Habitat for Humanity of Greater Los Angeles, Inc.

Consolidated Financial Statements and Supplementary Information

June 30, 2023
(with summarized comparative information for June 30, 2022)

Habitat for Humanity® Greater Los Angeles

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Greater Los Angeles, Inc.
Bellflower, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Habitat for Humanity of Greater Los Angeles, Inc. (a California Not-for-Profit Organization) ("Habitat LA") which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Habitat LA as of June 20, 2023, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat LA and to meet our other ethical responsibilities; in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, 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 LA's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, 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 LA'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 LA's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Habitat LA's June 30, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information 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 U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BPM LLP

Long Beach, California
January 19, 2024

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2023
(with summarized comparative information for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 6,238,080	$ 22,211,390
Program service grants receivable	1,832,908	1,618,496
Unconditional promises to give, net	2,302,935	1,094,689
Investments	13,656,446	-
Mortgage notes receivable, net	14,179,897	13,528,489
Prepaid expenses	201,034	281,786
Inventory	2,457,636	2,319,106
Construction in process	13,484,136	11,008,686
Property and equipment, net	6,334,871	4,418,258
Right-of-use asset - operating leases, net	9,567,328	-
Right-of-use asset - finance leases, net	131,847	-
Deposits and other assets	900,637	982,505
Total assets	$ 71,287,755	$ 57,463,405
LIABILITIES AND NET ASSETS		
Accounts payable	$ 1,276,845	$ 290,830
Accrued expenses	1,395,548	1,366,105
Deferred revenue	741,517	574,300
Notes payable - governmental agencies	122,194	1,014,860
Notes payable - other	9,873,921	7,451,404
Operating lease liability	9,788,880	-
Finance lease liability	133,511	-
Total liabilities	23,332,416	10,697,499
Commitments (see Note 17)		
Net assets:		
Without donor restrictions	43,435,102	44,125,849
With donor restrictions	4,520,237	2,640,057
Total net assets	47,955,339	46,765,906
Total liabilities and net assets	$ 71,287,755	$ 57,463,405

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Totals	2022 Totals
Support and revenue:				
Contributions	$ 2,768,910	$ 3,952,771	$ 6,721,681	$ 23,438,516
Contributions of nonfinancial assets	489,845	2,323,750	2,813,595	1,766,687
Sales of homes	5,431,245	-	5,431,245	5,260,415
ReStore sales of donated goods received	8,691,932	-	8,691,932	8,665,474
ReStore sales of purchased products	436,875	-	436,875	553,920
ReStore value of donated goods received	8,814,510	-	8,814,510	9,317,616
Government grants	631,752	2,377,796	3,009,548	2,999,392
Special events revenue, net	800,993	-	800,993	512,667
Mortgage loan discount amortization	703,632	-	703,632	913,884
Loan origination public funds	-	1,146,000	1,146,000	1,048,000
Investment return, net	214,893	-	214,893	-
Other income	119,141	-	119,141	143,438
Net assets released from restrictions:				
Satisfaction of program/donor restrictions	7,920,137	(7,920,137)	-	-
Total revenue, gains, and other support	37,023,865	1,880,180	38,904,045	54,620,009
Expenses:				
Program services:				
Homeownership	13,114,113	-	13,114,113	10,513,631
Home repair	3,375,465	-	3,375,465	3,566,711
Restore	17,457,270	-	17,457,270	16,961,175
Total program services	33,946,848	-	33,946,848	31,041,517
Supporting services:				
Fundraising	2,096,417	-	2,096,417	1,579,397
Management and general	1,520,932	-	1,520,932	1,192,876
Total supporting services	3,617,349	-	3,617,349	2,772,273
Total functional expenses	37,564,197	-	37,564,197	33,813,790
Unallocated payments to national organization	150,415	-	150,415	138,355
Total expenses	37,714,612	-	37,714,612	33,952,145
Change in net assets from operations	(690,747)	1,880,180	1,189,433	20,667,864
Increase in net assets from non-operating activities:				
Forgiveness of debt and interest - Paycheck Protection Program	-	-	-	1,722,793
Change in net assets	(690,747)	1,880,180	1,189,433	22,390,657
Net assets, beginning of year	44,125,849	2,640,057	46,765,906	24,375,249
Net assets, end of year	$ 43,435,102	$ 4,520,237	$ 47,955,339	$ 46,765,906

Habitat for Humanity of Greater Los Angeles, Inc.

Consolidated Statement of Functional Expenses

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	Program Services			Supporting Services			
	Homeownership	Home Repair	Restore	Fundraising	Management and General	Totals	2022 Totals
Salaries	$ 2,464,306	$ 617,571	$ 3,795,038	$ 1,037,431	$ 1,006,697	$ 8,921,043	$ 7,444,335
Value of donated goods sold - ReStore	-	-	8,691,932	-	-	8,691,932	8,665,474
Cost of homes sold - construction costs	4,927,936	-	-	-	-	4,927,936	4,851,783
Cost of homes sold - mortgage discount	3,204,340	-	-	-	-	3,204,340	2,491,981
Home repair	-	2,224,385	-	-	-	2,224,385	1,855,236
Payroll taxes and benefits	472,807	104,195	885,144	175,840	173,050	1,811,036	1,529,317
Professional and outside services	164,704	102,714	738,426	326,006	165,955	1,497,805	1,355,218
Lease expense	-	-	1,003,914	-	-	1,003,914	780,338
Build events and community programs	879,330	83,387	-	-	-	962,717	684,390
Office and other expenses	316,017	67,643	314,458	101,823	116,252	916,193	698,629
Cost of goods sold - ReStore	-	-	750,876	-	-	750,876	915,740
Utilities and facility maintenance	72,424	65,280	566,242	-	-	703,946	696,835
Bank fees and charges	29,216	29,191	188,141	88,924	29,492	364,964	328,159
Vehicles	41,592	24,656	293,516	-	-	359,764	428,316
Special events other costs	-	-	-	339,926	-	339,926	204,437
Interest and amortization of loan fees	249,552	-	-	-	-	249,552	281,878
Insurance	81,334	22,394	130,777	-	530	235,035	203,667
Telephone	40,213	9,234	75,626	11,716	11,663	148,452	139,295
Travel	13,149	11,455	23,180	14,751	17,293	79,828	81,907
Depreciation	78,008	-	-	-	-	78,008	63,832
Americorp	52,082	13,360	-	-	-	65,442	42,395
Real estate - closing and development	27,103	-	-	-	-	27,103	70,628
Totals	$ 13,114,113	$ 3,375,465	$ 17,457,270	$ 2,096,417	$ 1,520,932	$ 37,564,197	$ 33,813,790

