HABITAT FOR HUMANITY
OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

FINANCIAL REPORT

December 31, 2023

Greater Indy Habitat for Humanity®

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Habitat for Humanity of Greater Indianapolis, Inc. and Subsidiary
d/b/a Greater Indy Habitat for Humanity

Opinion

We have audited the consolidated financial statements of Habitat for Humanity of Greater Indianapolis, Inc. and Subsidiary, d/b/a Greater Indy Habitat for Humanity (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements - continued
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The revenue, expense, and number of homes built and rehabbed graphs are presented for purposes of additional analysis and is not a required part of the 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 financial statements.

INDEPENDENT AUDITOR'S REPORT - continued

Supplementary Information - continued
The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Pile CPAs

Indianapolis, Indiana
April 25, 2024

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
ASSETS		
ASSETS		
Unrestricted cash	$ 7,401,304	$ 7,753,872
Cash limited as to use and timing	734,751	715,051
Investments, at fair value	2,758,428	2,557,862
Grants, sponsorships, and other receivables	728,269	871,571
Beneficial interest in assets held by others	97,815	88,865
Inventory	513,183	445,334
Other assets	181,246	214,520
Mortgage loans receivable, net	6,390,170	6,979,131
Homes under construction	3,731,236	2,366,941
Land and homes available for resale and future builds	565,488	266,377
Property and equipment, net	3,851,152	3,639,887
Operating lease right-of-use assets, net	1,127,598	900,380
Investment in joint venture (Note 6)	847,210	856,782
TOTAL ASSETS	$ 28,927,850	$ 27,656,573
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 435,856	$ 779,660
Deferred revenue	43,267	170,721
Deposits from homeowners	306,665	245,650
Mortgage service agreement	1,240,721	1,140,199
Long-term notes payable, net of accumulated loan financing fees of $81,131 and $83,937, respectively	1,092,343	1,089,537
Right-of-use operating lease liability	1,136,463	886,829
TOTAL LIABILITIES	4,255,315	4,312,596
NET ASSETS		
Without donor restrictions - undesignated	24,184,362	23,232,612
With donor restrictions:		
Purpose restrictions	446,125	69,317
Perpetual in nature	42,048	42,048
	488,173	111,365
TOTAL NET ASSETS	24,672,535	23,343,977
TOTAL LIABILITIES AND NET ASSETS	$ 28,927,850	$ 27,656,573

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions of cash	$ 3,388,709	$ 290,358	$ 3,679,067
Grants	446,262	100,000	546,262
Contributions of nonfinancial assets	699,008	-	699,008
Panel builds	479,541	-	479,541
	5,013,520	390,358	5,403,878
Home sales	6,525,808	-	6,525,808
ReStore income	4,302,770	-	4,302,770
	10,828,578	-	10,828,578
Mortgage loan discount amortization	406,483	-	406,483
Investment income (loss):			
Interest and dividends, net of fees	124,141	-	124,141
Realized gain (loss)	(14,256)	-	(14,256)
Unrealized gain (loss)	81,195	-	81,195
Change in value of beneficial interest	-	8,950	8,950
Gain on sale of mortgages	3,483,667	-	3,483,667
Loss on sale of property and equipment	7,980	-	7,980
Other income, net	199,396	-	199,396
Net assets released from restrictions	22,500	(22,500)	-
	4,311,106	(13,550)	4,297,556
TOTAL SUPPORT AND REVENUE	20,153,204	376,808	20,530,012
EXPENSES			
Program services	17,652,958	-	17,652,958
Supporting activities	1,548,496	-	1,548,496
TOTAL EXPENSES	19,201,454	-	19,201,454
CHANGE IN NET ASSETS	951,750	376,808	1,328,558
NET ASSETS			
Beginning of year	23,232,612	111,365	23,343,977
End of year	$ 24,184,362	$ 488,173	$ 24,672,535

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF ACTIVITIES - continued
Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions of cash	$ 2,825,777	$ 16,363	$ 2,842,140
Grants	220,000	-	220,000
Contributions of nonfinancial assets	683,005	-	683,005
Panel builds	241,467	-	241,467
	3,970,249	16,363	3,986,612
Home sales	3,887,147	-	3,887,147
ReStore income	3,633,217	-	3,633,217
	7,520,364	-	7,520,364
Mortgage loan discount amortization	587,987	-	587,987
Investment income (loss):			
Interest and dividends, net of fees	25,812	-	25,812
Realized gain (loss)	816	-	816
Unrealized gain (loss)	45,504	-	45,504
Change in value of beneficial interest	-	(13,272)	(13,272)
Gain on sale of mortgages	1,660,367	-	1,660,367
Loss on sale of property and equipment	(151,887)	-	(151,887)
Other income, net	173,711	-	173,711
Net assets released from restrictions	105,145	(105,145)	-
	2,447,455	(118,417)	2,329,038
TOTAL SUPPORT AND REVENUE	13,938,068	(102,054)	13,836,014
EXPENSES			
Program services	11,940,323	-	11,940,323
Supporting activities	1,233,401	-	1,233,401
TOTAL EXPENSES	13,173,724	-	13,173,724
CHANGE IN NET ASSETS	764,344	(102,054)	662,290
NET ASSETS			
Beginning of year	22,468,268	213,419	22,681,687
End of year	$ 23,232,612	$ 111,365	$ 23,343,977

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program Services						Supporting Activities			
	Construction Program	Home-ownership Services	Volunteer Services	Home Repairs	ReStore Services	Total Program	Fundraising Resource Development	Mgmt. and General	Total Supporting	Total
Costs of homes	$ 6,860,376	$ -	$ -	$ -	$ -	$ 6,860,376	$ -	$ -	$ -	$ 6,860,376
Mortgage discount	3,770,794	-	-	-	-	3,770,794	-	-	-	3,770,794
Salaries and wages	934,569	306,949	123,921	-	2,115,918	3,481,357	452,113	487,039	939,152	4,420,509
Retirement	14,178	7,883	2,287	-	31,154	55,502	7,652	6,893	14,545	70,047
									-	
Travel, seminars, and meetings	7,563	7,509	90	-	28,555	43,717	4,968	55,387	60,355	104,072
Maintenance and utilities	158,342	-	-	-	293,293	451,635	-	41,911	41,911	493,546
Telephone and communications	10,142	5,690	2,276	-	22,389	40,497	5,690	7,244	12,934	53,431
Bank and credit card fees	-	43,315	-	-	60,208	103,523	18,917	8,922	27,839	131,362
Computer and technology	17,765	32,608	6,865	-	10,007	67,245	79,931	13,177	93,108	160,353
Advertising	-	22,938	-	-	23,761	46,699	-	-	-	46,699
Printing, publications, and postage	4,253	5,855	2,222	-	1,859	14,189	26,385	7,939	34,324	48,513
Fundraising and promotional events	-	1,206	-	-	-	1,206	139,816	-	139,816	141,022
Depreciation	75,571	-	-	-	84,510	160,081	-	33,896	33,896	193,977
Tithings to Habitat International	200,000	-	-	-	-	200,000	-	-	-	200,000
Professional fees	101,078	-	-	-	-	101,078	-	52,538	52,538	153,616
Indirect construction costs	315,875	-	43,259	-	21,501	380,635	25,053	-	25,053	405,688
Mortgage service expense	-	104,914	-	-	-	104,914	-	(193,090)	(193,090)	(88,176)
Interest	-	-	-	-	-	-	-	19,857	19,857	19,857
Contracted services	-	8,283	-	-	2,287	10,570	14,312	81,789	96,101	106,671
Miscellaneous	26,235	26,379	18,582	-	490,788	561,984	484	90,521	91,005	652,989
In-kind	602,877	-	-	-	-	602,877	-	-	-	602,877
Insurance	267,115	41,931	14,388	452	212,071	535,957	26,536	32,616	59,152	595,109
Repair expense	-	-	-	58,122	-	58,122	-	-	-	58,122
	$ 13,366,733	$ 615,460	$ 213,890	$ 58,574	$ 3,398,301	$ 17,652,958	$ 801,857	$ 746,639	$ 1,548,496	$ 19,201,454

