

Project Grant Application

McKinney Community Development Corporation FY 2025

Important Information

- **Form Function Note:** To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.
- Please read the McKinney Community Development Corporation [Grant Guidelines](#) before completing this application.
- The Grant Guidelines are available on this website or by emailing Info@McKinneyCDC.org.
- A completed application and all supporting documents are required to be submitted via this application for consideration by the MCDC board.
- **Applications must be completed in full, using this electronic form, and received by MCDC by 5 p.m. on the application deadline indicated on the [Grants page](#) of this website.**
- **If you are interested in a preliminary review of your grant request or event idea, please complete and submit the online [Letter of Inquiry](#).**

Process

The McKinney Community Development Corporation Board of Directors are responsible for reviewing and voting on applications for grant funding, in accordance with requirements of the Texas Local Government Code.

- A **completed** application form must be submitted via the online form in accordance with the 2025 schedule outlined on page one.
- The application will be evaluated to determine eligibility for MCDC funding under State law.
- A minimum of two bids must be secured for the proposed work and be included with the application. (A certified estimate may be accepted with the application if the timeframe for the bid expires earlier than the timeframe for the application, presentation and decision on the funding request.)
- Once eligibility for consideration is confirmed, Applicants will be notified and placed on the meeting agenda to make a presentation to the Board. Following the presentation, Board member will have an opportunity to ask questions of the applicant. Please note: This is a formal presentation and time limits may be imposed.
- A public hearing, with notice of application and request for funding, will be published and posted in accordance with the requirements of the Open Meetings Act and the Texas Local Government Code. **The application, along with all documents/attachments will become public information once submitted to MCDC.**
- Following the public hearing, grant requests will be referred to a subcommittee of the MCDC board for evaluation and recommendation of approval or denial to the full board.
- Board action on the grant application will be scheduled for the board meeting the month following the public hearing.

Eligible Projects

Project Grants support projects eligible for consideration under Sections 501 and 505 of the Texas Local Government Code. These include the following:

- Projects Related to the creation or retention of primary jobs.
- Infrastructure improvement projects necessary to develop new or expanded business enterprises.
- Public parks and open space improvements.
- Projects related to recreational or community (city / public access) facilities.
- Professional and amateur sports and athletic facilities, including children's sports.

- Entertainment, tourist, and convention facilities
- Projects related to low-income housing (60% AMI or lower).
- Airport facilities.

Organization Information

Name	Habitat for Humanity Habitat for Humanity of Collin County
Federal Tax I.D.	75-2443511
Incorporation Date	Wednesday, August 26, 1992
Mailing Address	2060 Couch Drive McKinney, TX, 75069
Phone Number	(972) 542-5300
Email	info@habitatcctx.org
Website	www.habitatcollincounty.org
Facebook	https://www.facebook.com/habitatcollincounty
Twitter / X	https://twitter.com/HabitatCollinCo
LinkedIn	: https://www.linkedin.com/company/habitat-for-humanity-of-collin-county/

Please provide a detailed narrative about your organization including years established, mission, goals, scope of services, successes, contribution to community, etc.

Habitat for Humanity of Collin County (HFHCC) is a proud part of a global, nonprofit housing organization that operated on Christian principles. We are deeply committed to building strength, stability, and self-reliance through the power of shelter, putting God’s love into action by building homes and strengthening communities. Our vision is to eliminate substandard housing both locally and worldwide by empowering families to improve their shelter conditions and secure a better future, advocating for fair housing policies, and providing essential training.

Founded in 1992 as McKinney Habitat for Humanity, inc., our initial focus was on serving the McKinney area. Recognizing the growing needs of our community, we changed our name in 2002 to North Collin County Habitat for humanity, reflecting our expanded service area. A significant milestone was achieved in 2018 when we merged with South Collin County Habitat for Humanity, allowing us to operate as a unified affiliate under Habitat for Humanity of Collin County, broadening impact across the entire county.

Since our inception, we have successfully built over 228 homes, providing families in Collin County with the opportunity to achieve the dream of homeownership and the dignity that comes with it. Our initiatives are rooted in sustainability and community development principles, reflecting our dedication to creating long-lasting, positive change. Our work is made possible through unwavering support of community partnerships and dedicated volunteers. Together, we are building and repairing homes, fostering positive relationships, and strengthening the fabric of our community.

Our mission statement is “Seeking to put God’s love into action, Habitat for Humanity of Collin county brings people together to build homes, communities, and hope.” We provide affordable housing solutions to low- and moderate-income families, allowing them to achieve homeownership and enhance their quality of life. Addressing the critical need for safe, decent, and affordable housing in our community, we build new homes, repair existing ones, and revitalize neighborhoods. These efforts foster a sense of community and support local economic growth, ensuring our impact is meaningful and sustainable.

HFHCC relies on the generous support of volunteers, donors, and partners to bring our mission to life. By mobilizing community resources and forging strong partnerships with local businesses, government entities, and other non-profits, we create a collaborative approach to tackling housing insecurity. Our unwavering commitment to transparency, accountability, and continuous improvement ensures that we remain a trusted and effective force for positive change in Collin County.

Organization Type

Nonprofit - 501(c) (Attach a copy of IRS Determination Letter)

IRS Determination Letter for 501(c)3



25_IRS 501(c)3 Determination Letter-... .pdf

Reminder: To save your progress in the form, you must scroll to the bottom of the form and select '**Save**'. If you do not have a Jotform login, you will need to create one.

Contact Information

Representative Completing Application

Name Jim Wooldridge
Title Grant Writing Consultant
Mailing Address 12831 West Castlebar Drive
Sun City West, AZ, 85375
Phone Number (903) 258-3844
Email Address jim@wooldridgeconsulting.com

Contact for Communication Between MCDC and Organization

Name John Baublis
Title Development Manager
Mailing Address 2060 Couch Drive
McKinney, TX, 75069
Phone Number (972) 542-5300
Email Address development@habitatcctx.org

Property Owner Information (if different from Applicant)

Are you the property owner?

Yes

Reminder: To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.

Project Information

Funding - Total Amount Requested \$411,455

Are matching funds available?

Will funding be requested from any other City of McKinney entity (e.g. TIRZ Grant, City of McKinney 380, CDBG Grant)?

Have you received or will funding be requested from other organizations / foundations for this project?

Provide name of organization / foundation funding source and amount.

- Benchmark Bank-\$700,000
- Green Mountain Solar-\$75,000
- State Farm Foundation-\$39,750
- Texas Republic Bank-\$35,000
- Perot Foundation-\$115,900

These are for the total development.

Has a request for grant funding been submitted to MDCDC in the past five years?

Please list.

2018-2019 = \$149,618

2019-2020 = \$887,827

2020-2021 = \$329,947

2021-2022 = \$892,556

2022-2023 = \$714,329

Board of Directors Attachment



Copy of Board contact info 2023-202... .xlsx

Leadership Staff Attachment



Leadership Directory.pdf

Reminder: To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.

Detailed Project Information

Project / Business Name Cotton Groves

Location of Project McKinney, TX 75069

Physical Address 1104, 1108, 1112, 1116, 1120 Kings Row, McKinney, TX, 75069

Property Size (in acres) 0.2385

Collin CAD Property ID • R-12388-008-0010-1 • R-12388-008-0020-1 • R-12388-008-0030-1 • R12388-008-0040-1 • R-12388-008-0050-1

What kind of project is proposed? (Check all that apply.) Multi-phase project

Estimated Date of Project Start Date Wednesday, January 1, 2025

Estimated Date of Project Completion Date Wednesday, July 1, 2026

Project Details and Proposed Use

The Cotton Groves project in McKinney, Texas, is an innovative, affordable housing initiative focused on helping first-time homebuyers in a community marked by economic challenges. The development is a collaborative effort led by Habitat for Humanity of Collin County, the City of McKinney, its Community Development Corporation (MCDC), and many other public/private organizations. A

Situated on Kings Row Street in census tract 0309.03, the area has a poverty rate of 27.92% and a 71.62% minority population. There are 2,704 housing units, 44% owner-occupied, 48% rentals, and 8% vacant. The development will include 35 townhomes (with 6 already constructed), a 2,600 sq. ft. community center, and a playground. The community center will be a hub for social events, health clinics, and fitness programs, promoting community engagement and healthy living.

The project, for the MCDC grant award, aims to serve families with incomes below 60% of the area's Median Family Income (MFI), addressing the need for affordable housing. The townhomes will be priced at an average of \$265,000, making them accessible for families in the targeted income bracket.

The project's commitment to sustainability is unwavering. Originally designed to use shipping containers because of their eco-friendliness, the project has adapted to include traditional wood construction. This combination has reduced construction costs by approximately 23% and maintained a strong focus on sustainability, ensuring a lasting positive impact on the community and the environment.

The project has already made a significant impact. Sixteen families are on the waiting list to move into Cotton Groves, and the list will soon reopen for 13 more families. This is a testament to the project's potential not just to provide housing but to positively transform the community, instilling hope and optimism in the hearts of the residents.