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	2023	2022
Operating activities:		
Change in net assets	$ 1,189,433	$ 22,390,657
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Origination of non-interest bearing mortgages, net	(3,902,840)	(3,015,200)
Issuance of unamortized mortgage discounts	3,204,340	2,491,981
Mortgage discount amortization	(703,632)	(913,886)
Net change in discount on multi-year pledges	105,330	(26,110)
In-kind contributions of property, construction costs, and other assets	(2,462,555)	(629,008)
Forgiveness of debt Paycheck Protection Program	-	(1,722,793)
Forgiveness/transfer of notes payable, government agencies and related accrued interest to homeowners	(891,000)	(725,000)
Depreciation	78,008	63,832
Operating lease right of use asset amortization	676,527	-
Net realized and unrealized loss on investments	6,596	-
(Increase) decrease in assets:		
Program service grants receivable	(214,412)	(1,618,496)
Contributions receivable	(1,313,576)	1,420,259
Prepaid expenses	80,752	(71,534)
Inventories	(138,530)	(590,073)
Construction in process, net of non-cash items	(1,969,734)	(169,505)
Deposits and other assets (except loan fees)	23,874	(216,621)
Increase (decrease) in liabilities:		
Accounts payable	986,009	(738,479)
Accrued expenses	216,624	154,031
Deferred revenue	167,217	73,829
Operating lease liablity	(612,823)	-
Net cash and cash equivalents (used in) provided by operating activities	(5,474,392)	16,157,884
Investing activities:		
Acquisition of property and equipment	(37,782)	(43,913)
Mortgage payments received	750,724	1,080,529
Purchase of government securities	(28,417,820)	-
Proceeds from sale of government securities	14,754,778	-
Net cash and cash equivalents (used in) provided by investing activities	(12,950,100)	1,036,616
Financing activities:		
Proceeds on revolving line of credit	1,345,716	1,139,372
Payments on revolving line of credit	(1,025,442)	(760,000)
Proceeds from notes payable	2,398,065	1,073,311
Payments on notes payable	(239,488)	(1,339,186)
Payments on finance lease liablities	(27,669)	(5,399)
Net cash and cash equivalents provided by financing activities	2,451,182	108,098
Net change in cash and cash equivalents	(15,973,310)	17,302,598
Cash and cash equivalents, beginning of the year	22,211,390	4,908,792
Cash and cash equivalents, end of the year	$ 6,238,080	$ 22,211,390

(See Note 4 for supplemental disclosure of cash flows.)

1. Organization and Purpose

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.

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.

Principles of Consolidation

The accompanying consolidated financial statements as of and for the years ended June 30, 2023 and 2022 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.

2. Summary of Significant Accounting Policies, continued

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:

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 the Organization 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 18 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 the Organization. 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.

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. The adoption of ASC Topic 606 did not result in any significant changes in the way the Organization recognizes revenue.

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 the Organization. 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.

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 consolidate 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.

2. Summary of Significant Accounting Policies, continued

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. Habitat LA generally recognizes home sale revenue based on the sum of the cash down payment, 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.

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 the Organization 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.

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, the Organization’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, 2023, two multi-year donation pledges comprised 69% of the balance of unconditional promises to give and as of June 30, 2022, one corporate multi-year donation pledge comprised 33% 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’s investments are in government securities which have a readily determinable fair value.

2. Summary of Significant Accounting Policies, continued

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.

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, 2023 and 2022.

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.

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. These silent mortgage notes receivable typically bear no interest and are 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.

Allowance for Mortgage Notes Receivable 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 and 2022, 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. Accordingly, management believes that losses resulting from non-payment of mortgage notes receivable are not reasonably probable.

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.

2. **Summary of Significant Accounting Policies**, continued

Construction in Process and Finished Homes Held 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. The Organization'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, the Organization 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."

Property and Equipment

Expenditures 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 statement of activities.

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

Autos and trucks	3 to 5 years
Construction equipment	7 years
Furniture and equipment	5 to 7 years
Computer software and hardware	3 to 5 years
Leasehold improvements	3 to 10 years
Real estate rental properties	27.5 years

Deposits and Impounds

Habitat LA generally follows a policy in which any interim payments received from a qualified homebuyer prior to the close of escrow are applied as a credit towards the buyer's future mortgage note receivable obligation. Accordingly, Habitat LA records interim rent payments as a deposit liability until the home is sold.

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.

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, 2023 and 2022, employer contributions to the Plan were $211,562 and $178,764, respectively.

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 23701(d) 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, 2023 and 2022 that it had unrelated business taxable income and accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

2. Summary of Significant Accounting Policies, continued

Income Taxes, continued

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

The Organization'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 the Organization 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.