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2022

	Program Services						Supporting Activities			
	Construction Program	Home-ownership Services	Volunteer Services	Home Repairs	ReStore Services	Total Program	Fundraising Resource Development	Mgmt. and General	Total Supporting	Total
Costs of homes	$ 4,035,083	$ -	$ -	$ -	$ -	$ 4,035,083	$ -	$ -	$ -	$ 4,035,083
Mortgage discount	1,853,068	-	-	-	-	1,853,068	-	-	-	1,853,068
Salaries and wages	720,946	352,474	102,652	-	1,741,440	2,917,512	351,268	289,235	640,503	3,558,015
Retirement	12,326	6,294	1,644	-	23,700	43,964	5,313	5,514	10,827	54,791
Travel, seminars, and meetings	1,397	4,808	300	-	32,798	39,303	1,800	32,107	33,907	73,210
Maintenance and utilities	126,259	-	-	-	252,635	378,894	-	50,403	50,403	429,297
Telephone and communications	10,086	5,283	2,053	-	29,488	46,910	5,384	6,155	11,539	58,449
Bank and credit card fees	-	25,489	-	-	51,897	77,386	18,381	9,665	28,046	105,432
Computer and technology	12,760	15,017	6,930	-	10,960	45,667	55,165	11,038	66,203	111,870
Advertising	-	22,295	-	-	22,905	45,200	-	-	-	45,200
Printing, publications, and postage	4,790	3,187	1,199	-	379	9,555	12,189	9,544	21,733	31,288
Fundraising and promotional events	-	700	-	-	-	700	71,388	79,140	150,528	151,228
Depreciation	74,720	-	-	-	78,511	153,231	-	31,732	31,732	184,963
Tithings to Habitat International	185,000	-	-	-	-	185,000	-	-	-	185,000
Professional fees	83,530	-	-	-	-	83,530	-	27,738	27,738	111,268
Indirect construction costs	308,722	-	34,520	-	37,848	381,090	18,269	893	19,162	400,252
Mortgage service expense	-	80,762	-	-	-	80,762	-	(36,947)	(36,947)	43,815
Interest	-	-	-	-	4,233	4,233	-	19,858	19,858	24,091
Contracted services	33,622	5,767	-	-	-	39,389	20,208	-	20,208	59,597
Miscellaneous	20,464	15,913	2,436	-	459,097	497,910	568	87,732	88,300	586,210
In-kind	622,241	-	-	-	-	622,241	-	-	-	622,241
Insurance	202,122	31,426	9,935	-	131,925	375,408	27,180	22,481	49,661	425,069
Repair expense	-	-	-	24,287	-	24,287	-	-	-	24,287
	$ 8,307,136	$ 569,415	$ 161,669	$ 24,287	$ 2,877,816	$ 11,940,323	$ 587,113	$ 646,288	$ 1,233,401	$ 13,173,724

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,328,558	$ 662,290
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Gain) loss on sale of property	(7,980)	151,887
(Gain) loss on the sale of mortgages	(3,483,667)	(1,660,367)
Depreciation	193,977	184,963
Net change in operating lease right-of-use assets / liabilities	22,416	(13,551)
Mortgage discount expense	3,770,794	1,853,068
Amortization of discount on mortgage loans receivable	(233,903)	(750,285)
Interest expense (amortization of loan financing fees)	3,040	3,040
Realized and unrealized (gain) loss on investments	66,939	46,320
(Gain) loss on beneficial interest	(8,950)	28,272
Donated housing supplies and property	(699,008)	(683,005)
(Increase) decrease in:		
Grants, sponsorships, and other receivables	143,302	202,834
Inventory	21,082	(10,781)
Other assets	33,274	(30,439)
Increase (decrease) in:		
Accounts payable and accrued expenses	(343,804)	340,343
Deferred revenue	(127,454)	(46,615)
Deposits from homeowners	61,015	41,027
Mortgage service agreement	100,522	244,658
Net cash provided by operating activities	840,153	563,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(795,871)	(4,004,639)
Sales of investments	528,366	1,400,457
Collections of mortgage loans receivable	897,833	1,292,664
Purchases of property and equipment	(6,648,795)	(3,796,061)
Purchase of vacant lots	(1,353,237)	(1,019,351)
Proceeds from sale of assets	73,401	261,695
Distributions from joint venture	9,572	8,637
Net cash (used in) investing activities	(7,288,731)	(5,856,598)

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
Years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the sale of mortgages	$ 6,115,944	$ 4,135,911
Purchase of mortgages	-	(219,192)
Payments on notes payable	(234)	(1,696,775)
Net cash provided by financing activities	6,115,710	2,219,944
Increase (decrease) in cash and cash equivalents	(332,868)	(3,072,995)
CASH AND CASH EQUIVALENTS		
Beginning	8,468,923	11,541,918
Ending	$ 8,136,055	$ 8,468,923
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTVITIES		
Cash paid for interest	$ 8,639	$ 15,904
Cash paid for amounts in lease liabilities:		
Operating cash outflows-payments on operating leases	$ 329,841	$ 305,640
Right-of-use assets obtained in exchange for new lease obligations:		
Operating Leases	$ 535,144	$ 1,212,931

See Notes to Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Habitat for Humanity of Greater Indianapolis, Inc. and Subsidiaries, d/b/a Greater Indy Habitat for Humanity, (the "Organization") was incorporated as a not-for-profit organization in 1987 under the laws of the State of Indiana and is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"). The Organization is a nondenominational Christian organization whose purpose is to collaborate with low-income families and other community partners to provide home ownership opportunities and build communities of hope as an expression of God's love. We envision a world where everyone has a decent place to live. The Organization operates throughout Marion, Hendricks, Hamilton and Hancock County.