This project represents a significant effort to provide affordable, sustainable housing while fostering a strong sense of community in an area that needs it.

Days / Hours of Business Operation

N/A

What is the total cost for this Project? \$7,975,000

What percentage of Project funding will be provided by the applicant? 5

Are matching funds available? No

Other Funding Sources

• Benchmark Bank-\$700,000

- Green Mountain Solar-\$75,000
- State Farm Foundation-\$39,750
- Texas Republic Bank-\$35,000
- Perot Foundation-\$115,900

These are for the total project.

Estimated Annual Taxable Sales	0
Current Appraised Value of Property	10000
Estimated Appraised Value (post-improvement)	300,000
Estimated Construction Cost for Total Project	\$7,975,000
Total Estimated Cost for Project Improvements included in grant request	\$1,237,200
Total Grant Amount Requested	\$411,455

Will the project be competitively bid?

Attach Competitive Bids for the Project 67_Bid Estimate-Budget_5401.pdf

Has a feasibility study or market analysis been completed for this proposed project?

Attach Executive Summary Executive Summary.docx

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Financial Status of Applying Organization

- Provide an overview of the organization's financial status, including the projected impact of the event(s) on the organization's mission and goals.
- Please attach your budget for the current year and audited financial statements for the preceding two years. If audited financials are not available, please indicate why and attach a copy of the 990 filed with the IRS.

Current financial report including current and previous year's profit & loss statement and balance sheet. November 2024 HFHCC Financials.pdf

Audited financials for current and previous two years (if not available, please indicate why).



FINAL Report 2023.pdf



FY22 Final Audit Report.pdf

Reason for Unavailable Audited Financials

N/A

Budget



Bid Estimate-Budget.pdf

Financial Statements



November 2024 HFHCC Financials_79....pdf

W9



Signed W-9.pdf

IRS Determination Letter (if applicable)



IRS 501(c)3 Determination Letter-HFH... .pdf

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Additional Information

Business plan including mission and goals of company / organization, target customers, staff, growth goals, products / services, location(s), etc.



Business Plan-summary.docx

Plat / map of property extending 200 feet beyond property in all directions (if applicable).



PLAT2019-0051 Habitat Bumpas Cott... .pdf

Describe planned support activities, their use, and admission fees (if applicable).

N/A

Timeline and schedule from design to completion.



Timeline.docx

Plans for future expansion / growth.

Future Plans - Cotton Groves

MCDC – Project Grant

The Cotton Groves project in McKinney, Texas is a 35-town home project. The development includes 35 townhomes, an amenity center, and playground.

The project was started in 2017 and currently has six town homes complete. A second block of five town homes is scheduled to be started in January of 2025 and should be completed within six months. The next block town homes will be started as financing becomes available. The complete project is projected to be completed by September 2028. All of our projections are dependent on obtaining funding for construction.

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Acknowledgements

If funding is approved by the MCDC board of directors, applicant will assure:

- The Project for which financial assistance is sought will be administered by or under the supervision of the applying organization.
- All funds awarded will be used exclusively for the purpose described in this application.
- Applicant owns the land, building or facility where the proposed infrastructure improvements will be made. If the Applicant does not own the land, written acknowledgement / approval from the property owner must be included with the application. The letter must document the property owner is aware of the proposed improvements and use of the property or building; and the property owner has reviewed the project plan and application, approves and supports the efforts of the Applicant.
- MCDC will be recognized as a funder of the Project. Specifics will be agreed upon by applicant and MCDC and included in an executed performance agreement.
- Individual / company representative who has signed the application is authorized to submit the application.
- Applicant will comply with the [Grant Guidelines](#) in executing the Project for which funds were awarded.
- Funded projects must be completed within one year of the date the grant is approved by the MCDC board unless an exception is granted.
- Completed project must be inspected for code compliance.
- A signed Contractor's Sworn Statement and Waiver of Lien to Date form must be completed, notarized and provided to MCDC prior to receiving grant funds.
- Property owner will be responsible for maintaining the infrastructure improvements made with funding from Grant for ten (10) years.
- A final report detailing the successful completion of the Project will be provided to MCDC no later than 30 days following completion of the Project.
- Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses.
- Up to 20% of the grant funds awarded may be withheld **until a final report on completion of the Project is provided to MCDC.**
- A performance agreement will be required that may outline requirements for acknowledging MCDC funding support for the project. Additionally, it will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

Applicant Electronic Signature

Representative Completing Application



Date Friday, December 27, 2024

Date Friday, December 27, 2024

Notes

- **Reminder:** To save your progress in the form, you must scroll to the bottom of the form and select 'Save'. If you do not have a Jotform login, you will need to create one.
- Incomplete applications or those received after the deadline will not be considered.
- A final report must be provided to MCDC within 30 days of the completion of the Project.
- Final payment of funding awarded will be made upon receipt of final report.
- Please use the [Final Report](#) to report your results. A [PDF version](#) is also available.

Established in 1992 as McKinney Habitat for Humanity, our organization has grown significantly, reflecting the expanding scope of our mission. In 2002, we rebranded as North Collin County Habitat for Humanity to better represent our service area. Following a strategic merger with South Collin County Habitat for Humanity in 2018, we now operate as a unified affiliate, demonstrating our ongoing commitment to serving the broader Collin County region. Our dedication to bringing people together to build homes, communities, and hope remains unwavering.

Over the past three decades, Habitat for Humanity of Collin County (HFHCC) has profoundly impacted the community. We have built over 220 new homes and repaired and modified more than 1,200 properties. Our Habitat Homeownership Program has enabled low-income families to achieve affordable, high-quality housing, providing stability, enhancing health, and creating wealth-building opportunities, setting them towards a brighter future.

Our comprehensive approach to community support includes a Home Repair Program designed to address critical home improvement needs. This program focuses on essential interventions such as plumbing updates, flooring replacements, and installing accessibility features like wheelchair ramps. These services improve living conditions and ensure homeowners can live safely and comfortably.

The COVID-19 pandemic presented significant challenges, including staff turnover and homeowner hesitance towards in-home projects. However, HFHCC has shown remarkable resilience and adaptability. Over the past 18 months, we have stabilized our operations and continued to deliver vital services, reaffirming our commitment to supporting the Collin County community, even in the face of adversity. Our ability to adapt and overcome these challenges underscores our unwavering dedication to our mission. Your trust and support have been instrumental in our resilience, and we are confident in our ability to overcome future challenges together.



Seeking to put God's love into action, Habitat for Humanity of Collin County brings people together to build homes, communities, and hope.

Executive Summary MCDC – Project Grant

Cotton Groves is an affordable housing community located in McKinney, Texas. It is being developed through a collaboration led by Habitat for Humanity of Collin County, the City of McKinney, its Community Development Corporation (MCDC), and various other public and private partners. The community features 35 townhomes, an Amenity Center, and a playground. The development transforms a 2.75-acre strip of land into a vibrant, affordable housing community. The community offers 3-bedroom/2-bath and 4-bedroom/2-bath units, allowing flexibility based on family size. All homeowners associated with the funding from McKinney Community Development Corporation will have incomes of 60% or less of AMI.

Each home is designed to meet energy-efficient “green home” standards, including solar panels with on-site energy storage, low-flow water fixtures, energy-efficient appliances, and electric vehicle charging outlets.

Habitat for Humanity of Collin County (HFHCC) is asking MCDC to partner with us to assist in funding five units of two-townhomes per unit. Our budget for this request is: Contingency – 50,000; Administration - \$60,000; Construction - \$301,455. The contingency figure will cover increased material costs over and above our current estimates.



Seeking to put God's love into action, Habitat for Humanity of Collin County brings people together to build homes, communities, and hope.

Timeline – Cotton Groves MCDC – Project Grant

The Cotton Groves project in McKinney, Texas, is an innovative, affordable housing townhouse initiative focused on helping first-time homebuyers in a community marked by economic challenges. The development will include 35 town homes, an amenity center, and a playground. Habitat is transforming a 2.75-acre strip of land into a 35-unit, affordable housing town-home community. The townhomes will be priced at an average of \$265,000, making them accessible for families in the targeted income bracket.

