properties.	-	2,432,071
Promissory note maturing on August 31, 2026, interest at 6.0% fixed through maturity date, principal and interest due on August 31, 2026. The Note is collateralized by a Deed of Trust and Assignments of Rents and Security Agreement on the 6305 Holmes Avenue, Los Angeles property	<u>1,366,775</u>	<u>-</u>
	<u>\$ 9,632,622</u>	<u>\$ 9,873,921</u>

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17. NOTES PAYABLE, OTHER (continued)

Minimum scheduled future principal payments for notes payable are summarized as follows:

<u>Year ending June 30,</u>	
2025	\$ 3,154,446
2026	5,111,401
2027	<u>1,366,775</u>
	<u><u>\$ 9,632,622</u></u>

18. LEASES

Habitat LA enters into leasing transactions in which they are the lessee. Operating lease contracts are for the ReStore operating facilities with remaining lease terms ranging from 11 years to 14.5 years, and vehicle leases with a remaining lease term of 3 years. As of June 30, 2024 and 2023, the weighted-average remaining lease term of the operating leases is 11.5 years and 13.1 years, respectively. The weighted average discount rate associated with the operating leases is 3.25% and 3.0% as of June 30, 2024 and 2023, respectively. Finance lease contracts are for forklifts. As of June 30, 2024 and 2023, the weighted-average remaining lease term of the finance leases is 3.1 years and 3.93 years, respectively. The weighted average discount rate associated with the finance leases is 3.0% as of June 30, 2024 and 2023.

Lease costs for the year ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost:		
Fixed lease expense	\$ 947,292	\$ 949,874
Variable lease expense	<u>-</u>	<u>24,707</u>
	<u>947,292</u>	<u>974,581</u>
Finance lease cost:		
Amortization of right-of-use assets	32,200	29,333
Interest expense	<u>3,557</u>	<u>3,830</u>
	<u>35,757</u>	<u>33,163</u>
	<u><u>\$ 983,049</u></u>	<u><u>\$ 1,007,744</u></u>

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18. LEASES (continued)

Future maturities of the operating lease liabilities are as follows as of June 30:

<u>Year ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 991,522	\$ 36,340	\$ 1,027,862
2026	1,030,251	36,340	1,066,591
2027	981,774	29,265	1,011,039
2028	580,086	4,841	584,927
2029	554,759	-	554,759
Thereafter	<u>4,715,446</u>	<u>-</u>	<u>4,715,446</u>
	8,853,838	106,786	8,960,624
Less: present value discount	<u>(1,424,148)</u>	<u>(6,058)</u>	<u>(1,430,206)</u>
	<u>\$ 7,429,690</u>	<u>\$ 100,728</u>	<u>\$ 7,530,418</u>

19. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of amounts restricted by donor-imposed stipulations as follows as of June 30:

	<u>2024</u>	<u>(Restated) 2023</u>
Affordable Housing Units, Rental	\$ 1,986,707	\$ 1,986,707
Home Sponsorships	2,974,522	1,403,498
Community Programs	343,766	594,146
Wildfire Relief	103,865	197,724
Multi-Year Capital Campaign Funds	151,017	196,017
Charitable Remainder Trusts	142,145	142,145
CalHome programs	<u>8,385,697</u>	<u>5,371,315</u>
	<u>\$ 14,087,719</u>	<u>\$ 9,891,552</u>

Net assets released from restrictions were as follows for the years ended June 30:

	<u>2024</u>	<u>(Restated) 2023</u>
Home Sponsorships	\$ 625,655	\$ 4,601,847
Community Programs	1,230,627	3,152,269
Wildfire Relief	23,476	166,021
Multi-Year Capital Campaign Funds	<u>45,000</u>	<u>-</u>
	<u>\$ 1,924,758</u>	<u>\$ 7,920,137</u>

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20. RELATED PARTY TRANSACTIONS

Habitat LA remits a discretionary portion of its unrestricted contributions (excluding in-kind contributions) to Habitat International on an annual basis (the "Tithe"). The Tithe is used to construct homes in economically depressed areas around the world. In addition, Habitat LA receives significant pass-through contributions on behalf of domestic and international Habitat affiliates. In general, these pass-through contributions are credited towards the Tithe. These pass-through contributions generally do not provide Habitat LA with variance power as to which affiliates the funds are designated for; accordingly, the Organization does not recognize contribution revenue upon receipt of the funds and does not record an expense upon the disbursement of these funds since Habitat LA is an agent in these transactions. For the years ended June 30, 2024 and 2023, Habitat LA recorded \$106,537 and \$150,415, respectively, in Tithes expense. As of June 30, 2024 and 2023, Tithes due Habitat International were \$8,366 and \$3,929, respectively.

For the years ended June 30, 2024 and 2023, Habitat LA recorded \$92,447 and \$83,250, respectively, in contributions and pledge payments from members of Habitat LA's Board of Directors or from parties related to Board members.

21. EMPLOYEE RETENTION CREDIT

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to \$10,000 per employee, an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020, and before January 1, 2022.