Although Habitat International assists with informational resources, training, publications and prayer support, the Organization is primarily and directly responsible for its own operations. Major sources of revenue for the Organization include contributions from the general public, ReStore income and sales of homes.

A summary of the Organization's significant accounting policies is as follows:

A. Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, Habitat Development Corporation, LLC (collectively, the "Organization"). All significant inter-organizational accounts and transactions have been eliminated.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

C. Basis of Presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

D. Cash

The Organization maintains cash balances at two commercial banks. The Organization maintains its cash in banks accounts which, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

E. Concentration of Risks

The Organization has a loan sale and servicing agreement with a commercial bank in which the Organization will sell, transfer and assign to the bank all of the Organization's ownership right, title and interest of any type or kind in each of the residential mortgage loans (Note 11). Sales will take place quarterly for calendar years 2023-2025. During 2023 and 2022, approximately 17% and 12% of the Organization's total revenue was derived from the sale of mortgages.

F. Inventory

Inventory consists of assorted building materials and supplies and is valued at cost using the specific identification method. Inventory also consists of donated items for sale at the Organization's various ReStores. ReStore inventory is valued based on an average month of ReStore sales.

G. Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Donated property and equipment are recorded at fair market value as of the date received. The Organization capitalizes assets with a value greater than $1,000 and an estimated life greater than one year. Depreciation is provided utilizing the straight line method over the estimated useful lives from 3 to 40 years of the depreciable assets. Maintenance and repairs are charged to expense as incurred.

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value may not be fully recoverable. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended December 31, 2023 and 2022, there was no impairment loss recognized on long-lived assets.

H. Mortgage Loans Receivable

Mortgage loans receivable are mortgage notes entered into at rates substantially below market rates. These note are then discounted to net present value using implied year market interest rates. The discounts are recorded at the inception of the mortgage and amortized over the life of the contract. Interest accrued at stated rates and discount amortization is reported as amortization income in the period accrued or amortized.

I. Allowance for Credit Losses

The Organization's allowance for credit losses is the 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.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

I. Allowance for Credit Losses - continued

Such evaluations consider historical information and experience with clients. Specific allowances for credit losses are established for large impaired noted on an individual basis. A note is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note.

The specific allowances established for these loans are based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral. General allowances are established for loans that can be grouped into pools based on similar characteristics. Management has evaluated their portfolio and has not recorded an allowance for credit losses as of December 31, 2023 and 2022.

J. Homes Under Construction

Construction in progress consists of land, land improvements and direct construction costs. The value of donated labor related to building construction is not recorded because the houses that the Organization builds are transferred at a price lower than market for mortgages. Therefore, the donated labor is considered financial assts that do not meet the criteria for recognition.

K. Land and Homes Available for Resale and Future Builds

Land held for resale and development, which includes land improvements, and houses under construction are carried at cost. They represent land and homes available for current and future developments to fulfilment of the Organization's mission. Real estate assets are periodically evaluated for impairment. If impairment indicators are present, a write-down to fair value (less costs to sell) occurs when management believes that events or changes in circumstances indicate that its carrying amount may not be recoverable. Land and development costs associated with substantially completed homes under construction, are included in homes under construction in the accompanying consolidated statements of financial position.

L. Escrow Reserves

The Organization services all the home mortgages it holds and those sold to banks. Included in cash are amounts received from homeowners for insurance, property taxes, and other items on their behalf ("escrow funds"). This cash will be used to pay amounts as they become due for the escrowed items. The Organization maintains a corresponding liability in the accompanying consolidated statements of financial position.

M. Support and Revenue

The Organization receives support from private contributions and grants, and recognizes this support when cash or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions and grants recognized are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of any donor restrictions.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

M. Support and Revenue - continued

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions received for which the restrictions are met in the same year are reported as net assets without donor restriction support by the Organization.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The value of donated materials and land is recorded at fair value at the date of the gift.

Home sales are transfers to homeowners in exchange for a non-interest bearing mortgage receivable. The noninterest mortgages are discounted at various rates based upon prevailing market rates at the inception of the mortgages. Discounts are amortized over the lives of the mortgages.

ReStore income is derived from the sale of new and reclaimed building materials, furniture, appliances, and other home goods. Revenues are recognized by the Organization at the point of sale, which is when its performance obligation is satisfied (point in time).

N. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets include donated goods, materials, and parcels of land, which are recorded at the respective fair values of the goods or services received. Professional services are valued at estimated fair value based on current rates for similar professional services.

The Organization also receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition have not been satisfied.

O. Fundraising Activities

The Organization has an ongoing resource development program to secure contributions from corporations, churches, and individuals.

P. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was $46,700 and $45,200 for the years ended December 31, 2023 and 2022, respectively.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Q. Sales Tax Collected

The State of Indiana imposes a sales tax on all of the Organization's ReStore sales. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

R. Expense Allocation

Expenses have been classified as programing and support services based on the actual direct expenditures and cost allocation based on estimates of time and usage by Organization personnel and programs.

S. Leases

Effective January 1, 2022, the Organization adopted the provisions of ASC Topic 842, Leases. The standard requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the standard retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842, Leases, on January 1, 2022, using the optional transition method as provided by Accounting Standards Update ("ASU") No. 2018-11, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization’s historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

S. Leases - continued

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease, or January 1, 2022, for existing leases upon the adoption of Topic 842.

The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. Absent an implicit rate to determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date, or remaining term for leases existing upon the adoption of Topic 842, or uses an incremental borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization’s operating leases of approximately $1,063,894 and $744,768, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

T. Tax Status

The Organization is exempt from federal and state income taxes on its related activities under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been made

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing Organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempts status and the taxability of any unrelated business income.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

T. Tax Status - continued
The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities.

U. Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

V. Reclassifications
Certain prior year balances have been reclassified to conform with current year classifications and presentations.

W. Subsequent Events
The Organization has evaluated subsequent events through April 25, 2024, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, Topic 326, Financial Instruments-Credit Losses, which was later amended with ASU 2019-11. The standard significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in Topic 326 were trade accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

In February 2016, the FASB issued ASU 2016-02, Topic 842, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the balance sheet at the date of the lease commencement. Leases are classified as either finance or operating, and this distinction is relevant for the pattern of expense recognition in the statement of income. This Organization adopted this standard effective January 1, 2022.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from the contributions of cash and other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on January 1, 2022 using the prospective method of application. The impact of the adoption resulted in no material changes to the recognition of collections.