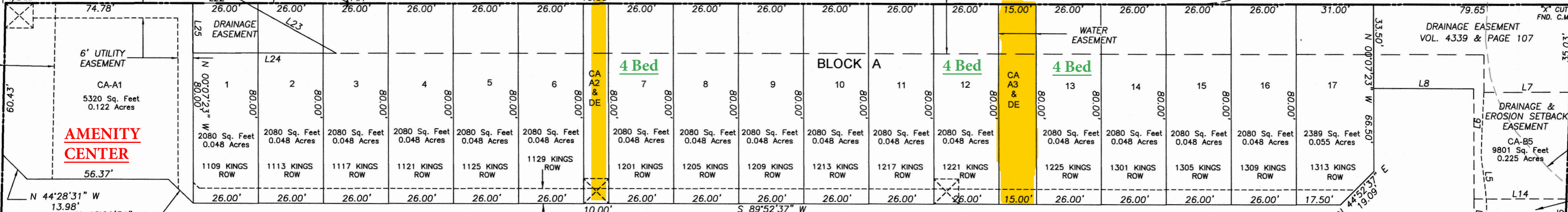
In 2017, Habitat purchased a 2.78-acre lot in East McKinney, TX. We have completed the Amenity Center, the playground, and six townhomes. The COVID outbreak and the pandemic hurt our timetable to complete the project. The ensuing inflation and rising costs have delayed our starting more townhomes. We currently are building the townhomes as funding allows. Adjusting our construction methods from steel to wood will save approximately 23 percent of the construction cost. Our current timetable is to complete the first block of five town homes by July 2025. The complete project is projected to be completed by September 2028. All of our projections are dependent on obtaining funding for construction.

POB
BENT
1/2" IRF

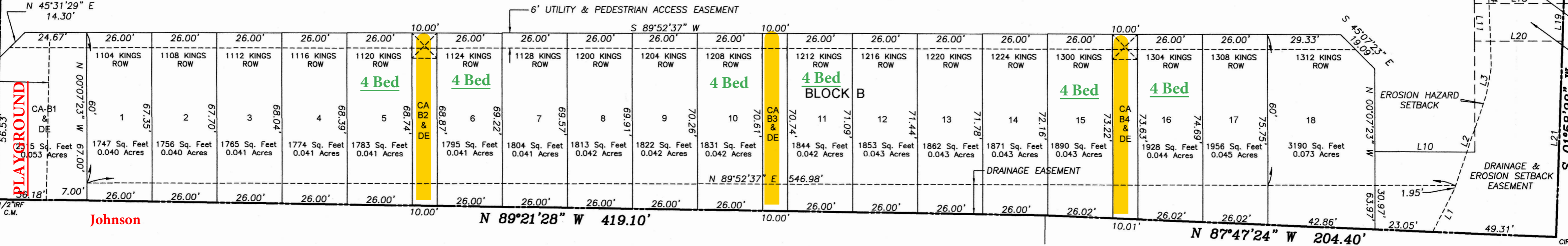
Terry
Dashield
Wilson
Barajas
Juarez
Boles
Palmore

20' DRAINAGE EASEMENT
VOL. 4339, PG. 107

POSITIVE OVERFLOW
& DRAINAGE EASEMENT



(Kings Row has been designated as a fire lane by the Fire Marshal. No parking shall be allowed on Kings Row.)



BID ESTIMATE FORM

Project	Wooden Townhomes
Address	1104 Kings Row
Address	McKinney, Tx 75069
Sq. Footage	1200

DIVISION		SCOPE OF WORK	NOTES	SUB/VENDOR	ST	QT	UNITS	UNIT COST	Addition	Subt's	TOTAL BUDGET
GENERAL CONDITIONS		\$11,623.00								11623.00	
1025	Permits & Inspections				1	LS		6143.00		6143.00	\$ 6,143.00
1100	Field Engineering & Testing				1	LS		385.00		385.00	\$ 385.00
1105	Surveying				1	LS		600.00		600.00	\$ 600.00
1330	Temporary Power				6	mth		80.00		480.00	\$ 480.00
1400	Temporary Facilities				6	mth		100.00		600.00	\$ 600.00
1405	Job Sign				1	ea		150.00		150.00	\$ 150.00
1600	Rental Equipment				0	wk		1350.00		0.00	\$ -
1615	Dumpsters				4	dump		500.00		2000.00	\$ 2,000.00
1720	Safety equipment (\$04K for the				1	LS		0.00		0.00	\$ -
1820	Final Clean-Up				1	EA		315.00		315.00	\$ 315.00
1990	Energy Star Certification				1	LS		950.00		950.00	\$ 950.00
1992	BLANK				0	LS		0.00		0.00	\$ -
DIV 2 EXISTING CONDITIONS		\$240.00								240.00	
1	Grading				1	LS		240.00		240.00	\$ 240.00
DIV 3 CONCRETE		\$16,760.00								16760.00	
3	Foundation				1	LS		12160.00	1000.00	13160.00	\$ 13,160.00
4	Flatwork (\$5 per foot)				1	LS		3600.00		3600.00	\$ 3,600.00
5	BLANK				1	LS		0.00		0.00	\$ -
DIV 4 MASONRY		\$0.00								0.00	
6	BLANK					LS		3200.00		0.00	\$ -
DIV 5 METALS		\$3,490.20								3490.20	
7	Guard Railing				1	EA		1500.00		1500.00	\$ 1,500.00
8	Stair Hand Railing				1	EA		1500.00		1500.00	\$ 1,500.00
9	Guard Railing	Railing Links		Home Depot	1	LS		490.20		490.20	\$ 490.20
DIV 6 WOOD & PLASTICS		\$47,260.53								47260.53	
58	Framing Package				1	LS		21447.20		21447.20	\$ 21,447.20
59	Framing Labor & Equipment				1	LS		25813.33		25813.33	\$ 25,813.33
62	BLANK				1	SF		0.00		0.00	\$ -
DIV 7 Moisture Pro & INSULATION		\$39,711.73								39711.73	
63	Roofing, Solar, Gutters				1	LS		24122.00		24122.00	\$ 24,122.00
64	Siding Materials				1	LS		6700.00		6700.00	\$ 6,700.00
65	Corrugated Steel				1	SF		2200.00		2200.00	\$ 2,200.00
66	BLANK				1	SF		0.00		0.00	\$ -
67	Batt Insulation				1	LS		1595.73		1595.73	\$ 1,595.73
68	Spray Foam				1	LS		3872.67		3872.67	\$ 3,872.67
69	Caulking and Sealants				1	LS		640.00		640.00	\$ 640.00
70	Mastic Membrane Doors and Windows				1	LS		581.33		581.33	\$ 581.33
71	BLANK				1	LF		0.00		0.00	\$ -
DIV 8 DOORS & WINDOWS		\$3,752.00								3752.00	
73	Windows	Window Quote		Builders First Choice	0	LS		5571.00		0.00	\$ -
	Windows	Window Links		Lowe's	1	LS		2194.00		2194.00	\$ 2,194.00
74	Doors	Door Links		Lowe's	1	LS		1338.00		1338.00	\$ 1,338.00
75	Doors	Door Quote		Builders First Choice	0	LS		2349.00		0.00	\$ -
76	Access Panels				2	EA		110.00		220.00	\$ 220.00
77	BLANK				1	LF		0.00		0.00	\$ -
DIV 9 FINISHES		\$19,180.00								19180.00	
74	FRAMING									0.00	\$ -
75	Base, Case, Sills, shelves Material				1	LS		1900.00		1900.00	\$ 1,900.00
76	Hardware				1	LS		300.00		300.00	\$ 300.00
77	Countertops				1	LS		1600.00		1600.00	\$ 1,600.00
78	BLANK				1	SF		0.00		0.00	\$ -
79	BLANK				1	EA		0.00		0.00	\$ -
90	DRYWALL									0.00	\$ -
91	Drywall Labor and Material				1	LS		11000.00		11000.00	\$ 11,000.00
92	BLANK				1	SF		0.00		0.00	\$ -
97	PAINTING									0.00	\$ -
98	Int Paint				3	5 GAL		378.00		1134.00	\$ 1,134.00
99	Ext Paint				1	5 GAL		378.00		378.00	\$ 378.00
100	Base, Case, Sills, Door, Shelves Paint				1	SF		0.00		0.00	\$ -
101	BLANK				1	SF		0.00		0.00	\$ -
108	FLOORING									0.00	\$ -
109	Vinyl Plank Material				1200	SF		2.39		2868.00	\$ 2,868.00
110	BLANK				1	SF		0.00		0.00	\$ -
DIV 10 SPECIALITIES		\$0.00								0.00	
125	BLANK				1	EA		0.00		0.00	\$ -
126	BLANK				1	EA		0.00		0.00	\$ -
DIV 11 EQUIPMENT		\$0.00								0.00	
127	BLANK				1	LS		0.00		0.00	\$ -
128	BLANK				1	LF		0.00		0.00	\$ -
DIV 12 FURNINSHINGS		\$0.00								0.00	
143	Cabinets	Quote requested 11/14/24 Matt Yager		MFS Supply	1	LS		0.00		0.00	\$ -
DIV 21 FIRE SUPPRESSION		\$10,000.00								10000.00	
144	Fire System				1	LS		10000.00		10000.00	\$ 10,000.00
145	BLANK				1	LS		0.00		0.00	\$ -



Habitat for Humanity® Collin County

Directory

Leadership Team

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Shontia Turner	214.859.8877	sturner@habitatcctx.org
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Scott Blackburn	972.327.6185	sblackburn@habitatcctx.org



MONTHLY FINANCIAL SUMMARY

For the Five Months Ended November 30, 2024

Prepared by Rebeca Richmond, YPTC

Prepared on December 17, 2024

UPDATES

Habitat for Humanity of Collin County (HFHCC) continues to follow-up with various financial institutions to gather information regarding loan requirements and interest rates as well as confirming which mortgages have been assigned under corresponding loans and lines of credit. The Board and Management will need to determine a plan for paying off loan and line of credit principal balances in order to release liens to achieve additional cash inflows.