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 $162,115 and $161,297 for the years ended June 30, 2023 and 2022, respectively, which ultimately benefit the donor rather than the Organization, are deducted from gross special events revenue. Other direct costs of special events were $339,926 and $204,437 for the years ended June 30, 2023 and 2022, respectively.

Reclassification

Certain reclassifications have been made to the 2022 summarized comparative information presentation to conform to the 2023 presentation.

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Standards

Accounting for Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02" or "ASC 842"). ASC 842 requires lessees to record a ROU asset and a corresponding lease liability on the consolidated statement of financial position for all leases (with the exception of short-term leases based on the practical expedient elected by Habitat LA) at the lease commencement date, whereas only finance leases were required to be recognized on the consolidated statement of financial position under the previous guidance in ASC 840, and recognize expenses on the consolidated statement of activities in a similar manner to the previous guidance in ASC 840. The lease liability is measured at the present value of the unpaid lease payments and the ROU asset is derived from the calculation of the lease liability adjusted for initial direct costs, prepaid lease payments, and lease incentives. The discount rate used to calculate the present value of unpaid lease payments is based on the rates implicit in the lease, or if not available, the risk-free rate.

The most significant impact of ASC 842 on the consolidated financial statements was the consolidated statement of financial position impact from operating leases for operating facilities and vehicle rentals. Habitat LA elected the package of practical expedients available under the transition provisions of ASC 842, including (i) not reassessing whether expired or existing contracts contain leases, (ii) not reassessing lease classification and (iii) not revaluing initial direct costs. Habitat LA adopted ASC 842 on July 1, 2022, which resulted in the recognition of operating ROU assets totaling $10,214,522, as well as operating lease liabilities totaling $10,401,703. There was no cumulative effect adjustment required to the opening balance of net assets.

New Accounting Standards Not Yet Adopted

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2106-13"), to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in ASU 2016-13 replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for Habitat LA for its fiscal year beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of the pending adoption of ASU 2016-13 on the Organization's financial statements and disclosures.

3. 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:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 6,238,080	$ 22,211,390
Mortgage notes receivable	530,726	550,077
Contributions and grants receivable	4,473,088	2,945,100
Investments	13,656,446	-
Total financial assets available	24,898,340	25,706,567
Less: amounts not available to be used within one year:		
Pledges to be collected after one year	1,323,498	820,182
Net assets with donor restrictions	4,520,237	2,640,057
Investments with maturity greater than one year	9,870,681	-
Less: net assets with donor restrictions to be met in less than a year	(933,696)	(766,001)
Subtotal	14,780,720	2,694,238
Financial assets available to meet general expenditures over the next twelve months	$ 10,117,620	$ 23,012,329

As of June 30, 2023, Habitat LA had $10,117,620 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 16), of which $10,632,354 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.

4. Supplemental Disclosure of Cash Flow Information

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

	2023	2022
Non-cash items:		
Recognition of in-kind contributions and related assets and expenses	$ 2,813,595	$ 1,766,687
Right-of-use assets obtained from lease liabilities:		
Finance leases	$ 161,180	$ -
Cash paid for interest	$ 339,926	$ 281,878

5. Program Service Grants Receivable

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

	2023	2022
Program service grants receivable:		
City of Santa Fe Springs	$ 1,300,000	$ 1,300,000
State of California - Department of Housing and Community Development	200,000	210,000
Housing Authority of the City of Los Angeles	166,265	-
City of Inglewood	144,139	30,311
City of Pico	22,504	78,185
Program service grants receivable	$ 1,832,908	$ 1,618,496

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

6. Unconditional Promises to Give

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

	2023	2022
Unconditional promises to give	$ 2,640,180	$ 1,326,604
Less: unamortized discount	(137,245)	(31,915)
Less: allowance for doubtful accounts	(200,000)	(200,000)
Unconditional promises to give, net	$ 2,302,935	$ 1,094,689

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:

	2023	2022
Amounts due in:		
Less than one year	$ 1,316,682	$ 506,422
One to five years	1,323,498	820,182
	$ 2,640,180	$ 1,326,604

7. Investments

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

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

Investment income, net consisted of the following for the year ended June 30, 2023:

Interest and dividends	$ 236,676
Net realized and unrealized loss	(6,596)
Investment advisory fee	(15,187)
Investment return, net	$ 214,893

8. 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.

Mortgage notes receivable, junior lien position, consist of sixteen (16) mortgages originated with funds received from the California Department of Housing and Community Development ("CalHome"). These mortgages have a term of 30 years, bear no interest, and require no payments until the earlier to occur (i) the sale or transfer of a home, or (ii) the end of the 30-year term. At the end of 30 years, the homeowner is required to repay the principal amount of the loan in full. Habitat LA imputed a 7% present value discount rate based upon prevailing market interest rates of junior lien mortgages for these notes.

8. Mortgage Notes Receivable, continued

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:

	2023	2022
First trust deeds	$ 8,874,371	$ 9,622,695
Second/third/fourth/fifth trust deeds	26,793,076	23,438,638
Junior lien position	1,000,000	1,000,000
Discount to present value	(22,487,550)	(20,532,844)
Present value of mortgage notes receivable	$ 14,179,897	$ 13,528,489

Scheduled mortgage notes receivable collections are summarized as follows:

Year ending June 30:	
2024	$ 530,726
2025	518,640
2026	511,904
2027	502,606
2028	490,280
Thereafter	34,113,290
Total	$ 36,667,447

Mortgage loan discount amortization revenue for the years ended June 30, 2023 and 2022 was $703,632 and $913,884, respectively.