NOTE 3 INVENTORY

Inventory consists of the following at December 31:

	2023	2022
Construction materials and supplies	$ 7,853	$ 28,935
Restore inventory	505,330	416,399
	$ 513,183	$ 445,334

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2023	2022
Land	$ 604,550	$ 604,550
Buildings, warehouse, and improvements	3,930,438	3,619,760
Construction equipment	194,161	197,361
Office equipment	289,600	267,116
Vehicles	316,811	275,248
	5,335,560	4,964,035
Accumulated depreciation	(1,484,408)	(1,324,148)
	$ 3,851,152	$ 3,639,887

NOTE 5 LIQUIDITY AND AVAILABILITY

The Organization has diverse revenue streams that include contributions, income from ReStore operations, and sale of homes. In 2021, the Organization implemented a strategic plan to direct focus and expend capital in key areas such as ReStore growth, land acquisition, and increasing housing solutions.

NOTE 5 LIQUIDITY AND AVAILABILITY - continued

The Organization's financial health is monitored through monthly reporting to the Board of Directors. The Organization maintains an operating reserve and investment policy, gift acceptance policy, and mortgage leveraging policy to help ensure proper management of financial assets.

The table below represents financial assets available for general expenditures within one year at December 31, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 8,136,055	$ 8,468,923
Grants, sponsorships, and other receivables	728,269	871,571
Mortgage loans receivable, net	6,390,170	6,979,131
Investments	2,758,428	2,557,862
Beneficial interest in assets held by others	97,815	88,865
Total financial assets	18,110,737	18,966,352
Less amounts not available to be used within one year:		
Cash limited to as to use and timing	(734,751)	(715,051)
Beneficial interest in assets held by others	(97,815)	(88,865)
Estimated principal payments to be received after one year	(5,779,214)	(6,295,698)
Donor-imposed restrictions	(390,358)	(22,500)
Financial assets not available to be used within one year	(7,002,138)	(7,122,114)
Financial assets available to meet general expenditures within one year	$ 11,108,599	$ 11,844,238

NOTE 6 INVESTMENT IN JOINT VENTURE AND NMTC PROGRAM

The Organization, along with other Habitat affiliates, is participating in a joint venture to take advantage of New Market Tax Credit ("NMTC") financing. The NMTC Program permits corporate and individual taxpayers to receive a credit against federal income taxes for making qualified equity investments in qualified community development entities ("CDE").

In November 2021, the Organization invested $865,419 in the joint venture, HFHI Leverage Lender 2021, LLC consisting of cash and qualified investment properties. The investment represents 3.9815% ownership in the joint venture. The joint venture contributed its combined resources to Twain Investment Fund 544, LLC and USBCDC Investment Fund 369, LLC ("Investment Funds") which received additional investment from U.S. Bancorp Community Development Corporation ("Bank") as the federal tax credit investor under the NMTC Program.

NOTE 6 INVESTMENT IN JOINT VENTURE AND NMTC PROGRAM - continued

As part of the NMTC Program, the Investment Fund invested in HFHI NMTC Sub-CDE IV, LLC a qualified CDE. The CDE is the conduit for accomplishing the NMTC Program specifics of constructing and selling qualified housing properties to low income residents. Under the CDE, the Organization was able to secure a 30-year loan in the amount of $1,053,601 to be used solely in accordance with NMTC Program compliance requirements.

The loan accrues interest only for years 1 through 7 at a rate of .74%. Beginning in year 8 through year 30, the principal balance of the loan is reduced by a twenty-three-year amortization at the same rate of .74%. The Investment Fund may be subject to tax credit recapture if the NMTC Program compliance requirements are to met over a seven-year period. The CDE has the option to waive the debt in November 2028, so as to participate in the NMTC program as noted above.

As part of the NMTC Program, the Investment Fund invested in HFHI NMTC Sub-CDE V, LLC a qualified CDE. The CDE is the conduit for accomplishing the NMTC Program specifics of constructing and selling qualified housing properties to low income residents. Under the CDE, the Organization was able to secure a 30-year loan in the amount of $117,067 to be used solely in accordance with NMTC Program compliance requirements. The loan accrues interest only for years 1 through 7 at a rate of .74%. Beginning in year 8 through year 30, the principal balance of the loan is reduced by an twenty-three-year amortization at the same rate of .74%. The Investment Fund may be subject to tax credit recapture if the NMTC Program compliance requirements are to met over a seven-year period. The CDE has the option to waive the debt in November 2028, so as to participate in the NMTC program as noted above.

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization maintains an Endowment Fund (the "Fund") with the Central Indiana Community Foundation ("CICF"). The primary purpose of the Fund is to provide support to the Organization to carry out its role and mission. All gifts, bequests and devises to this Fund shall be irrevocable once accepted by CICF. The Organization believes the fair vale of the future cash flows to be received from its beneficial interest in assets held by CICF approximates the fair value of the underlying assets held by CICF. The assets held at CICF are entirely comprised of pooled investment funds held and managed by CICF. Fair value is based on the net asset value per share as determined by CICF and provided to the Organization.

The Fund consists of equities, fixed income, venture capital and private equity, marketable alternatives, real assets, and cash equivalent funds. The investment is directed by CICF and the portfolio is designed to achieve returns consistent with CICF's adopted investment policies. The Organization is the only beneficiary of the investment earnings, which are distributed in accordance with the agreements between CICF and the Organization.

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - continued

Change in beneficial interest in assets held by other as of December 31 are as follows:

Endowment funds, January 1, 2022	$ 117,137
Investment income (loss)	(385)
Net appreciation (depreciation), realized and unrealized	(12,887)
Distributions to Organization	(15,000)
Endowment funds, December 31, 2022	88,865
Investment income (loss)	(377)
Net appreciation (depreciation), realized and unrealized	9,327
Distributions to Organization	-
Endowment funds, December 31, 2023	$ 97,815

NOTE 8 INVESTMENTS

Investments are presented in the financial statements at fair value. Investments at December 31, 2023 and 2022 are comprised of the following:

	2023		
	Cost	Net Unrealized Gains (Losses)	Fair Value
Money Market Funds	$ 85,545	$ -	$ 85,545
Equity Securities	1,267,365	114,803	1,382,168
Mutual Funds	1,110,578	10,029	1,120,607
Corporate and government bonds	168,241	1,867	170,108
	$ 2,631,729	$ 126,699	$ 2,758,428

	2022		
	Cost	Net Unrealized Gains (Losses)	Fair Value
Money Market Funds	$ 102,654	$ -	$ 102,654
Equity Securities	1,241,174	47,132	1,288,306
Mutual Funds	1,076,490	(594)	1,075,896
Corporate and government bonds	92,040	(1,034)	91,006
	$ 2,512,358	$ 45,504	$ 2,557,862

NOTE 8 INVESTMENTS - continued

Net return on investments is as follows:

	2023	2022
Investment income, net of related expenses of $16,489 and $2,717, respectively	$ 93,226	$ 11,542
Realized gain (loss)	(14,256)	816
Unrealized gain (loss)	81,195	45,504
	$ 160,165	$ 57,862

NOTE 9 FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- **Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- **Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- **Level 3** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

During the years ended December 31, 2023 and 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money market funds: Valued at the net asset value ("NAV") of share by the Organization held at year-end, as reported by each fund.