HFHCC staff are working on adding remaining active bank accounts in the accounting system.

FINANCIAL STATEMENTS

The financial statements included in this report are **Unaudited** and for **Internal Management Review Only**. YPTC does not recommend sharing the financial statements externally until all active bank accounts are connected, all necessary financial transactions have been recorded, and all bank and balance sheet accounts have been fully reconciled. Management and YPTC are working together to complete remaining tasks.

The Executive Director informed Your Part-Time Controller (YPTC) of a loan payable which will mature in January 2024 with approximately \$66K due for the final balance payoff. YPTC has not received the loan documents but has included the estimated amount in the Rolling Cash Forecast.

RECOMMENDATIONS

Based on HFHCC's current financial position, HFHCC has less than three months' unrestricted cash reserves to cover operational expenses including payroll. The inability to release liens on properties which would otherwise sell will further affect the organization's ability to liquidate assets and cover payroll and other operating expenses in the foreseeable future.

HFHCC may need to reduce operating expenses including staff and benefit reductions in order to increase cash flow and begin prioritizing paying down vendor balances and loan principal amounts due to release liens.

ATTACHMENTS

- Statements of Financial Position
- Statements of Activities
- Rolling Cash Forecast

Habitat for Humanity Collin County

Statements of Financial Position

As of November 30, 2024 and November 30, 2023

	November 30, 2024	November 30, 2023	Variance
ASSETS			
Cash	\$ (13,960)	\$ 9,716	\$ (23,676)
Accounts Receivable	328,933	207,652	121,281
Prepaid Expenses	19,191	19,191	-
Inventory	237,718	210,498	27,220
Investment Assets	(5,873)	6,127	(12,000)
Mortgage Receivables, Net of Discount	2,209,096	2,542,655	(333,559)
Construction in Progress	2,483,565	2,211,889	271,676
Land and Lots Held for Development	1,559,361	1,318,400	240,961
Fixed Assets, Net of Accumulated Depreciation	1,901,057	2,028,154	(127,097)
TOTAL ASSETS	<u>\$ 8,719,088</u>	<u>\$ 8,554,282</u>	<u>\$ 164,806</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	\$ 140,998	\$ 238,364	\$ (97,366)
Payroll Liabilities	22,486	58,009	(35,523)
Accrued Expenses	(1,421)	(1,421)	-
Sales Tax Payable	3,852	9,091	(5,239)
ReStore Gift Cards	102,857	102,857	-
Escrow Deposits	1,335	998	337
Escrow Payable	16,414	11,709	4,705
Loans Payable	3,799,037	3,274,418	524,619
Total Liabilities	<u>4,085,558</u>	<u>3,694,025</u>	<u>391,533</u>
Net Assets			
Net Assets without Donor Restrictions	<u>4,633,530</u>	<u>4,860,257</u>	<u>(226,727)</u>
Total Net Assets	<u>4,633,530</u>	<u>4,860,257</u>	<u>(226,727)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,719,088</u>	<u>\$ 8,554,282</u>	<u>\$ 164,806</u>

Note: Account balances have not been fully reconciled and are subject to change.

Habitat for Humanity Collin County

Statements of Activities

For the Five Months Ended November 30, 2024 and November 30, 2023

	YTD ACTUALS			BUDGET COMPARATIVE		PRIOR YEAR COMPARATIVE	
	Without Donor Restrictions	With Donor Restrictions	Total	Year-to-Date	\$ Variance Favorable/ (Unfavorable)	Year-to-Date	\$ Variance Favorable/ (Unfavorable)
REVENUES							
Unrestricted Contributions	\$ 142,750	\$ -	\$ 142,750	\$ 142,750	\$ -	\$ 315,564	\$ (172,814)
Restricted Contributions	-	500	500	500	-	32,385	(31,885)
Grants Income	189,035	-	189,035	189,035	-	140,103	48,932
ReStore Income, Net	197,167	-	197,167	197,167	-	104,916	92,251
Other Income	67,642	-	67,642	67,642	-	16,168	51,474
Interest Income	580	-	580	580	-	149	431
Gain on Asset Sale	-	-	-	-	-	67,156	(67,156)
In-Kind Donations	-	-	-	-	-	-	-
Net Assets Released from Restrictions ¹	500	(500)	-	-	-	-	-
TOTAL REVENUES	597,674	-	597,674	597,674	-	676,441	(78,767)
EXPENSES							
Advertising	33,739	-	33,739	33,739	-	10,227	(23,512)
Board Related Expenses	178	-	178	178	-	176	(2)
Construction Expenses	19,723	-	19,723	19,723	-	645,013	625,290
Contract Labor	21,210	-	21,210	21,210	-	14,213	(6,997)
Depreciation Expense	46,280	-	46,280	46,280	-	58,037	11,757
Dues and Subscriptions	21,436	-	21,436	21,436	-	15,061	(6,375)
Employee Benefits	9,210	-	9,210	9,210	-	28,991	19,781
Equipment	1,365	-	1,365	1,365	-	1,050	(315)
Finance Charges and Fees	97,087	-	97,087	97,087	-	85,002	(12,085)
Food and Lodging	1,672	-	1,672	1,672	-	1,111	(561)
Health Insurance	15,318	-	15,318	15,318	-	32,724	17,406
In-Kind Expense	(59,341)	-	(59,341)	(59,341)	-	(374,439)	(315,098)
Insurance	14,881	-	14,881	14,881	-	13,109	(1,772)
Leases	4,101	-	4,101	4,101	-	2,250	(1,851)

Habitat for Humanity Collin County

Statements of Activities

For the Five Months Ended November 30, 2024 and November 30, 2023

	YTD ACTUALS			BUDGET COMPARATIVE		PRIOR YEAR COMPARATIVE	
	Without Donor Restrictions	With Donor Restrictions	Total	Year-to-Date	\$ Variance Favorable/ (Unfavorable)	Year-to-Date	\$ Variance Favorable/ (Unfavorable)
Meals	1,563	-	1,563	1,563	-	327	(1,236)
Office Supplies	5,149	-	5,149	5,149	-	2,952	(2,197)
Other Expenses	-	-	-	-	-	(433,796)	(433,796)
Payroll Taxes	37,173	-	37,173	37,173	-	36,918	(255)
Postage and Delivery	851	-	851	851	-	1,284	433
Printing and Publications	373	-	373	373	-	-	(373)
Professional Services	45,968	-	45,968	45,968	-	65,804	19,836
Program Expenses	30,102	-	30,102	30,102	-	50,939	20,837
Rent Expense	-	-	-	-	-	114,848	114,848
Repairs and Maintenance	31,697	-	31,697	31,697	-	23,263	(8,434)
Staff Appreciation	3,567	-	3,567	3,567	-	2,284	(1,283)
Staff Development	1,208	-	1,208	1,208	-	4,261	3,053
Storage	1,575	-	1,575	1,575	-	1,500	(75)
Transportation	10,749	-	10,749	10,749	-	9,978	(771)
Travel	634	-	634	634	-	(294)	(928)
Unemployment Taxes	1,050	-	1,050	1,050	-	2,825	1,775
Uniforms Expense	91	-	91	91	-	-	(91)
Utilities	41,738	-	41,738	41,738	-	62,122	20,384
Vehicle Costs	9,102	-	9,102	9,102	-	6,822	(2,280)
Wages	486,326	-	486,326	486,326	-	465,149	(21,177)
Workers Compensation	8,439	-	8,439	8,439	-	11,638	3,199
TOTAL EXPENSES	<u>944,214</u>	<u>-</u>	<u>944,214</u>	<u>944,214</u>	<u>-</u>	<u>961,349</u>	<u>17,135</u>
NET OPERATING INCOME/(LOSS)	<u>(346,540)</u>	<u>-</u>	<u>(346,540)</u>	<u>(346,540)</u>	<u>-</u>	<u>(284,908)</u>	<u>(61,632)</u>
CHANGE IN NET ASSETS	\$ (346,540)	\$ -	(346,540)			\$ (284,908)	
Net Assets, Beginning	<u>4,980,070</u>	<u>-</u>	<u>4,980,070</u>			<u>5,145,165</u>	
Net Assets, Ending	<u>\$ 4,633,530</u>	<u>\$ -</u>	<u>4,633,530</u>			<u>\$ 4,860,257</u>	

Note 1: YPTC estimated the release of \$500 in restricted contributions through October 2024.