9. Inventory

Inventory consisted of the following as of June 30:

	2023	2022
Building materials for home construction projects	$ 472,308	$ 456,356
Inventory received for the use or sale at special events	-	22,000
ReStore inventory	1,985,328	1,840,750
	$ 2,457,636	$ 2,319,106

10. Home Construction Activity

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

	2023	2022
City of Los Angeles, County of Los Angeles, and unincorporated cities	$ 7,658,836	$ 2,335,158
Long Beach	5,384,352	8,165,177
Lakewood	430,984	378,305
Compton	9,964	9,964
Other	-	120,082
	$ 13,484,136	$ 11,008,686

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

	2023		2022	
	Number of Homes	Cost	Number of Homes	Cost
Home construction in process, beginning of year	148	$ 11,008,686	153	$ 10,210,173
Costs incurred during fiscal 2022 - new and existing projects	19	7,197,315	1	5,439,475
Adjustment to prior year units	-	-	1	-
Homes transferred to finished homes	(9)	(4,721,865)	(7)	(4,640,962)
	158	$ 13,484,136	148	$ 11,008,686

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

	2023		2022	
	Number of Homes	Cost	Number of Homes	Cost
Finished homes, beginning of year	-	$ -	-	$ -
Costs transferred to Finished Homes from construction in process	9	4,721,865	7	4,640,962
Homes transferred to new owners	(9)	(4,721,865)	(7)	(4,640,962)
	-	$ -	-	$ -

11. Property and Equipment, Net

Property and equipment, net consisted of the following as of June 30:

	2023	2022
Autos and trucks	$ 374,351	$ 374,351
Land and building	6,708,958	4,752,119
Construction equipment	13,265	13,265
Furniture and equipment	55,670	55,670
Computer software and hardware	288,060	288,060
Leasehold improvements	584,813	547,030
Total	8,025,117	6,030,495
Less: accumulated depreciation	(1,690,246)	(1,612,237)
Property and equipment, net	$ 6,334,871	$ 4,418,258

Depreciation expense for the years ended June 30, 2023 and 2022 was $78,008 and $63,832, respectively.

12. Deposits and Other Assets

Deposits and other assets consisted of the following as of June 30:

	2023	2022
Deposits	$ 751,248	$ 690,027
Beneficial interest in charitable remainder trusts	76,833	76,833
Other receivables	72,556	68,978
Loan fees	-	146,667
	$ 900,637	$ 982,505

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.

13. Deferred Revenue

Deferred revenue consists of amounts advanced to Habitat LA under mortgage assistance 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.

13. Deferred Revenue, continued

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

	2023	2022
Deferred revenue, beginning of period	$ 574,300	$ 500,471
Increase in deferred revenue due to cash received during the period	2,344,992	727,000
Decrease in deferred revenue due to recognition of revenue during the period	(2,177,775)	(653,171)
	$ 741,517	$ 574,300

14. Paycheck Protection Program

In April 2021, Habitat LA received a second-draw forgivable loan of $1,703,287 under the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The PPP is administered by the Small Business Administration ("SBA"). Under the terms of the CARES Act, PPP loan receipts can apply for, and the SBA can grant forgiveness of all or a portion of loans made under the PPP if the recipients use the PPP loan proceeds for eligible purposes, as set forth in the CARES Act. In May 2022, Habitat LA received $1,722,793 of principal and interest in PPP loan forgiveness.

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:

	2023	2022
Notes payable, City of Long Beach, bears no interest and matures on January 31, 2022	$ 122,194	$ 1,014,860

16. 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 $1.5 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 $19.0 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, 2023, Habitat LA was in substantial compliance with these covenants and its interpretation thereof.

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

	2023	2022
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 of up to $12.5 million on its corporate facility located in Bellflower, California.	$ 1,867,648	$ 1,547,374
Term loan, payable in equal monthly installments of $13,935 maturing on December 31, 2024, with interest at a fixed rate of 8.11%.	220,000	340,000
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.	4,412,202	4,530,024
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	-
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	34,006
Promissory note maturing on January 1, 2022, interest at the prime rate plus .50%. The Note has an interest reserve of $58,000 and is collateralized by a Deed of Trust on the 200 – 210 East 14th Street, 1332 Locust Avenue, Long Beach properties. The Note was refinanced with a promissory note maturing on June 1, 2026.	-	1,000,000
Total	$ 9,873,921	$ 7,451,404

16. Notes Payable – Other, continued

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

For the year ending June 30:	
2024	$ 2,215,619
2025	134,614
2026	5,091,615
2027	2,432,073
Total	$ 9,873,921

17. 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. On June 30, 2023, the amount of ROU assets for operating leases totaled $9,567,328. Finance lease contracts are for forklifts with a remaining lease term of 4 years and copiers with a remaining lease term of 4 years. On June 30, 2023, the amount of ROU assets for finance leases totaled $131,847.

Lease costs for the year ended June 30, 2023 were as follows:

Operating lease cost:	
Fixed lease expense	$ 949,874
Variable lease expense	24,707
Finance lease cost:	
Amortization of right-of-use assets	29,333
Interest expense	3,830
Total lease cost	$ 1,007,744

17. Leases, continued

Undiscounted cash flows was as follows as of June 30, 2023:

	Operating	Finance
For the year ending June 30:		
2024	$ 868,160	$ 36,340
2025	910,860	36,340
2026	925,583	36,340
2027	861,511	27,850
2028	882,414	4,841
Thereafter	7,454,573	-
Total lease payments	11,903,101	141,711
Less: present value discount	(2,114,221)	(8,200)
Lease liability	9,788,880	133,511
Less: current portion of lease liability	(582,371)	(32,784)
Long-term portion of lease liability	$ 9,206,509	$ 100,727
Weighted-average remaining lease term (in years):	13.12	3.93
Weighted-average discount rate:	3.00 %	3.00 %
Cash paid for amounts included in the measurement of lease liabilities:	$ 915,503	$ 34,499

18. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts restricted by donor-imposed stipulations as follows as of June 30, 2023 and 2022:

	2023	2022
Affordable Housing Units, Rental	$ 1,986,707	$ -
Home Sponsorships	1,403,498	1,551,838
Community Programs	594,146	382,943
Wildfire Relief	197,724	356,244
Multi-Year Capital Campaign Funds	196,017	206,887
Charitable Remainder Trusts	142,145	142,145
Total net assets with donor restrictions	$ 4,520,237	$ 2,640,057

18. Net Assets with Donor Restrictions, continued

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

	2023	2022
Restricted by purpose:		
Home Sponsorships	$ 4,601,847	$ 3,519,889
Community Programs	3,152,269	2,366,860
Wildfire Relief	166,021	576,511
Total net assets released from restrictions	$ 7,920,137	$ 6,463,260

19. 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, 2023 and 2022, Habitat LA recorded $150,415 and $138,355, respectively, in Tithes expense. As of June 30, 2023 and 2022, Tithes due Habitat International were $3,929 and $33,414, respectively.

For the years ended June 30, 2023 and 2022, Habitat LA recorded $83,250 and $97,918, respectively, in contributions and pledge payments from members of Habitat LA’s Board of Directors or from parties related to Board members.

20. New Market Tax Credit Transactions

In April 2015, the Organization became an investor in HFHI NMTC Leverage Lender 2013-1, LLC (“Leverage Lender”) for $1,436,986 along with three (3) other Habitat Affiliates, of which Habitat NMTC Management, LLC was the managing member. U.S. Bancorp Community Development Corporation (“USBCDC”) structured the transaction in order to qualify for New Markets Tax Credits. Through a series of transactions, the Organization obtained a loan from HFHI NMTC Sub-CDE I, LLC (“CDE I”) in an amount of $2,104,359 with interest at 0.682930% per annum, payable in semi-annual payments of interest only through May 5, 2024, at which time the Organization shall make semi-annual principal payments in amounts sufficient to amortize the loan over 21 years. The closing costs and structuring fees associated with this transaction were $146,667, which are being amortized over 7 years and a cash reserve fund of $105,647 was established. As a result of the 2015 NMTC Transaction, the Organization received $415,059 of net cash to invest in the construction of low-income housing projects. This amount represents the net profit the Organization expects to realize on the 2015 NMTC Transaction.

20. New Market Tax Credit Transactions, continued

The loan payable to CDE I is a below market interest rate loan. Furthermore, the cash flows of the 2015 NMTC Transaction are structured such that the Organization will not be obligated to fund any cash flow for repayment of the debt due CDE I. For consolidated financial statement presentation purposes, the Organization has offset the investment in Leverage Lender with its loan payable to CDE I based on a right of offset because of the economic substance of the 2015 NMTC Transaction. Accordingly, the Organization's financial statements report only the net asset value of the 2015 NMTC Transaction, after offsetting the discounted note payable CDE, transaction costs and the investment in LLC.

The Organization recorded net deferred revenue of $668,291 from the 2015 NMTC Transaction, which was amortized over 7 years, the expected life of the transaction. Accordingly, for the year ended June 30, 2022, which was the final year of amortization, Habitat LA reported amortization revenue of $95,471 and deferred revenue of $0, associated with the 2015 NMTC Transaction.

21. Contributed Nonfinancial Assets

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

	Program/Activity Utilization	Donor Restrictions	2022	2021
Real estate rental property units	Program services	Rental to low and moderate income households	$ 1,956,839	$ -
Services	Program services	None	432,010	557,596
Materials	Program services	None	424,746	477,091
Land	Program services	None	-	732,000
			$ 2,813,595	$ 1,766,687

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

In valuing materials, 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.

22. 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. The following is a summary of Habitat LA's retail operations for the years ended June 30:

	2023	2022
Revenue and support:		
ReStore sales	$ 9,128,807	$ 9,219,394
Fair market value of donated items sold	8,814,510	9,317,616
Total revenue and support	17,943,317	18,537,010
Expenses:		
Cost of goods sold - purchased	750,876	915,740
Cost of goods sold - donated	8,691,932	8,665,474
Operating expenses	8,014,462	7,379,961
Total expenses	17,457,270	16,961,175
Total ReStore revenue over expenses	$ 486,047	$ 1,575,835

23. 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, 2023 and 2022, employer contributions to the Plan were $211,562 and $178,764, respectively.

24. Legal Contingencies

Habitat LA is subject to various legal proceedings and claims which arise in the normal course of its activities and that have not been fully adjudicated. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against Habitat LA in a reporting period for amounts in excess of management's expectations, Habitat LA's financial condition and operating results for that reporting period could be materially adversely affected. Although it is not possible to predict the outcome of these matters, in the opinion of management, there was not at least a reasonable possibility Habitat LA may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims.

25. Subsequent Events

In preparing these consolidated financial statements, Habitat LA evaluated the period from July 1, 2023 through January 19, 2024, the date that the consolidated financial statements were available to be issued, for subsequent events requiring recognition or disclosure in the accompanying consolidated financial statements.