Habitat LA determined it was eligible to apply for the ERC and calculated a total ERC of \$1,825,484 for the wages paid during the periods January 1, 2021 through March 31, 2021 and July 1, 2021 through September 30, 2021. As Habitat LA has "substantially met" the program's eligibility conditions, the Habitat LA has recognized income as part of other revenue for the year ended June 30, 2024 on the consolidated statement of activities.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes Habitat LA met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on Habitat LA's consolidated financial statements.



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22. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	Program/Activity Utilization	Donor Restrictions	2024	2023
Real estate rental property units	Program services	Rental to low and moderate income households	\$ -	\$ 1,956,839
Land contributed for real estate development*	Program services	Development of residential units for sale to low and moderate income households	1,977,805	122,194
Services	Program services	None	415,143	432,010
Materials	Program services	None	559,724	424,746
Consumer goods	Program services	Sales in thrift stores	7,671,019	8,814,510
Land	Program services	None	-	-
			<u>10,623,691</u>	<u>11,750,299</u>
Land recognized as a note payable			(1,356,805)	(122,194)
Land recognized as a contractual liability			<u>(621,000)</u>	<u>-</u>
			<u>\$ 8,645,886</u>	<u>\$11,628,105</u>

Contributed materials, services, and land was utilized in the following programs: homeownership, home repair, ReStore, and fundraising.

In valuing materials and items donated for sale in its ReStores, Habitat LA estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. In valuing land, Habitat LA estimated the fair value on the basis of recent comparable sales prices in the area's real estate market. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar services. Real estate rental property fair value was estimated on the basis of recent comparable sales prices in the area's real estate market discounted for the income restrictions established in the agreement with donor.

\*Land contributed for real estate development has not yet been recognized in revenue due to the development conditions within the contribution agreements. See Notes 15 and 16.

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23. RETAIL STORES

Habitat LA operates three retail stores locations in the Greater Los Angeles area that sell new and used home furnishings, construction and home improvement materials to the general public. ReStore revenue is recognized at a point in time and is reported as unrestricted support, with cost of goods sold and ReStore operating expenses reported as program expenses in the consolidated statement of activities.

	<u>2024</u>	<u>2023</u>
Revenue and support:		
ReStore sales	\$ 7,595,658	\$ 9,128,807
ReStore value of donated goods sold	<u>7,671,019</u>	<u>8,814,510</u>
	<u>15,266,677</u>	<u>17,943,317</u>
Expenses:		
Cost of goods sold - purchased	(795,743)	(750,876)
Cost of goods sold - donated	(7,154,303)	(8,691,932)
Operating expenses	<u>(7,211,779)</u>	<u>(8,014,462)</u>
	<u>(15,161,825)</u>	<u>(17,457,270)</u>
	<u>\$ 104,852</u>	<u>\$ 486,047</u>

24. RETIREMENT PLAN

Habitat LA adopted a 401(k) plan (the "Plan") in May 2000 for the benefit of its employees. All full-time employees who have attained the age of 21 and completed 3 months of service may enter the Plan on the first day of each calendar month of the Plan year. For the years ended June 30, 2024 and 2023, employer contributions to the Plan were \$325,318 and \$211,562 respectively.

25. SUBSEQUENT EVENTS

Habitat LA has evaluated subsequent events through July 23, 2025, the date the consolidated financial statements were available to be issued. On May 25, 2025, Habitat LA entered into a loan agreement with Habitat Capital, LLC. The loan is for \$1,000,000, bears interest at 4.5% and is due on June 30, 2028.

26. LEGAL MATTERS

Habitat LA is a defendant several legal proceedings which are covered by the Organization's liability insurance. The only material case was settled subsequent to June 30, 2024, and was covered entirely by Habitat LA's insurance policies. The outcome of the remaining litigation is uncertain. Management does not expect any material losses not covered by its insurance policies and therefore has not accrued any amount for potential settlements.

## SUPPLEMENTARY INFORMATION

Habitat for Humanity of Greater Los Angeles  
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ASSETS

	Habitat for Greater Los Angeles	Partnership Housing, Inc	1332 Locust, LLC	Eliminating Entries	2024 Total	(Restated) 2023 Total
Cash and cash equivalents	\$ 3,142,784	\$ 185	\$ 3,519,081	\$ -	\$ 6,662,050	\$ 6,238,080
Program service grants receivable	519,321	5,000	-	(5,000)	519,321	1,832,908
Unconditional promises to give, net	1,926,130	-	-	-	1,926,130	2,302,935
Investments	12,534,157	-	-	-	12,534,157	13,656,446
Mortgage notes receivable, net	14,401,995	192,399	-	-	14,594,394	14,179,897
Prepaid expenses	266,971	-	-	-	266,971	201,034
Inventory	3,072,541	-	-	-	3,072,541	2,457,636
Construction in progress	13,760,587	-	1,232,329	-	14,992,916	13,484,136
Property and equipment, net	6,226,830	-	-	-	6,226,830	6,334,871
Right-of-use asset - operating leases, net	7,126,424	-	-	-	7,126,424	9,567,328
Right-of-use asset - finance leases, net	99,647	-	-	-	99,647	131,847
Deposits and other assets	<u>4,829,599</u>	<u>-</u>	<u>-</u>	<u>(3,712,641)</u>	<u>1,116,958</u>	<u>900,637</u>
Total assets	<u>\$67,906,986</u>	<u>\$ 197,584</u>	<u>\$ 4,751,410</u>	<u>\$ (3,717,641)</u>	<u>\$69,138,339</u>	<u>\$71,287,755</u>