Habitat for Humanity Collin County

ROLLING CASH FORECAST

For the Fiscal Year Ending June 30, 2024

YTD ACTUALS

	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>	<u>Total</u>
REVENUES									
Unrestricted Contributions	\$ 142,750	\$ 36,000	\$ 38,500	\$ 35,000	\$ 27,500	\$ 23,000	\$ 26,500	\$ 23,000	\$ 352,250
Restricted Contributions	500	-	-	-	-	-	-	-	500
Grants Income	189,035	97,029	91,600	41,735	23,575	-	-	-	442,974
ReStore Income, Net	197,167	65,000	65,000	65,000	65,000	65,000	65,000	65,000	652,167
Other Income	67,642	1,300	1,300	1,300	1,300	1,300	1,300	1,300	76,742
Interest Income	580	500	500	500	500	500	500	500	4,080
In-Kind Donations	-	10,000	4,000	10,500	9,500	16,500	10,000	-	60,500
TOTAL REVENUES	597,674	209,829	200,900	154,035	127,375	106,300	103,300	89,800	1,589,213
EXPENSES									
Advertising	\$ 33,739	15,850	2,350	1,850	2,350	1,850	2,350	1,850	\$ 62,189
Board Related Expenses	178	100	100	100	500	100	100	100	1,278
Construction Expenses	19,723	57,274	107,636	11,500	10,200	10,000	10,200	10,000	236,533
Contract Labor	21,210	1,500	1,500	1,500	1,500	1,500	1,500	1,500	31,710
Depreciation Expense	46,280	11,570	11,570	11,570	11,570	11,570	11,570	11,570	127,270
Dues and Subscriptions	21,436	500	500	500	500	500	500	500	24,936
Employee Benefits	9,210	920	920	920	920	920	920	920	15,650
Equipment	1,365	-	-	-	-	-	-	-	1,365
Finance Charges and Fees	97,087	6,400	6,400	6,400	6,400	6,400	6,400	6,400	141,887
Food and Lodging	1,672	-	500	-	-	-	-	-	2,172
Health Insurance	15,318	7,659	7,659	7,659	7,659	7,659	7,659	7,659	68,931
In-Kind Expense	(59,341)	-	-	-	-	-	-	-	(59,341)
Insurance	14,881	14,880	-	-	-	14,880	-	-	44,641
Leases	4,101	798	798	798	798	798	798	798	9,687
Meals	1,563	-	500	-	-	-	-	-	2,063
Office Supplies	5,149	515	515	515	515	515	515	515	8,754
Payroll Taxes	37,173	8,206	8,206	8,206	8,206	8,206	8,206	8,206	94,615
Postage and Delivery	851	200	200	200	200	200	200	200	2,251
Printing and Publications	373	-	1,000	-	1,000	-	1,000	-	3,373
Professional Services	45,968	7,377	5,377	10,477	3,377	3,377	3,377	3,377	82,707
Program Expenses	30,102	55,360	53,735	13,420	10,475	-	-	-	163,092

Habitat for Humanity Collin County

ROLLING CASH FORECAST

For the Fiscal Year Ending June 30, 2024

YTD ACTUALS

	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>	<u>Total</u>
Repairs and Maintenance	31,697	3,500	3,500	3,500	3,500	3,500	3,500	3,500	56,197
Staff Appreciation	3,567	1,000	500	500	500	500	500	500	7,567
Staff Development	1,208	-	-	500	-	-	500	-	2,208
Storage	1,575	325	325	325	325	325	325	325	3,850
Transportation	10,749	-	-	-	-	-	-	-	10,749
Travel	634	50	500	50	-	50	-	50	1,334
Unemployment Taxes	1,050	300	300	300	300	300	300	300	3,150
Uniforms Expense	91	-	-	-	-	-	-	-	91
Utilities	41,738	5,400	5,400	5,400	5,400	5,400	5,400	5,400	79,538
Vehicle Costs	9,102	3,210	9,973	3,210	3,210	9,973	3,210	3,210	45,098
Wages	486,326	104,000	104,000	104,000	104,000	104,000	104,000	104,000	1,214,326
Workers Compensation	8,439	1,685	1,685	1,685	1,685	1,685	1,685	1,685	20,234
TOTAL EXPENSES	944,214	308,579	335,649	195,085	185,090	194,208	174,715	172,565	\$ 2,510,105
CHANGE IN NET ASSETS	\$ (346,540)	\$ (98,750)	\$ (134,749)	\$ (41,050)	\$ (57,715)	\$ (87,908)	\$ (71,415)	\$ (82,765)	\$ (920,892)
CASH FLOW ADJUSTMENTS									
Depreciation	46,280	11,570	11,570	11,570	11,570	11,570	11,570	11,570	127,270
Endowment Fund Proceeds	87,000	-	-	-	-	-	-	-	87,000
Change in Accounts Receivable	(80,856)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(150,856)
Change in Inventory, Land and Lots, ReStore	(239,348)	(10,000)	(4,000)	(10,500)	(9,500)	(16,500)	(10,000)	-	(299,848)
Construction in Progress Costs	(191,216)	-	-	-	-	-	-	-	(191,216)
Change in Mortgage Receivables	77,340	(30,000)	180,000	(30,000)	(30,000)	50,000	(30,000)	(300,000)	(112,660)
Change in Accounts Payable	(38,961)	(1,000)	(66,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(110,961)
Fixed Asset Purchases or Repairs	46,280	-	-	-	-	-	-	-	46,280
Change in Payroll Liabilities	(28,342)	-	-	-	-	-	-	-	(28,342)
Change in Sales Tax Payable	5,650	5,000	(10,000)	5,000	5,000	(10,000)	5,000	5,000	10,650
Change in Escrow Deposits	887	-	-	-	-	-	-	-	887
Change in Notes Payable	249,276	-	-	-	-	-	-	-	249,276
NET CASH FLOW ADJUSTMENTS	(66,011)	(34,430)	101,570	(34,930)	(33,930)	24,070	(34,430)	(294,430)	(372,521)
CHANGE IN CASH	(412,551)	(133,180)	(33,179)	(75,980)	(91,645)	(63,838)	(105,845)	(377,195)	(1,293,413)

**HABITAT FOR HUMANITY
OF COLLIN COUNTY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

WITH INDEPENDENT AUDITOR'S REPORT

HABITAT FOR HUMANITY OF COLLIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Habitat for Humanity of Collin County

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Habitat for Humanity of Collin County, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Habitat for Humanity of Collin County as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston

NEW MEXICO | Albuquerque

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 Habitat for Humanity of Collin County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Collin County'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 the Habitat for Humanity of Collin County's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 27, 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 financial statements from which it has been derived.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2024

FINANCIAL STATEMENTS

HABITAT FOR HUMANITY OF COLLIN COUNTY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,207	\$ 353,006
Restricted cash	6,190	171,870
Contributions receivable	87,639	105,039
Inventory - ReStore	222,233	202,382
Inventory - land held for development	1,352,643	657,868
Non-interest bearing mortgages receivable, current portion	403,957	410,905
TDHCA Boot Strap agency receivables, current portion	140,317	144,534
Due from ReStore	42,396	24,912
Prepaid expenses	14,230	14,780
Other receivables	<u>42,203</u>	<u>40,781</u>
Total current assets	<u>2,327,015</u>	<u>2,126,077</u>
LONG-TERM ASSETS		
Property and equipment (net)	2,086,189	1,204,632
Contributions receivable	40,000	28,840
Non-interest bearing mortgages receivable, long-term portion	5,533,731	5,906,110
TDHCA Boot Strap agency receivables, long-term portion	2,002,214	2,125,429
HBA agency receivable	8,023	10,099
Discount on non-interest bearing mortgage	(3,571,730)	(3,787,006)
Construction in progress	<u>2,562,036</u>	<u>2,755,385</u>
Total long-term assets	<u>8,660,463</u>	<u>8,243,489</u>
Total assets	<u>\$ 10,987,478</u>	<u>\$ 10,369,566</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 604,412	\$ 232,001
Escrow-mortgage holders	12,398	174,050
Due to TDHCA Boot Strap, current portion	140,317	144,534
Line of credit	508,600	415,675
Notes payable, current portion (net of discount)	<u>1,103,233</u>	<u>537,284</u>
Total current liabilities	<u>2,368,960</u>	<u>1,503,544</u>
LONG-TERM LIABILITIES		
Due to TDHCA Bootstrap, long-term portion	2,053,835	2,120,247
Due to HBA	145	895
Notes payable, long-term portion (net of discount)	<u>1,419,363</u>	<u>1,596,845</u>
Total long-term liabilities	<u>3,473,343</u>	<u>3,717,987</u>
Total liabilities	<u>5,842,303</u>	<u>5,221,531</u>
NET ASSETS		
Without donor restriction	5,017,473	4,859,606
With donor restriction	<u>127,702</u>	<u>288,429</u>
Total net assets	<u>5,145,175</u>	<u>5,148,035</u>
Total liabilities and net assets	<u>\$ 10,987,478</u>	<u>\$ 10,369,566</u>