Common Stocks and Exchange-traded funds: Valued at listed closing price reported on the active market on which the individual securities are traded.

NOTE 9 FAIR VALUE MEASUREMENTS - continued

Mutual funds: Valued at the NAV of share held at year-end.

Corporate and government bonds: Valued at the quoted market price for similar securities, which approximates fair value.

Beneficial interest in assets held by others : Determined by Organization's proportionate share of the CICF's pooled investment portfolio. The Organization does not receive a detailed listing of the portfolio's assets. The Organization uses the net asset value to determine the CICF valuation using the market approach.

Mortgage service agreement liability : Valued at the gross costs to service the mortgages less an estimated discount to present value at year-end.

Assets and liabilities measured at fair value as of December 31, 2023 and 2022 are summarized as follows:

	2023			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 85,545	$ -	$ 85,545	$ -
Equity securities:				
Common stock	1,306,546	1,306,546	-	-
Foreign stock	75,622	75,622	-	-
Fixed income:				
Corporate Bonds	506,733	-	506,733	-
Government Bonds	537,019	-	537,019	-
Municipals	51,586	-	51,586	-
Foreign Bonds	25,269	-	25,269	-
Mutual Funds:				
Equity	40,401	40,401	-	-
Fixed Income	129,707	129,707	-	-
	2,758,428	1,552,276	1,206,152	-
Beneficial interest in assets held by others	97,815	-	97,815	-
Total Assets at Fair Value	$ 2,856,243	$ 1,552,276	$ 1,303,967	$ -
Mortgage service agreement liability	$ (1,240,721)	$ -	$ (1,240,721)	$ -

NOTE 9 FAIR VALUE MEASUREMENTS - continued

	2022			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 102,654	$ -	$ 102,654	$ -
Equity securities:				
Common stock	1,183,967	1,183,967	-	-
Foreign stock	104,339	104,339	-	-
Fixed income:				
Corporate Bonds	471,096	-	471,096	-
Government Bonds	554,415	-	554,415	-
Municipals	50,385	-	50,385	-
Foreign Bonds	-	-	-	-
Mutual Funds:				
Fixed Income	91,006	91,006	-	-
	2,557,862	1,379,312	1,178,550	-
Beneficial interest in assets held by others	88,865	-	88,865	-
Total Assets at Fair Value	$ 2,646,727	$ 1,379,312	$ 1,267,415	$ -
Mortgage service agreement liability	$ (1,140,199)	$ -	$ (1,140,199)	$ -

NOTE 10 RETIREMENT PLAN

The Organization provided a simple IRA plan to eligible full-time employees. On January 1, 2022, the Organization established and changed to a 403(b) plan for its employees. The Organization informs employees of the plan, withholds voluntary contributions, remits employee contributions to a third party fiduciary, and contributes 2% of annual compensation of each participant in the plan. The Organization contributed 2% of annual compensation of each participant in the plan. Total employer contributions for the years ended December 31, 2023 and 2022 was $70,047 and $54,792, respectively.

NOTE 11 MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable are non-interest bearing and have been discounted at a rate which approximates the average prevailing market rate for these loans at their inception. Discounts are amortized, using the effective interest method, over the lives of the mortgages at 7.49% and 4.5% for 2023 and 2022, respectively. Mortgage loans are secured by related real estate.

NOTE 11 MORTGAGE LOANS RECEIVABLE - continued

Every effort is made to assist homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or the Organization may accept back the deed in lieu of foreclosure when homeowner mortgage payments are deemed seriously delinquent. Properties acquired through foreclosure or received by accepting a deed in lieu of foreclosure may be refurbished in partnership with and sold to other families in need of decent, affordable housing. Homes available for sale are stated at the lower of cost or market.

New mortgage loans are based on the appraised value of each home. First mortgages range from $121,000 to $358,000 with terms ranging from 15 to 40 years. The market value of the real estate is estimated to be greater than the outstanding balance; therefore, no allowance is recorded. Second mortgages are placed on homes sold as needed to ensure affordability. Second mortgages are calculated as the difference between the appraised value of the home and the first mortgage amount. Second mortgages are reduced, on a pro rata basis, over the life of the first mortgage and will only be due on demand upon the sale of the home or default on the mortgage to which they relate. It is the policy of the Organization not to recognize the second mortgages in their accounting records as they have no monetary value.

Short-term loans are provided to homeowners in need of repairs on their homes. Terms for these loans are typically less than 5 years for amounts less than $10,000. These loans are discounted in the same manner using the effective interest rate method.

Mortgage loan receivables from homeowners that have filed for bankruptcy or where foreclosure proceedings have been filed are $19,761 and $25,720 at December 31, 2023 and 2022, respectively.

Other past due mortgage loan receivables from homeowners who are delinquent as of December 31 are as follows:

	1 - 60 Days Past Due	60 - 90 Days Past Due	+90 Days Past Due	Total
2023	$ 10,014	$ 11,866	$ 3,297	$ 25,177
2022	$ 8,078	$ 5,707	$ 6,384	$ 20,169

Mortgage loan receivable balances as of December 31 are as follows:

	2023	2022
Less than one year	$ 610,956	$ 683,433
One to five years	2,853,552	3,210,805
Thereafter	6,130,556	6,702,756
	9,595,064	10,596,994
Mortgage discount	(3,204,894)	(3,617,863)
Mortgage loans receivable, net	$ 6,390,170	$ 6,979,131

NOTE 11 MORTGAGE LOANS RECEIVABLE - continued

At times, the Organization will sell mortgage loans receivable to banks. The Organization receives from the bank proceeds for the aggregate principal balance of the mortgage loans receivable sold and recognizes a liability amount to the bank for the present value of the servicing costs over the life of the loan. The Organization then administers these loans through their original maturities on behalf of the respective bank. In the event that a loan is delinquent by more than 90 days, the Organization will replace the nonperforming loan with a substitute loan.

The Organization determines the fair value of the servicing obligation based on cash flow models that incorporate, among other things, assumptions including discount rates. Accordingly, the Organization classifies the fair value portion of its mortgage service agreement liability as a Level 2 fair value measurement (Note 9).

NOTE 12 ESCROW LIABILITY

At December 31, 2023 and 2022, the Organization maintained a bank account at a financial institution holding escrow payments for taxes and insurance made on behalf of homeowners. The account has been included in cash limited as to use and timing and a corresponding escrow balance of $234,554 and $212,716, respectively, is included in deposits from homeowners as a liability in the statements of financial position as of December 31, 2023 and 2022, respectively.

NOTE 13 LINE OF CREDIT

The Organization has a line of credit with a financial institution with a maximum debt facility of $250,000 available through January 23, 2024. Amounts borrowed are secured by a commercial security agreement securing all assets of the Organization. There were no borrowings on the line of credit in 2023 and 2022. Interest is assessed at 1.0% under the prime rate. The interest rate at December 31, 2023 and 2022 was 7.50% and 6.50%, respectively. Upon maturity, the line of credit was not renewed.