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LIABILITIES AND NET ASSETS

	Habitat for Greater Los Angeles	Partnership Housing, Inc	1332 Locust, LLC	Eliminating Entries	2024 Total	(Restated) 2023 Total
<b>Liabilities</b>						
Accounts payable	\$ 1,985,899	\$ 600	\$ 3,712,641	\$ (3,717,641)	\$ 1,981,499	\$ 1,276,845
Accrued expenses	2,416,306	606	-	-	2,416,912	1,911,053
Deferred revenue	1,872,976	-	-	-	1,872,976	741,517
Conditional liability	621,000	-	-	-	621,000	-
Notes payable, governmental	1,356,805	-	-	-	1,356,805	122,194
Notes payable, other	8,690,622	-	942,000	-	9,632,622	9,873,921
Operating lease liabilities	7,429,690	-	-	-	7,429,690	9,788,880
Finance lease liabilities	100,728	-	-	-	100,728	133,511
Total liabilities	<u>24,474,026</u>	<u>1,206</u>	<u>4,654,641</u>	<u>(3,717,641)</u>	<u>25,412,232</u>	<u>23,847,921</u>
<b>Net assets</b>						
Without donor restrictions	29,345,241	196,378	96,769	-	29,638,388	37,548,282
With donor restrictions	<u>14,087,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,087,719</u>	<u>9,891,552</u>
Total net assets	<u>43,432,960</u>	<u>196,378</u>	<u>96,769</u>	<u>-</u>	<u>43,726,107</u>	<u>47,439,834</u>
<b>Total liabilities and net assets</b>	<u>\$67,906,986</u>	<u>\$ 197,584</u>	<u>\$ 4,751,410</u>	<u>\$ (3,717,641)</u>	<u>\$69,138,339</u>	<u>\$71,287,755</u>

Habitat for Humanity of Greater Los Angeles  
Consolidating Statement of Activities  
For The Year Ended June 30, 2024

	Habitat for Humanity of Greater Los Angeles	Partnership Housing, Inc	1332 Locust, LLC	Eliminating Entries	2024 Total	(Restated) 2023 Total
Support and revenue						
Contributions	\$ 5,049,387	\$ 25	\$ -	\$ -	\$ 5,049,412	\$ 6,721,681
Contributions of nonfinancial assets	974,867	-	-	-	974,867	2,813,595
Sales of homes	5,640,000	-	-	-	5,640,000	5,431,245
ReStore sales of donated goods received	7,154,304	-	-	-	7,154,304	9,128,807
ReStore sales of purchased products	441,354	-	-	-	441,354	-
ReStore value of donated goods received	7,671,019	-	-	-	7,671,019	8,814,510
Government grants	4,040,313	-	-	-	4,040,313	3,009,548
Special events revenue, net	724,189	-	-	-	724,189	800,993
Mortgage notes receivable discount amortization	985,553	10,038	-	-	995,591	703,632
Investment income, net	719,647	-	-	-	719,647	214,893
Other revenue	2,471,271	-	96,769	-	2,568,040	119,141
Total support and revenue	<u>35,871,904</u>	<u>10,063</u>	<u>96,769</u>	<u>-</u>	<u>35,978,736</u>	<u>37,758,045</u>
Functional expenses						
Homeownership	15,599,355	43,686	-	-	15,643,041	13,114,113
Home repair	3,905,206	-	-	-	3,905,206	2,239,685
ReStore	15,607,314	-	-	-	15,607,314	17,457,270
Fundraising	2,409,345	-	-	-	2,409,345	2,096,417
Management and general	1,585,357	-	-	-	1,585,357	1,520,932
Total functional expenses	<u>39,106,577</u>	<u>43,686</u>	<u>-</u>	<u>-</u>	<u>39,150,263</u>	<u>36,428,417</u>
Unallocated payments to national organization	106,537	-	-	-	106,537	150,415
Loss on sale of real estate	435,663	-	-	-	435,663	-
Total expenses	<u>39,648,777</u>	<u>43,686</u>	<u>-</u>	<u>-</u>	<u>39,692,463</u>	<u>36,578,832</u>
Change in net assets	(3,776,873)	(33,623)	96,769	-	(3,713,727)	1,179,213
Net assets, beginning of year	<u>47,209,830</u>	<u>230,004</u>	<u>-</u>	<u>-</u>	<u>47,439,834</u>	<u>46,260,621</u>
Net assets, end of year	<u>\$ 43,432,957</u>	<u>\$ 196,381</u>	<u>\$ 96,769</u>	<u>\$ -</u>	<u>\$ 43,726,107</u>	<u>\$ 47,439,834</u>