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

HABITAT FOR HUMANITY OF COLLIN COUNTY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Without donor restriction	With donor restriction	2023 Total	2022 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE AND OTHER SUPPORT				
Grants	\$ 714,329	\$ 302,101	\$ 1,016,430	\$ 1,184,890
Contributions	472,425	171,808	644,233	653,399
Contributions - non cash	21,431	-	21,431	35,099
Donated materials	971,929	-	971,929	1,107,738
Discount amortization	250,422	-	250,422	355,199
Transfers to homeowners	122,715	-	122,715	391,600
ReStore sales	1,574,250	-	1,574,250	1,551,614
Miscellaneous	102,024	-	102,024	55,160
Interest income	1,225	-	1,225	356
Net assets released from restrictions	<u>634,636</u>	<u>(634,636)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>4,865,386</u>	<u>(160,727)</u>	<u>4,704,659</u>	<u>5,335,055</u>
EXPENSES				
Home ownership program	1,406,382	-	1,406,382	1,569,798
ReStore program	2,624,283	-	2,624,283	2,686,118
Fundraising	273,333	-	273,333	272,364
Management and administrative	<u>403,521</u>	<u>-</u>	<u>403,521</u>	<u>342,732</u>
Total expenses	<u>4,707,519</u>	<u>-</u>	<u>4,707,519</u>	<u>4,871,012</u>
OTHER INCOME/(EXPENSES)				
Gain on disposition of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,748</u>
CHANGE IN NET ASSETS	157,867	(160,727)	(2,860)	566,791
NET ASSETS, BEGINNING OF YEAR	4,859,606	288,429	5,148,035	4,882,707
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>(301,463)</u>
NET ASSETS, END OF YEAR	<u>\$ 5,017,473</u>	<u>\$ 127,702</u>	<u>\$ 5,145,175</u>	<u>\$ 5,148,035</u>

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

HABITAT FOR HUMANITY OF COLLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Support Services		Total
	Home Ownership	ReStore	Fundraising	Management and Administrative	2023
Bad debt expense	\$ 654	\$ -		\$ -	\$ 654
Bank charges	-	-	-	3,255	3,255
Conference, convention, meetings	1,184	930	1,370	714	4,198
Consulting	-	-	-	78,977	78,977
Contract labor	-	-	5,040	1,500	6,540
Credit card fees	-	33,439	3,575	984	37,998
Depreciation expense	40,201	65,256	-	5,947	111,404
Dues and subscriptions	5,222	5,333	11,523	11,745	33,823
Equipment lease	1,409	2,325	831	1,084	5,649
Fleet Expense	15,540	33,522	485	228	49,775
Insurance	23,148	47,336	2,714	2,714	75,912
Interest expense	1,413	-	2,775	47,813	52,001
Materials and supplies	188,495	1,215,365	-	-	1,403,860
Miscellaneous	-	-	-	2,155	2,155
Mortgage discount	35,143	-	-	-	35,143
Office expenses	5,862	15,283	2,391	6,402	29,938
Postage	452	423	730	1,991	3,596
Printing, promotions, and advertising	5,486	38,874	22,740	389	67,489
Professional fees	4,920	5,535	-	1,845	12,300
Program expenses	417,616	-	-	-	417,616
Rent - warehouse/Plano ReStore/storage	-	261,071	-	-	261,071
Repairs & Maintenance	7,948	26,755	2,408	2,408	39,519
Salaries and benefits	607,207	750,490	211,317	224,107	1,793,121
Telephone	4,987	7,549	1,717	5,630	19,883
HfH International tithe/SOSI fee	26,000	-	-	-	26,000
Travel	969	2,669	804	720	5,162
Utilities	12,526	112,128	2,913	2,913	130,480
Total expenses	\$ 1,406,382	\$ 2,624,283	\$ 273,333	\$ 403,521	\$ 4,707,519

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

HABITAT FOR HUMANITY OF COLLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services		Support Services		Total 2022
	Home Ownership	ReStore	Fundraising	Management and Administrative	
Bank charges	\$ -	\$ -	\$ -	\$ 2,831	\$ 2,831
Conference, convention, meetings	2,917	1,565	2,462	1,471	8,415
Consulting	5,229	-	-	18,914	24,143
Contract labor	1,740	-	-	20,952	22,692
Credit card fees	1,024	30,658	5,212	1,246	38,140
Depreciation expense	12,683	66,223	-	6,541	85,447
Dues and subscriptions	8,776	3,935	7,919	8,655	29,285
Equipment lease	1,509	2,454	907	1,213	6,083
Fleet Expense	31,664	43,020	113	720	75,517
Insurance	20,412	36,618	2,457	2,456	61,943
Interest expense	838	-	-	38,868	39,706
Materials and supplies	412,398	1,319,113	-	-	1,731,511
Miscellaneous	-	-	-	989	989
Mortgage discount	178,063	-	-	-	178,063
Office expenses	4,718	23,351	1,316	8,482	37,867
Postage	536	414	3,058	2,801	6,809
Printing, promotions, and advertising	5,580	40,055	25,500	136	71,271
Professional fees	4,720	5,310	-	1,770	11,800
Program expenses	234,252	-	-	-	234,252
Rent - warehouse/Plano ReStore/storage	-	238,571	-	-	238,571
Repairs and maintenance	3,402	41,219	4,918	4,916	54,455
Salaries and benefits	570,669	712,149	214,860	208,016	1,705,694
Telephone	6,240	13,062	859	6,554	26,715
HfH International tithe/SOSI fee	50,000	-	-	-	50,000
Travel	1,961	498	509	2,927	5,895
Utilities	10,467	107,903	2,274	2,274	122,918
Total expenses	\$ 1,569,798	\$ 2,686,118	\$ 272,364	\$ 342,732	\$ 4,871,012

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

HABITAT FOR HUMANITY OF COLLIN COUNTY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(2,860)	\$ 566,791
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	111,404	85,447
Discount amortization-mortgages	(250,422)	(355,199)
Transfer to homeowners	(110,651)	(383,500)
Gain on the disposal of assets	-	(102,748)
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	(694,775)	112,392
(Increase) decrease in inventories - (resale)	(19,851)	6,598
(Increase) decrease in contributions receivable	6,240	61,430
(Increase) decrease in agency receivable	58,129	(5,352)
(Increase) decrease in other receivables	(18,356)	44,546
(Increase) decrease in homes under construction	193,349	(1,132,864)
Increase (decrease) in accounts payable and accrued expenses	<u>210,759</u>	<u>70,338</u>
Net cash used by operating activities	<u>(517,034)</u>	<u>(1,032,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds/purchases of land, building and equipment	(992,961)	87,007
Net loan proceeds/payments	481,392	292,530
Mortgage payments received	<u>525,110</u>	<u>916,059</u>
Net cash provided by investing activities	<u>13,541</u>	<u>1,295,596</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(503,493)	263,475
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>524,876</u>	<u>261,401</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 21,383</u>	<u>\$ 524,876</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Issuance of non-interest bearing mortgage loans	\$ 110,651	\$ 383,500
Discount on non-interest bearing mortgages loans	(35,143)	(178,063)
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 75,508</u>	<u>\$ 205,437</u>
Cash paid for interest	<u>\$ 52,001</u>	<u>\$ 39,706</u>

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

HABITAT FOR HUMANITY OF COLLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

1. ORGANIZATION

Habitat for Humanity of Collin County, Inc., (the "Habitat") is a not-for-profit interdenominational organization whose purpose is to encourage, promote and assist in the building and rehabilitation of housing for ownership by low-income persons in the Collin County area of north Texas. The Habitat is an affiliate of Habitat for Humanity International, Inc., located in Americus, Georgia.

Effective July 1, 2018, North Collin County Habitat for Humanity and South Collin County Habitat for Humanity merged to form Habitat for Humanity of Collin County.

The Habitat is a privately operated and financed program that transfers such housing to low-income persons at cost after completion of construction, utilizing non-interest-bearing notes. The Habitat expects to continue to finance its operations through continuing contributions and mortgage receipts.

The Habitat's program services includes the home construction program and the ReStore program (a retail operation) that sells usable materials donated by retail businesses, construction companies, contractors, and the general public at below cost prices. The proceeds from the ReStore fund the Habitat's community programs.

The Habitat is a nonprofit organization, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes and has been classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(A)(VI).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

Net assets, revenues, gains and losses are classified on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Such net assets are available for any purpose consistent with the Habitat's mission. Designations of net assets by the governing board do not have the same legal requirements as do restrictions of funds and are included in this category.

Net Assets With Donor Restrictions – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Habitat and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Habitat considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2023 and 2022.

Restricted Cash

As of June 30, 2023, restricted cash of \$6,190 consisted of \$63 restricted by donors for future builds and \$6,127 designated by the Board of Directors for purposes of renovations and reserves. As of June 30, 2022, restricted cash of \$171,870 consisted of \$163,709 restricted by donors for future builds and youth projects and \$8,161 designated by the Board of Directors for purposes of renovations and reserves.