Management concluded that no material subsequent events have occurred since June 30, 2023 that require recognition or disclosure in such consolidated financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

(with summarized comparative information for 2022)

	2023						
	Habitat for Humanity of Greater Los Angeles	Partnership Housing, Inc.	1332 Locust, LLC	Subtotal	Elimination	Consolidated	2022 Totals
ASSETS							
Cash and cash equivalents	$ 2,557,801	$ 3,772	$ 3,676,507	$ 6,238,080	$ -	$ 6,238,080	$ 22,211,390
Program service grants receivable	1,832,908	20,000	-	1,852,908	(20,000)	1,832,908	1,618,496
Unconditional promises to give, net	2,277,850	25,085	-	2,302,935	-	2,302,935	1,094,689
Investments	13,656,446	-	-	13,656,446	-	13,656,446	-
Mortgage notes receivable, net	13,997,536	182,361	-	14,179,897	-	14,179,897	13,528,489
Prepaid expenses	201,034	-	-	201,034	-	201,034	281,786
Inventories	2,457,636	-	-	2,457,636	-	2,457,636	2,319,106
Construction in process	12,342,112	-	1,142,024	13,484,136	-	13,484,136	11,008,686
Property and equipment, net	6,334,871	-	-	6,334,871	-	6,334,871	4,418,258
Right-of-use asset - operating leases, net	9,567,328	-	-	9,567,328	-	9,567,328	-
Right-of-use asset - finance leases, net	131,847	-	-	131,847	-	131,847	-
Deposits and other assets	4,777,168	-	-	4,777,168	(3,876,531)	900,637	982,505
Total assets	$ 70,134,537	$ 231,218	$ 4,818,531	$ 75,184,286	$ (3,896,531)	$ 71,287,755	$ 57,463,405
LIABILITIES AND NET ASSETS							
Accounts payable	$ 1,295,730	$ 1,115	$ 3,876,531	$ 5,173,376	$ (3,896,531)	$ 1,276,845	$ 290,830
Accrued expenses	1,395,449	99	-	1,395,548	-	1,395,548	1,366,105
Deferred revenue	741,517	-	-	741,517	-	741,517	574,300
Notes payable - governmental agencies	122,194	-	-	122,194	-	122,194	1,014,860
Notes payable - other	8,931,921	-	942,000	9,873,921	-	9,873,921	7,451,404
Operating lease liability	9,788,880	-	-	9,788,880	-	9,788,880	-
Finance lease liability	133,511	-	-	133,511	-	133,511	-
Total liabilities	22,409,202	1,214	4,818,531	27,228,947	(3,896,531)	23,332,416	10,697,499
Commitments							
Net assets:							
Without donor restrictions	43,205,098	230,004	-	43,435,102	-	43,435,102	44,125,849
With donor restrictions	4,520,237	-	-	4,520,237	-	4,520,237	2,640,057
Total net assets	47,725,335	230,004	-	47,955,339	-	47,955,339	46,765,906
Total liabilities and net assets	$ 70,134,537	$ 231,218	$ 4,818,531	$ 75,184,286	$ (3,896,531)	$ 71,287,755	$ 57,463,405

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	2023															
	Habitat for Humanity of Greater Los Angeles			Partnership Housing, Inc.			1332 Locust, LLC			Elimination			Consolidated			
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	2022 Totals
Support and revenue:																
Contributions	$ 2,768,910	$ 3,952,771	$ 6,721,681	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,768,910	$ 3,952,771	$ 6,721,681	$ 23,438,516
Contributions of nonfinancial assets	464,760	2,323,750	2,788,510	25,085	-	25,085	-	-	-	-	-	-	489,845	2,323,750	2,813,595	1,766,687
Sales of homes	5,431,245	-	5,431,245	-	-	-	-	-	-	-	-	-	5,431,245	-	5,431,245	5,260,415
ReStore sales of donated goods received	8,691,932	-	8,691,932	-	-	-	-	-	-	-	-	-	8,691,932	-	8,691,932	8,665,474
ReStore sales of purchased products	436,875	-	436,875	-	-	-	-	-	-	-	-	-	436,875	-	436,875	553,920
ReStore value of donated goods received	8,814,510	-	8,814,510	-	-	-	-	-	-	-	-	-	8,814,510	-	8,814,510	9,317,616
Government grants	631,752	2,377,796	3,009,548	-	-	-	-	-	-	-	-	-	631,752	2,377,796	3,009,548	2,999,392
Special events revenue, net	800,993	-	800,993	-	-	-	-	-	-	-	-	-	800,993	-	800,993	512,667
Mortgage loan discount amortization	694,126	-	694,126	9,506	-	9,506	-	-	-	-	-	-	703,632	-	703,632	913,884
Loan origination public funds	-	1,146,000	1,146,000	-	-	-	-	-	-	-	-	-	-	1,146,000	1,146,000	1,048,000
Investment income, net	214,893	-	214,893	-	-	-	-	-	-	-	-	-	214,893	-	214,893	-
Other income	119,141	-	119,141	-	-	-	-	-	-	-	-	-	119,141	-	119,141	143,438
Net assets released from restrictions:																
Satisfaction of program restrictions	7,920,137	(7,920,137)	-	-	-	-	-	-	-	-	-	-	7,920,137	(7,920,137)	-	-
Total revenue, gains, and other support	36,989,274	1,880,180	38,869,454	34,591	-	34,591	-	-	-	-	-	-	37,023,865	1,880,180	38,904,045	54,620,009
Expenses:																
Program services:																
Homeownership	13,097,394	-	13,097,394	16,719	-	16,719	-	-	-	-	-	-	13,114,113	-	13,114,113	10,513,631
Home repair	3,375,465	-	3,375,465	-	-	-	-	-	-	-	-	-	3,375,465	-	3,375,465	3,566,711
Restore	17,457,270	-	17,457,270	-	-	-	-	-	-	-	-	-	17,457,270	-	17,457,270	16,961,175
Total program services	33,930,129	-	33,930,129	16,719	-	16,719	-	-	-	-	-	-	33,946,848	-	33,946,848	31,041,517
Supporting services:																
Fundraising	2,096,417	-	2,096,417	-	-	-	-	-	-	-	-	-	2,096,417	-	2,096,417	1,579,397
Management and general	1,520,253	-	1,520,253	679	-	679	-	-	-	-	-	-	1,520,932	-	1,520,932	1,192,876
Total supporting services	3,616,670	-	3,616,670	679	-	679	-	-	-	-	-	-	3,617,349	-	3,617,349	2,772,273
Total functional expenses	37,546,799	-	37,546,799	17,398	-	17,398	-	-	-	-	-	-	37,564,197	-	37,564,197	33,813,790
Unallocated payments to national organization	150,415	-	150,415	-	-	-	-	-	-	-	-	-	150,415	-	150,415	138,355
Total expenses	37,697,214	-	37,697,214	17,398	-	17,398	-	-	-	-	-	-	37,714,612	-	37,714,612	33,952,145
Change in net assets from operations	(707,940)	1,880,180	1,172,240	17,193	-	17,193	-	-	-	-	-	-	(690,747)	1,880,180	1,189,433	20,667,864
Increase in net assets from non-operating activities:																
Forgiveness of debt - Paycheck Protection Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,722,793
Change in net assets	(707,940)	1,880,180	1,172,240	17,193	-	17,193	-	-	-	-	-	-	(690,747)	1,880,180	1,189,433	22,390,657
Net assets, beginning of year	43,913,038	2,640,057	46,553,095	212,811	-	212,811	-	-	-	-	-	-	44,125,849	2,640,057	46,765,906	24,375,249
Net assets, end of year	$ 43,205,098	$ 4,520,237	$ 47,725,335	$ 230,004	$ -	$ 230,004	$ -	$ -	$ -	$ -	$ -	$ -	$ 43,435,102	$ 4,520,237	$ 47,955,339	$ 46,765,906

