

**Habitat for Humanity Greater San
Francisco, Inc. and Subsidiary**

Consolidated Financial Statements
and Single Audit Reports and Schedules

June 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of Habitat for Humanity Greater San Francisco, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity Greater San Francisco, Inc. and Subsidiary as of June 30, 2024 and 2023, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity Greater San Francisco, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity Greater San Francisco, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity Greater San Francisco, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity Greater San Francisco, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Armanino^{LLP}
San Jose, California

November 21, 2024

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,438,365	\$ 15,999,398
Restricted cash	5,209,031	10,040
Accounts receivable	73,500	69,701
Current portion of grants and contributions receivable, net	2,560,660	97,855
Current portion of mortgage notes receivable	1,354,792	1,166,463
Inventory of homes	1,489,959	674,758
Prepaid expenses and other current assets	169,376	121,238
Total current assets	23,295,683	18,139,453
Property and equipment, net	154,756	232,851
Other assets		
Grants and contributions receivable, net of current portion	326,209	-
Mortgage notes receivable, net of current portion and unamortized discount	9,831,699	8,377,608
Construction in progress	8,852,304	12,614,309
Deposits	34,375	34,375
Operating lease right-of-use assets	5,622,810	6,359,676
Total other assets	24,667,397	27,385,968
Total assets	\$ 48,117,836	\$ 45,758,272

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable, operating	\$ 218,859	\$ 107,111
Accounts payable, construction	549,942	612,960
Accrued liabilities	649,689	737,155
Unearned revenue	5,000	50,520
Current portion of notes payable	379,856	318,764
Current portion of operating lease liabilities	<u>711,083</u>	<u>664,460</u>
Total current liabilities	<u>2,514,429</u>	<u>2,490,970</u>
Long-term liabilities		
Notes payable, net of current portion and unamortized discount	7,428,427	7,054,117
Refundable advances - governmental grants	2,097,696	-
Operating lease liabilities, net of current	<u>5,149,264</u>	<u>5,860,345</u>
Total long-term liabilities	<u>14,675,387</u>	<u>12,914,462</u>
Total liabilities	<u>17,189,816</u>	<u>15,405,432</u>
Net assets		
Without donor restrictions		
Undesignated	13,524,661	20,467,678
Board designated operating reserve	<u>5,456,746</u>	<u>4,089,495</u>
Total without donor restrictions	18,981,407	24,557,173
With donor restrictions	<u>11,946,613</u>	<u>5,795,667</u>
Total net assets	<u>30,928,020</u>	<u>30,352,840</u>
Total liabilities and net assets	<u>\$ 48,117,836</u>	<u>\$ 45,758,272</u>

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues, and gains			
Support			
Grants and contributions	\$ 4,536,113	\$ 7,110,833	\$ 11,646,946
Special events	531,805	-	531,805
Contribution from discount on note payable issued (Note 9)	-	1,656,992	1,656,992
In-kind contributions	<u>185,700</u>	<u>5,000,000</u>	<u>5,185,700</u>
Total support	5,253,618	13,767,825	19,021,443
Mortgage discount amortization	584,483	-	584,483
Sale of homes	8,671,812	-	8,671,812
Other income	338,134	-	338,134
Net assets released from restriction	<u>7,616,879</u>	<u>(7,616,879)</u>	<u>-</u>
Total support, revenues, and gains	<u>22,464,926</u>	<u>6,150,946</u>	<u>28,615,872</u>
Functional expenses			
Program services			
Housing Development	17,897,224	-	17,897,224
Homeowner Development, Volunteers, Home Preservation	<u>5,007,275</u>	<u>-</u>	<u>5,007,275</u>
Total program services	<u>22,904,499</u>	<u>-</u>	<u>22,904,499</u>
Support services			
General and administrative	2,880,102	-	2,880,102
Fundraising	<u>2,256,091</u>	<u>-</u>	<u>2,256,091</u>
Total support services	<u>5,136,193</u>	<u>-</u>	<u>5,136,193</u>
Total functional expenses	<u>28,040,692</u>	<u>-</u>	<u>28,040,692</u>
Change in net assets	(5,575,766)	6,150,946	575,180
Net assets, beginning of year	<u>24,557,173</u>	<u>5,795,667</u>	<u>30,352,840</u>
Net assets, end of year	<u>\$ 18,981,407</u>	<u>\$ 11,946,613</u>	<u>\$ 30,928,020</u>