Contributions Receivable

Contributions, including unconditional promises to give, are recognized when made or received. All contributions are reported as increases in net assets without donor restriction unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restriction, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as with donor restriction until the payment is due.

Mortgages Receivable

Mortgages receivables consist of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The mortgages have an original maturity of 20 - 30 years. These mortgages have been discounted at various rates ranging from 7.23% to 8.78% based on the prevailing market rates at the inception of the mortgages. Interest income (amortization of the discount) is recorded using the straight-line method over the lives of the mortgages.

Property and Equipment

Fixed asset acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight-line method. Leasehold improvements are amortized over the life of the lease or asset, whichever is shorter. This amortization expense is reported as a part of occupancy cost.

Construction in Progress

Construction in progress is recorded at cost and includes all direct material, labor and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs. Land costs included in construction-in-progress are stated at the lower of cost or fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities as program services.

Support

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Grants, gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Donations of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. In the absence of explicit donor stipulations about how long-lived assets must be maintained, Habitat reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

ReStore revenue is recognized when the donated goods are sold. ReStore expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Habitat's significant estimates include the useful lives of property and equipment, the market value of donated inventory, and the amortization of discounts on mortgage loans based on the estimated life of the notes as a method that approximates the effective interest rates.

Income Taxes

The Habitat has been granted exemptions from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2023 and 2022, the Habitat collected unrelated business taxable income ("UBTI") and has prepared a Form 990-T to pay the related tax. However, no provision for income taxes is reflected in the financial statements.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Habitat may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Habitat and various positions related to the potential sources of UBTI. There were no unrecognized tax benefits identified or recorded as assets or liabilities for fiscal year 2023 and 2022.

The Habitat files its forms 990 and 990-T in the U.S. federal jurisdiction required and is generally no longer subject to examination by the Internal Revenue Service three years after filing.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Habitat.

Donated Services

A substantial number of volunteers have made significant contributions of their time to the Habitat's program and supporting services. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Transfer or Sale to Homeowners

Transfers to homeowners are recorded at the gross mortgage. The mortgages do not bear interest, but have been discounted based upon applicable rates of interest published by Habitat for Humanity International, Inc. Using the interest method of amortization, these discounts will be recognized as mortgage loan amortization over the term of the mortgages.

Home Construction Costs

Costs incurred in conjunction with home construction are capitalized. Construction costs are expensed during the year a home is sold and included in program services.

Compensated Absences

Employees of the Habitat are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors. The accrued paid time off is included in salaries and wages expense. Employees earn paid time off according to a set schedule based on length of service, and a maximum of 40 hours can be carried over to the next anniversary year. However, the employee handbook states that whether the employee can receive the cash value of unused hours earned is up to the Habitat's discretion determined upon a variety of factors such as employee's departure, how much notice is given of the departure and any other considerations the Habitat deems significant. Given these facts, the Habitat has elected to accrue \$33,472 and \$16,904 for the years ended June 30, 2023 and 2022, respectively, to estimate for potential payouts.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the respective assets, ranging from five to fifteen years.

	<u>2023</u>	<u>2022</u>
Land	\$ 253,847	\$ 253,847
Buildings	2,347,492	1,373,421
Equipment	59,981	51,257
ReStore equipment	322,188	312,022
Leasehold improvements	83,196	83,196
Vehicles	<u>192,172</u>	<u>192,172</u>
	3,258,876	2,265,915
Less accumulated depreciation	<u>(1,172,687)</u>	<u>(1,061,283)</u>
Total property and equipment, net depreciation	<u>\$ 2,086,189</u>	<u>\$ 1,204,632</u>

Depreciation expense for the years ended June 30, 2023, and 2022 was \$111,404 and \$85,447, respectively.

4. CONSTRUCTION IN PROGRESS

Real estate costs, building materials and contract labor are recorded at cost when incurred. The administrative costs of developing projects are allocated to the respective projects. Construction in progress consists of the following:

	June 30, 2023		June 30, 2022	
	Homes	Cost	Homes	Cost
Homes under construction at beginning of year	9	\$ 2,755,385	4	\$ 1,622,520
Additional cost incurred during the year	-	833,663	-	1,117,135
New homes started during the year	2	163,987	7	421,919
Items transferred to assets	(2)	(993,313)	-	-
Homes transferred during the year	<u>(1)</u>	<u>(197,686)</u>	<u>(2)</u>	<u>(406,189)</u>
Homes under construction at year-end	<u>8</u>	<u>\$ 2,562,036</u>	<u>9</u>	<u>\$ 2,755,385</u>

5. INVENTORIES

Land held for development consists of home lots to be developed and costs incurred in conjunction with home construction. They are capitalized until the completion of each home. Home lot inventory was \$1,352,643 and \$657,868 as of June 30, 2023, and 2022, respectively.

Inventory for the ReStore consists of items for resale which have been purchased by Habitat. All purchased inventory is valued at the lower of cost or market. The balance of inventory totaled \$222,233 and \$202,382 as of June 30, 2023, and 2022, respectively. Donated inventory for sale in the ReStore is no longer recorded in the financial statements, as most items become obsolete or resale for minimal profit.

6. SALES TO HOMEOWNERS

During the year ended June 30, 2023, two homes were sold to qualifying applicants. The resulting mortgages are non-interest bearing and the presentation of their book value has been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages. The discount rate for the year ended June 30, 2023, was 7.85%, and the discounts totaled \$35,143.

During the year ended June 30, 2022, two homes were sold to qualifying applicants. The resulting mortgages are non-interest bearing and the presentation of their book value has been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages. The discount rate for the year ended June 30, 2022, was 7.49%, and the discounts totaled \$176,787.

7. MORTGAGES RECEIVABLE

The Habitat finances all the homes that are sold. Each mortgage is issued as a zero-interest mortgage to the buyer. The Habitat discounts the mortgages using the current interest rates at the time the home is sold. The discount is amortized using the effective interest method. Mortgages receivable as of June 30, 2023, are as follows:

	2023	2022
Mortgages receivable (at face value)	\$ 5,937,688	\$ 6,317,015
Unamortized discount on mortgages	<u>(3,571,730)</u>	<u>(3,787,006)</u>
Mortgages receivable, net of discount	<u>\$ 2,365,958</u>	<u>\$ 2,530,009</u>

Future collections, net of discount, on these mortgages will be received over the next five years as follows:

2024	\$	401,886
2025		401,886
2026		401,886
2027		401,886
2028		401,886
Thereafter		<u>356,528</u>
Total	\$	<u>2,365,958</u>

Mortgages are considered delinquent when the monthly mortgage payment is at least 31 days past due. As of June 30, 2023, thirteen mortgages totaling \$69,504 were past due. The Habitat is in the process of making arrangements with the individual homeowners to bring their balance to current. All balances are believed to be collectible, and no allowance has been recognized.

Some of the homeowners who have mortgages with the Habitat have entered into a secondary loan agreement with the Texas Department of Housing and Community Affairs ("TDHCA") Texas Boot Strap Loan Program. The Habitat continues to collect and manage these mortgages, and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and normally do not have any effect on the change in net assets. As of June 30, 2023, and 2022, the balance in the agency receivables are \$2,142,531 and \$2,269,963 and agency payables account are \$2,194,152 and \$2,264,781, respectively. Typically, the balance of the agency receivable equals the balance of the agency payable. However, during the 2023 fiscal year, May and June payments received were sent to TDHCA after June 30, 2023, and one homeowner paid off the loan and the balance had not yet been sent to TDHCA. While the Habitat has reduced the outstanding receivable from the homeowners, Habitat is still liable to TDHCA for the balance due to them from the homeowner.

During fiscal year 2012, three homeowners, and fiscal year 2013, one homeowner, also entered into secondary agreements with the Texas Department of Housing and Community Affairs Homebuyer Assistance Program. Similar as to their agreement with the TDHCA Texas Boot Strap Loan Program, Habitat continues to collect and manage these mortgages and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and do not have any effect on the change in net assets. As of June 30, 2023, and 2022, the balances of the agency receivable were \$8,023 and \$10,099 and payable were \$145 and \$895, respectively.