NOTE 14 NOTES PAYABLE

Notes payable consist of the following at December 31:

	2023	2022
Notes payable due to a CDE (Note 6) with semi-annual interest only payments until 2028 at .7379%. Semi-annual payments of $62,224 are due starting November 5, 2029 through the maturity date of November 22, 2051. The loan is secured by substantially all the assets acquired by the Organization from the project loan proceeds. The CDE has the option to waive the debt in January 2029 so as to participate in the NMTC Program. Balance of $1,053,601 is reduced by unamortized loan costs of $78,325 and $81,131 as of December 31, 2023 and 2022, respectively. .	$ 975,276	$ 972,470
Notes payable due to a CDE (Note 6) with semi-annual interest only payments until 2028 at .7379%. Semi-annual payments of $6,921 are due starting November 5, 2029 through the maturity date of November 22, 2051. The loan is secured by substantially all the assets acquired by the Organization from the project loan proceeds. The CDE exercised the option to waive debt in January 2029 so as to participate in the NMTC Program.	117,067	117,067
	1,092,343	1,089,537
Less current maturities	-	-
	$ 1,092,343	$ 1,089,537

Scheduled maturities as of December 31, 2023 are as follows:

2024	$ -
2025	-
2026	-
Thereafter	1,170,668
	1,170,668
Less debt issuance costs	(78,325)
	$ 1,092,343

NOTE 14 NOTES PAYABLE - continued

On January 10, 2024, the Organization signed a note payable due to Old National Bank for $600,000. Interest on the loan accrues at 7.49%. The loan requires a lump sum payment of principal and accrued interest on the maturity date of January 10, 2025. The loan is secured by substantially all the Organization's assets.

NOTE 15 LEASES

The Organization leases office equipment under operating leases which expire at various dates through October 2028. Monthly payments under these leases total $1,308 per month. The Organization also leases trucks under operating leases which expire at various dates through June 2027. Monthly lease payments for the trucks total $7,105.

The Organization leases warehouse space in Marion County through April 2026 Monthly payments range from $8,284 to $10,487 over the life of the lease. The monthly payment includes common area maintenance charges. The Organization leases an additional warehouse space in Marion County through January 2029 with monthly payments ranging from $7,777 to $9,236. The Organization leases office and warehouse space in Hamilton County through August 2025 with monthly payments ranging from $9,667 to $10,891. The Organization leases an additional warehouse space in Marion County that commenced in February 2022 and expired in November 2022, continuing on a month-to-month basis after expiration. Monthly payments under this lease total $5,000 per month.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost	$ 349,437	$ 299,749
Variable lease cost	133,262	58,613
Short term lease cost	-	45,000
Total lease cost	$ 482,699	$ 403,362

Other lease information:

	2023	2022
Weighted-average remaining lease term - operating leases	3.39 years	3.05 years
Weighted-average discount rate - operating leases	3.68%	2.74%

NOTE 15 LEASES - continued

Maturities of operating lease liabilities as of December 31, 2023 are as follows:

	Storage & Warehouse	Equipment	Trucks	Total
2024	$ 316,192	$ 21,277	$ 67,771	$ 405,240
2025	308,517	19,571	52,709	380,798
2026	142,500	13,215	39,530	195,245
2027	104,069	6,498	8,243	118,811
2028	107,711	3,240	-	110,951
Thereafter	9,236	-	-	9,236
	988,225	63,801	168,253	1,220,281
Less imputed interest	(72,158)	(3,483)	(8,177)	(83,818)
Total present value of lease liabilities	$ 916,067	$ 60,318	$ 160,076	$ 1,136,463

NOTE 16 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, contributed nonfinancial assets recognized in the statement of activities included:

	2023	2022
Construction materials and supplies	$ 592,877	$ 563,498
ReStore goods	88,931	102,907
Properties	17,200	16,600
	$ 699,008	$ 683,005

NOTE 17 RELATED PARTY TRANSACTIONS

The Organization remits annually a portion of its contributions to Habitat International. These funds are used to construct homes in economically depressed areas around the world. The Organization contributed $200,000 and $185,000 in 2023 and 2022, respectively.

During 2023 and 2022, the Organization paid $25,000 of annual affiliate fees to Habitat International.

Total amounts paid to Habitat International as of December 31, 2023 and 2022 was $225,000 and $210,000, respectively.