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

(with summarized comparative information for 2022)

	2023										
	Habitat for Humanity of Greater Los Angeles					Partnership Housing, Inc.			1332 Locust, LLC		
	Program Services			Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Homeownership	Home Repair	Restore	Fundraising	Management and General	Homeownership	Fundraising	Management and General	Homeownership	Fundraising	Management and General
Salaries	$ 2,451,106	$ 617,571	$ 3,795,038	$ 1,037,431	$ 1,006,697	$ 13,200	$ -	$ -	$ -	$ -	$ -
Value of donated goods sold - ReStore	-	-	8,691,932	-	-	-	-	-	-	-	-
Cost of homes sold - construction costs	4,927,936	-	-	-	-	-	-	-	-	-	-
Cost of homes sold - mortgage discount	3,204,340	-	-	-	-	-	-	-	-	-	-
Home repair	-	2,224,385	-	-	-	-	-	-	-	-	-
Payroll taxes and benefits	471,506	104,195	885,144	175,840	173,050	1,301	-	-	-	-	-
Professional and outside services	162,486	102,714	738,426	326,006	165,955	2,218	-	-	-	-	-
Lease expense	-	-	1,003,914	-	-	-	-	-	-	-	-
Build events and community programs	879,330	83,387	-	-	-	-	-	-	-	-	-
Office and other expenses	316,017	67,643	314,458	101,823	116,152	-	-	100	-	-	-
Cost of goods sold - ReStore	-	-	750,876	-	-	-	-	-	-	-	-
Utilities and facility maintenance	72,424	65,280	566,242	-	-	-	-	-	-	-	-
Bank fees and charges	29,216	29,191	188,141	88,924	29,443	-	-	49	-	-	-
Vehicles	41,592	24,656	293,516	-	-	-	-	-	-	-	-
Special events other costs	-	-	-	339,926	-	-	-	-	-	-	-
Interest and amortization of loan fees	249,552	-	-	-	-	-	-	-	-	-	-
Insurance	81,334	22,394	130,777	-	-	-	-	530	-	-	-
Telephone	40,213	9,234	75,626	11,716	11,663	-	-	-	-	-	-
Travel	13,149	11,455	23,180	14,751	17,293	-	-	-	-	-	-
Depreciation	78,008	-	-	-	-	-	-	-	-	-	-
Americorp	52,082	13,360	-	-	-	-	-	-	-	-	-
Real estate - closing and development	27,103	-	-	-	-	-	-	-	-	-	-
Totals	$ 13,097,394	$ 3,375,465	$ 17,457,270	$ 2,096,417	$ 1,520,253	$ 16,719	$ -	$ 679	$ -	$ -	$ -

Habitat for Humanity of Greater Los Angeles, Inc.

Consolidating Statement of Functional Expenses, Continued

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	2023							2022
	Subtotal		Eliminations		Consolidated			
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Totals	Totals
Salaries	$ 6,876,915	$ 2,044,128	$ -	$ -	$ 6,876,915	$ 2,044,128	$ 8,921,043	$ 7,444,335
Value of donated goods sold - ReStore	8,691,932	-	-	-	8,691,932	-	8,691,932	8,665,474
Cost of homes sold - construction costs	4,927,936	-	-	-	4,927,936	-	4,927,936	4,851,783
Cost of homes sold - mortgage discount	3,204,340	-	-	-	3,204,340	-	3,204,340	2,491,981
Home repair	2,224,385	-	-	-	2,224,385	-	2,224,385	1,855,236
Payroll taxes and benefits	1,462,146	348,890	-	-	1,462,146	348,890	1,811,036	1,529,317
Professional and outside services	1,005,844	491,961	-	-	1,005,844	491,961	1,497,805	1,355,218
Lease expense	1,003,914	-	-	-	1,003,914	-	1,003,914	780,338
Build events and community programs	962,717	-	-	-	962,717	-	962,717	684,390
Office and other expenses	698,118	218,075	-	-	698,118	218,075	916,193	698,629
Cost of goods sold - ReStore	750,876	-	-	-	750,876	-	750,876	915,740
Utilities and facility maintenance	703,946	-	-	-	703,946	-	703,946	696,835
Bank fees and charges	246,548	118,416	-	-	246,548	118,416	364,964	328,159
Vehicles	359,764	-	-	-	359,764	-	359,764	428,316
Special events other costs	-	339,926	-	-	-	339,926	339,926	204,437
Interest and amortization of loan fees	249,552	-	-	-	249,552	-	249,552	281,878
Insurance	234,505	530	-	-	234,505	530	235,035	203,667
Telephone	125,073	23,379	-	-	125,073	23,379	148,452	139,295
Travel	47,784	32,044	-	-	47,784	32,044	79,828	81,907
Depreciation	78,008	-	-	-	78,008	-	78,008	63,832
Americorp	65,442	-	-	-	65,442	-	65,442	42,395
Real estate - closing and development	27,103	-	-	-	27,103	-	27,103	70,628
Totals	$ 33,946,848	$ 3,617,349	$ -	$ -	$ 33,946,848	$ 3,617,349	$ 37,564,197	$ 33,813,790