8. LONG-TERM DEBT

Long-term debt, net of discounts, consists of the following notes as of June 30, 2023:

	<u>2023</u>	<u>2022</u>
Notes payable to banks through the Texas Department of Housing and Community Affairs (TDHCA) in the original amounts of \$3,062,438 as of June 30, 2023 bearing interest ranging from 0% to 4.00%, discount calculated based on an imputed interest rate ranging between 7.38% and 8.48%, the rate provided annually by Habitat for Humanity International, resulting in a discount of \$598,793, as of June 30, 2023. The Habitat remits monthly payments of \$10,702, and the loans mature October 2023 through December 2045.	\$ 1,356,210	\$ 1,485,072
Line of credit to Legacy Texas Bank in the amount of \$200,000 due January 18, 2024; interest rate of Prime plus 1.0%	197,312	73,872
Line of credit to North Dallas Bank & Trust in the amount of \$501,000 due April 16, 2024; interest rate of 4.0%	215,781	299,164
Line of credit with Independent Bank in the amount of \$100,000 due January 23, 2024; interest rate of 4.0%	95,507	42,639
Construction loan with Texas Bank in the amount of \$100,000 due on October 30, 2023; interest rate at 0%	85,613	46,633
Construction loan with Benchmark Bank in the amount of \$1,120,000 due on June 25, 2024; interest rate at 0%	838,695	311,853
HMS Flexcap note payable with Habitat for Humanity International due December 31, 2027; interest rate of 3.75%	<u>242,078</u>	<u>290,571</u>
Total outstanding balance	3,031,196	2,549,804
Less current installments	<u>(1,611,833)</u>	<u>(952,959)</u>
Total long-term debt	<u>\$ 1,419,363</u>	<u>\$ 1,596,845</u>

The maturities of long-term debt by fiscal year are as follows:

2024	\$ 1,611,833
2025	177,066
2026	171,366
2027	166,354
2028	127,613
Thereafter	<u>776,964</u>
Total	<u>\$ 3,031,196</u>

9. IN-KIND CONTRIBUTIONS

The Habitat receives in-kind contributions of land, materials and services used in the construction of its homes. The contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Habitat's capitalization policy. The total amount for in-kind contributions for the years ending June 30, 2023, and 2022 were \$21,431 and \$35,099, respectively.

The Habitat also received furniture, household items and constructional materials used in home construction and repair for sale in the ReStore. All donations are valued at the estimated fair market value on the date the donation is made.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consisted of the following:

	<u>2023</u>	<u>2022</u>
Temporarily restricted		
Net assets with donor restriction	\$ <u>127,702</u>	\$ <u>288,429</u>

11. COMMITMENTS AND CONTINGENCIES

In addition to the non-interest-bearing mortgages received from the sale of each home, the Habitat receives a shared appreciation agreement. The shared appreciation agreement allows the Habitat to collect the lowest independent appraised value as an additional amount upon the sale or refinance within 20 years of the original sale contract. The shared appreciation agreement payoff is considered less than probable or remote and therefore no receivable has been recorded in the financial statements.

12. CONCENTRATION OF CREDIT RISK

The Habitat maintains its cash and cash equivalents balances in local financial institutions. All accounts for a single depositor are insured by the Federal Deposits Insurance Corporation up to \$250,000. As of June 30, 2023, and 2022, and at various times during the year, the Habitat maintained cash balances at financial institutions in excess of the federally insured limits. Given the economic environment and risks in the banking industry, there is the risk that these deposits may not be readily available or covered by insurance.

The Habitat’s programs are concentrated in Collin County. The Habitat receives donations, home sales and collection of mortgage receivables in this area. Changes in economic conditions may impact the Habitat.

The Habitat’s purpose is to provide housing for low-income homeowners. As such, it is likely that the mortgage holders would be unable to qualify for a mortgage from a traditional financial institution. This poses an inherent risk to the Habitat that the mortgages receivable will be partially uncollectible. To mitigate the risk of overstating the ability of the Habitat to fully collect the mortgages, the notes receivable have been discounted using the prevailing market rate for low-income housing at the inception of the note. Additionally, all notes receivable are collateralized by the real estate associated with the mortgage.

13. REVENUE RECOGNITION

The Habitat earns revenue from a variety of sources. The Habitat’s principal sources of revenue are grants, contributions, ReStore sales and sales to homeowners, as discussed above in note 2.

Sales to homeowners and ReStore sales are exchange transactions within the scope of and accounted for under Accounting Standards Codification (“ASC”) 606. ASC 606 requires revenue to be recognized when the Habitat satisfies the related performance obligations by transferring a good or service to a customer through a 5-step process:

- 1) Identify the contract with the customer,
- 2) Identify the associated performance obligations,
- 3) Determine the transaction price,
- 4) Allocate the transaction price to the performance obligations, and
- 5) Recognize revenue when the performance obligations have been satisfied and the good or service has been transferred..

Sales to homeowners satisfy performance obligations at a point in time, on the date when the sale formally closes. ReStore sales also satisfy performance obligations at a point in time when control of the goods transfers to the customer at the point-of-sale.

Contributions and the composition of grants received by the Habitat are not exchange transactions and therefore, fall outside the scope of ASC 606. These revenue streams are recognized in accordance with ASC 958, Not-for-profit Entities.

14. ADVERTISING

The Habitat uses advertising to promote its programs. Advertising expenses are expensed as incurred. For the years ended June 30, 2023, and 2022, advertising expenses were \$67,489 and \$71,271, respectively.

15. TRANSACTIONS WITH HABITAT INTERNATIONAL

The Habitat annually remits 10% of its unrestricted contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2023, and 2022, Habitat contributed \$1,000 and \$25,000, respectively, to Habitat International. In addition to these unrestricted contributions to Habitat International, Habitat also paid a support fee in the amount of \$25,000 and \$25,000 for the years ended June 30, 2023, and 2022, respectively. Habitat also has one loan with Habitat International as referenced in Note 8.

16. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Habitat's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Cash & cash equivalents	\$ 15,207	\$ 353,006
Restricted cash	6,190	171,870
Due from ReStore	42,396	24,912
Mortgages receivable, current portion	403,957	410,905
Contributions receivable	127,639	133,879
Other Receivables	<u>42,203</u>	<u>40,781</u>
Financial assets, at year-end	<u>637,592</u>	<u>1,135,353</u>
Less:		
Assets with donor restrictions	127,702	288,429
Assets with board designations	<u>6,190</u>	<u>8,161</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 503,700</u>	<u>\$ 838,763</u>

17. RELATED PARTIES

In the normal course of business, the Habitat has business dealings with individuals who are associated with the Habitat. In the opinion of management, all business dealings are conducted in an arm's length manner.

18. PRIOR PERIOD ADJUSTMENT

The June 30, 2021 net assets for the Habitat were decreased by \$301,463 in order to write off the estimated amounts of donated inventory for resale in the ReStore.

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2024, the issuance date of the report. No subsequent events requiring disclosure were noted.

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We build strength, stability, self-reliance and shelter.

May 22, 2018

Habitat for Humanity of Collin County
2060 Couch Drive
McKinney, TX 75070-0153

**RE: Verification of Tax Exempt Status Habitat for Humanity of Collin County;
EIN: 75-2443511**

Dear Affiliate:

This letter confirms that the Affiliate listed above is a subordinate under the group tax exemption of Habitat for Humanity International, Inc. ("HFHI"), and therefore the Affiliate is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The IRS has assigned group exempt number ("GEN") 8545 to HFHI for all its designated affiliates. Please provide this GEN to prospective donors, foundations and other grant organizations when requested, and note that it is also required on certain IRS forms.

Please be aware that when donors search the IRS database, they will see only HFHI's name associated with the number.

This letter shall serve as proof of your affiliate's inclusion under HFHI's group exemption bearing GEN 8545. Thus, please provide a copy of this letter, as well as the enclosed copy of HFHI's tax exempt determination letter, demonstrating HFHI's tax exempt status and group exemption, to any donor requesting proof of your affiliate's tax exempt status.

Thank you for your continued great work supporting Habitat's mission. If you need additional copies of this letter or have additional questions, please contact the Affiliate Support Center.

In partnership,

A handwritten signature in black ink, appearing to read "Aaron Lewis".

Aaron Lewis
Assistant Secretary and Deputy General Counsel

Enclosure

Internal Revenue Service
P. O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: February 23, 2018

Person to Contact: #0196814

Ms. Benjamin

Employer Identification Number:

91-1914868

Group Exemption Number:

8545

HABITAT FOR HUMANITY INTERNATIONAL INC.
HABITAT FOR HUMANITY INTRNL PARENT
% MICHAEL E CARSCADDON
270 PEACHTREE ST NW STE 1300
ATLANTA, GA 30303

Dear Sir or Madam:

This is in response to your request dated January 10, 2018 for information about your tax-exempt status.

Our records indicate we issued a determination letter to you in January 1987, and that you're currently exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also recognized the subordinates on the list you submitted as exempt from federal income tax under IRC Section 501(c)(3).

For federal income tax purposes, donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106 and 2522.

Because IRC Section 170(c) describes your subordinate organizations, donors can deduct contributions they make to them.

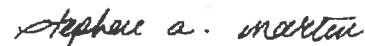
Please refer to www.irs.gov/charities for information about filing requirements. Specifically, IRC Section 6033(j) provides that, if you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

In addition, each subordinate organization is subject to automatic revocation if it doesn't file a required return or notice for three consecutive years. Subordinate organizations can file required returns or notices individually or as part of a group return.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676)

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

Sincerely yours,



Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