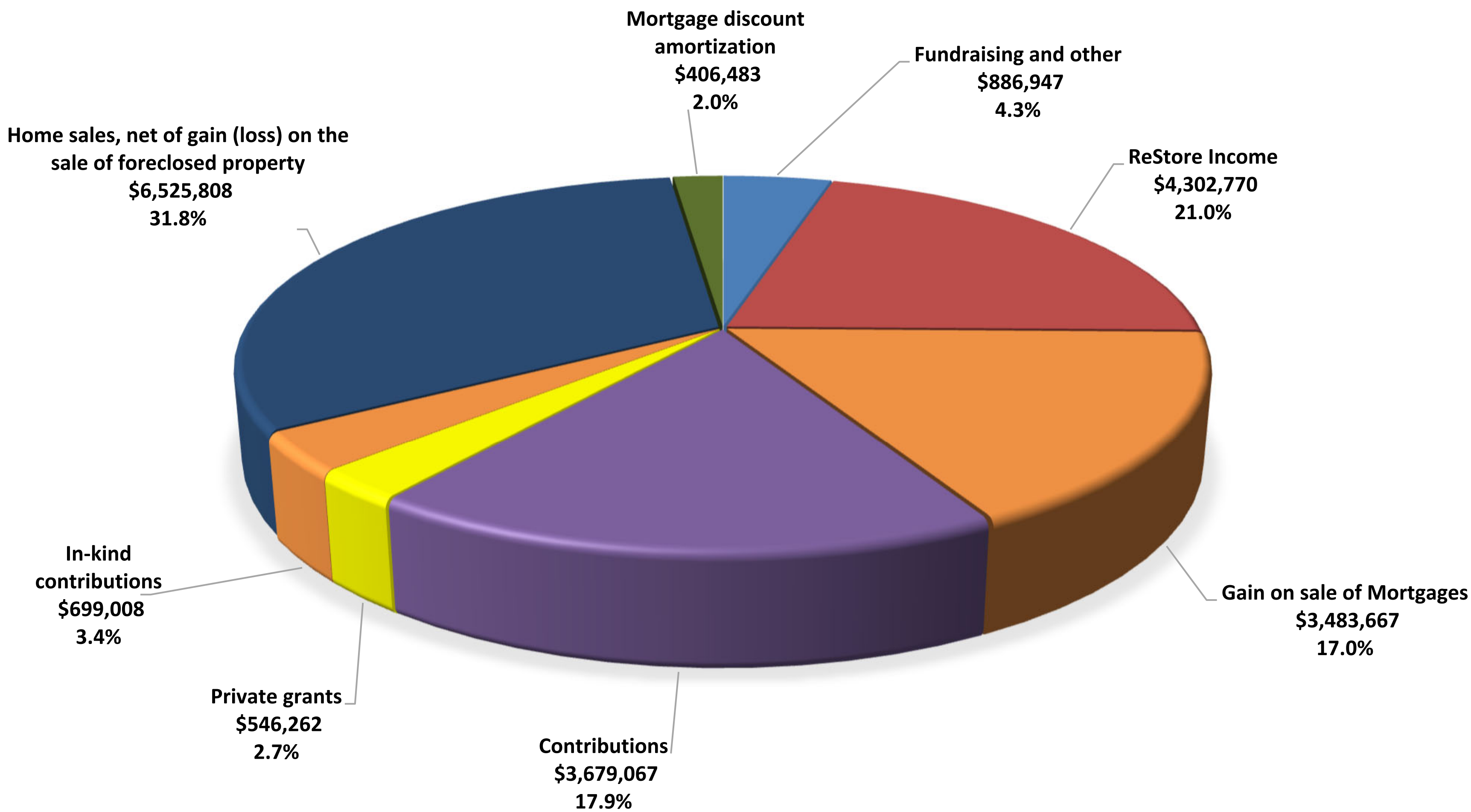
NOTE 18 NET ASSETS

Net assets consist of the following:

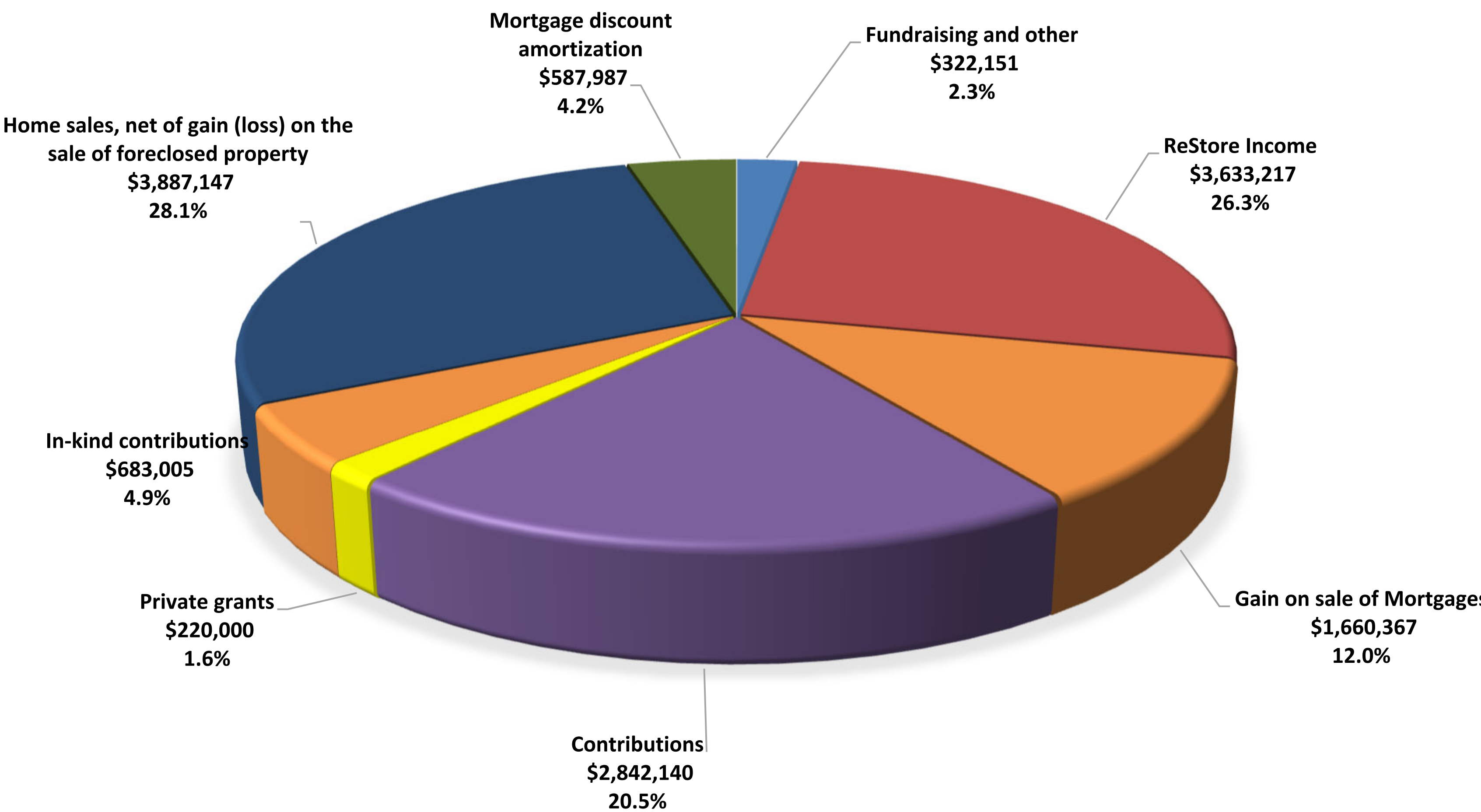
	2023	2022
Without donor restrictions:	$ 24,184,362	$ 23,232,612
With donor restrictions:		
Time restrictions:		
Household sponsorships - future builds	$ 390,358	$ 22,500
Beneficial interest in assets held by CICF	55,767	46,817
Perpetual in nature:		
Beneficial interest in assets held by CICF	42,048	42,048
	$ 488,173	$ 111,365