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	2023						
	Habitat for Humanity of Greater Los Angeles	Partnership Housing, Inc.	1332 Locust, LLC	Subtotal	Elimination	Consolidated	2022 Totals
Operating activities:							
Change in net assets	$ 1,172,240	$ 17,193	$ -	$ 1,189,433	$ -	$ 1,189,433	$ 22,390,657
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:							
Origination of non-interest bearing mortgages, net	(3,902,840)	-	-	(3,902,840)	-	(3,902,840)	(3,015,200)
Issuance of unamortized mortgage discounts	3,204,340	-	-	3,204,340	-	3,204,340	2,491,981
Mortgage discount amortization	(694,126)	(9,506)	-	(703,632)	-	(703,632)	(913,886)
Net change in discount on multi-year pledges	105,330	-	-	105,330	-	105,330	(26,110)
In-kind contributions of property, construction costs, and			-				
other assets	(2,462,555)	-	-	(2,462,555)	-	(2,462,555)	(629,008)
Forgiveness of debt - Paycheck Protection Program	-	-	-	-	-	-	(1,722,793)
Forgiveness / transfer of notes payable, government agencies			-				
and related accrued interest to homeowners	(891,000)	-	-	(891,000)	-	(891,000)	(725,000)
Depreciation	78,008	-	-	78,008	-	78,008	63,832
Operating lease right of use asset amortization	676,527	-	-	676,527	-	676,527	-
Net realized and unrealized loss on investments	6,596	-	-	6,596	-	6,596	-
(Increase) decrease in assets:			-				
Program service grants receivable	(214,412)	10,000	-	(204,412)	(10,000)	(214,412)	(1,618,496)
Contributions receivable	(1,288,491)	(25,085)	-	(1,313,576)	-	(1,313,576)	1,420,259
Prepaid expenses	80,752	-	-	80,752	-	80,752	(71,534)
Inventories	(138,530)	-	-	(138,530)	-	(138,530)	(590,073)
Construction in process, net of non-cash items	(1,769,710)	-	(200,024)	(1,969,734)	-	(1,969,734)	(169,505)
Deposits and other assets (except loan fees)	(3,852,663)	-	-	(3,852,663)	3,876,537	23,874	(216,621)
Increase (decrease) in liabilities:			-	-			
Accounts payable	975,502	513	3,876,531	4,852,546	(3,866,537)	986,009	(738,479)
Accrued expenses, net of accrued capitalized interest and forgiven interest	218,046	(1,422)	-	216,624	-	216,624	154,031
Deferred revenue	167,217	-	-	167,217	-	167,217	73,829
Operating lease liablity	(612,823)	-	-	(612,823)	-	(612,823)	-
Net cash and cash equivalents (used in) provided by operating activities	(9,142,592)	(8,307)	3,676,507	(5,474,392)	-	(5,474,392)	16,157,884

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS, Continued

For the year ended June 30, 2023
(with summarized comparative information for 2022)

	2023						
	Habitat for Humanity of Greater Los Angeles	Partnership Housing, Inc.	1332 Locust, LLC	Subtotal	Elimination	Consolidated	2022 Totals
Investing activities:							
Acquisition of property and equipment	(37,782)	-	-	(37,782)	-	(37,782)	(43,913)
Mortgage payments received	750,724	-	-	750,724	-	750,724	1,080,529
Purchase of government securities	(28,417,820)	-	-	(28,417,820)	-	(28,417,820)	-
Proceeds from sale of government securities	14,754,778	-	-	14,754,778	-	14,754,778	-
Net cash and cash equivalents (used in) provided by investing activities	(12,950,100)	-	-	(12,950,100)	-	(12,950,100)	1,036,616
Financing activities:							
Proceeds from line of credit	1,345,716	-	-	1,345,716	-	1,345,716	1,139,372
Payments on line of credit	(1,025,442)	-	-	(1,025,442)	-	(1,025,442)	(760,000)
Proceeds from notes payable	2,398,065	-	-	2,398,065	-	2,398,065	1,073,311
Payments on notes payable	(239,488)	-	-	(239,488)	-	(239,488)	(1,339,186)
Payments on finance lease liablities	(27,669)	-	-	(27,669)	-	(27,669)	(5,399)
Net cash and cash equivalents provided by financing activities	2,451,182	-	-	2,451,182	-	2,451,182	108,098
Net change in cash and cash equivalents	(19,641,510)	(8,307)	3,676,507	(15,973,310)	-	(15,973,310)	17,302,598
Cash and cash equivalents, beginning of the year	22,199,311	12,079	-	22,211,390	-	22,211,390	4,908,792
Cash and cash equivalents, end of the year	$ 2,557,801	$ 3,772	$ 3,676,507	$ 6,238,080	$ -	$ 6,238,080	$ 22,211,390