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

REVENUE GRAPHS
Year ended December 31, 2023
See Independent Auditor's Report



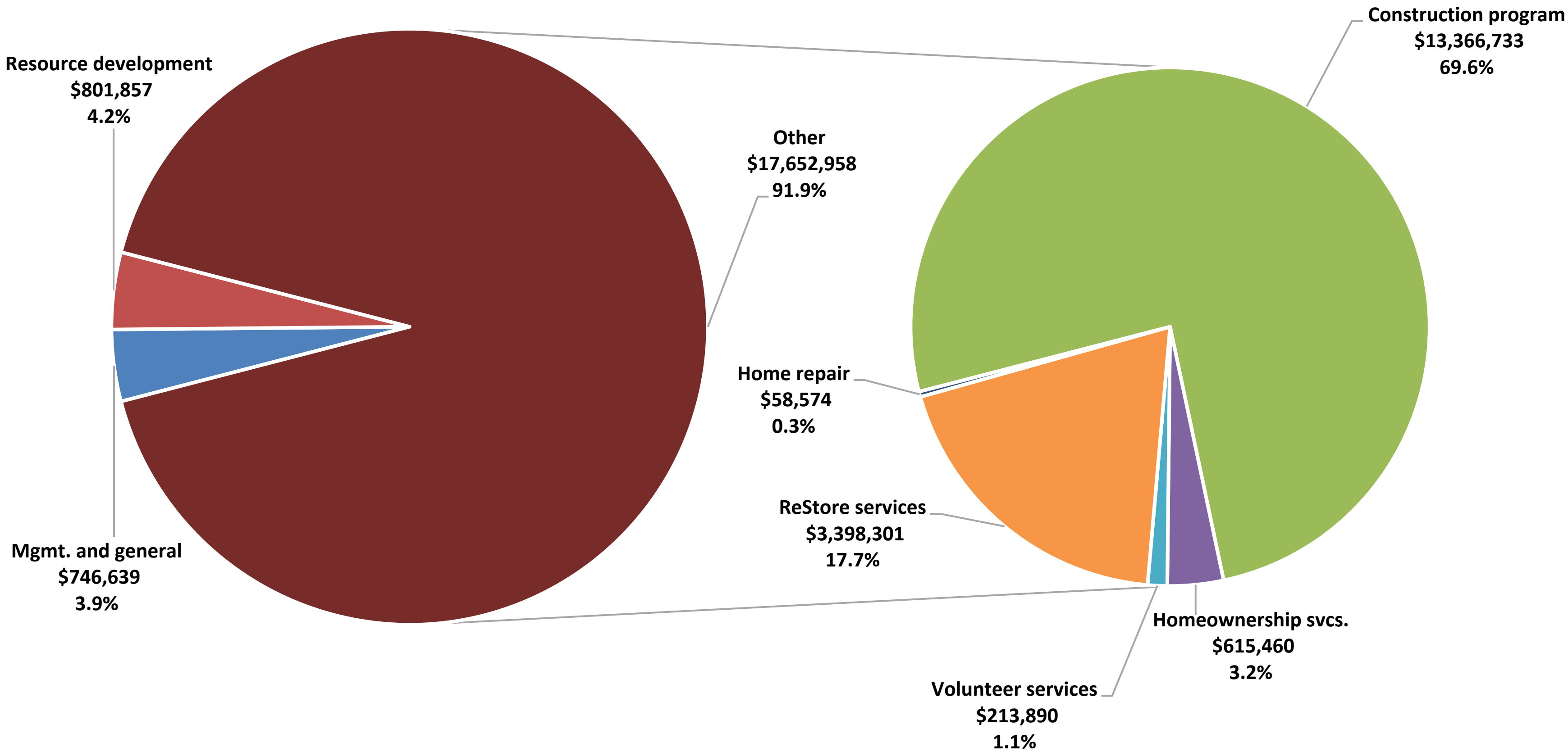
REVENUE GRAPHS - continued
Year ended December 31, 2022
See Independent Auditor's Report



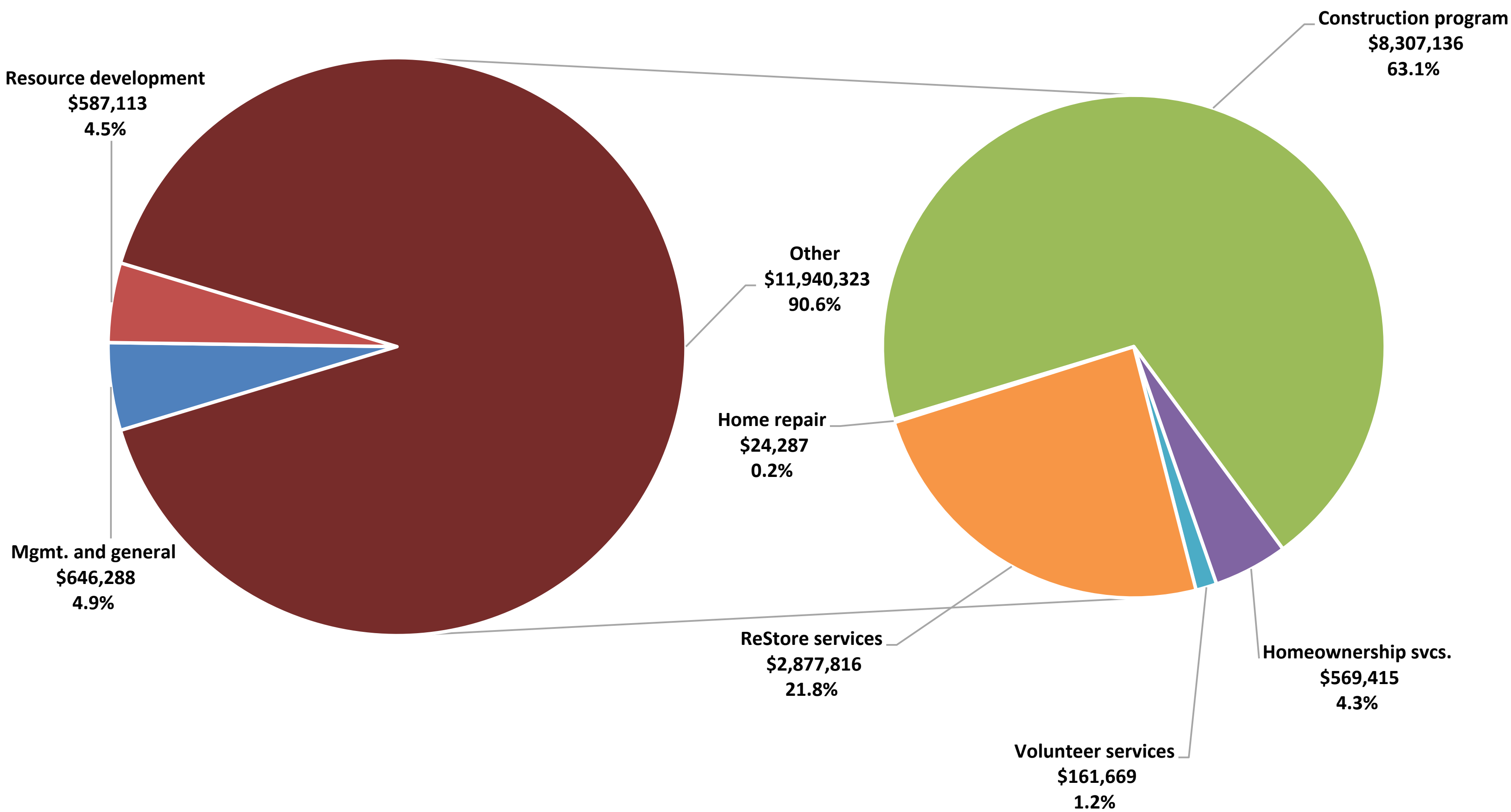
HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

EXPENSE GRAPHS

Year ended December 31, 2023
See Independent Auditor's Report



EXPENSE GRAPHS - continued
Year ended December 31, 2022
See Independent Auditor's Report



HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARY
d/b/a GREATER INDY HABITAT FOR HUMANITY

NUMBER OF HOUSES BUILT AND REHABBED (UNAUDITED)

Year ended December 31, 2023
See Independent Auditor's Report