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Support			
Grants and contributions	\$ 2,294,372	\$ 5,120,785	\$ 7,415,157
Contribution revenue - Paycheck Protection Program	1,022,053	-	1,022,053
Special events	481,141	-	481,141
Contribution from discount on note payable issued	-	2,148,690	2,148,690
In-kind contributions	<u>206,763</u>	<u>154,142</u>	<u>360,905</u>
Total support	4,004,329	7,423,617	11,427,946
Mortgage discount amortization	594,109	-	594,109
Sale of homes	13,207,162	-	13,207,162
Gain on sale of mortgage notes receivable	1,930,330	-	1,930,330
Other income	93,151	-	93,151
Net assets released from restriction	<u>5,125,271</u>	<u>(5,125,271)</u>	<u>-</u>
Total revenues, gains, and other support	<u>24,954,352</u>	<u>2,298,346</u>	<u>27,252,698</u>
Functional expenses			
Program services			
Housing Development	23,130,999	-	23,130,999
Homeowner Development, Volunteers, Home Preservation	<u>3,285,007</u>	<u>-</u>	<u>3,285,007</u>
Total program services	<u>26,416,006</u>	<u>-</u>	<u>26,416,006</u>
Support services			
General and administrative	3,057,444	-	3,057,444
Fundraising	<u>2,269,618</u>	<u>-</u>	<u>2,269,618</u>
Total support services	<u>5,327,062</u>	<u>-</u>	<u>5,327,062</u>
Total functional expenses	<u>31,743,068</u>	<u>-</u>	<u>31,743,068</u>
Change in net assets	(6,788,716)	2,298,346	(4,490,370)
Net assets, beginning of year	<u>31,345,889</u>	<u>3,497,321</u>	<u>34,843,210</u>
Net assets, end of year	<u>\$ 24,557,173</u>	<u>\$ 5,795,667</u>	<u>\$ 30,352,840</u>

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Housing Development	Homeowner Development, Volunteers, Home Preservation	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Direct housing expenses							
Cost of sales - homes	\$ 12,688,913	\$ -	\$ 12,688,913	\$ -	\$ -	\$ -	\$ 12,688,913
Total direct housing expenses	<u>12,688,913</u>	<u>-</u>	<u>12,688,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,688,913</u>
Salaries and benefits							
Salaries and wages	1,229,244	2,303,557	3,532,801	1,486,293	1,124,939	2,611,232	6,144,033
Employee benefits	138,285	287,916	426,201	195,127	100,959	296,086	722,287
Payroll taxes	89,336	178,583	267,919	106,611	83,144	189,755	457,674
Workers' compensation insurance	13,019	43,974	56,993	5,284	4,452	9,736	66,729
Total salaries and benefits	<u>1,469,884</u>	<u>2,814,030</u>	<u>4,283,914</u>	<u>1,793,315</u>	<u>1,313,494</u>	<u>3,106,809</u>	<u>7,390,723</u>
Discount on mortgage issued	2,914,875	-	2,914,875	-	-	-	2,914,875
Professional services	52,292	312,727	365,019	464,261	234,491	698,752	1,063,771
Rent	233,520	280,494	514,014	190,365	131,792	322,157	836,171
Home Preservation project expenses	-	1,346,155	1,346,155	-	-	-	1,346,155
Interest	133,493	-	133,493	32,673	-	32,673	166,166
Tithe	225,000	-	225,000	-	-	-	225,000
Communications	47,758	56,231	103,989	81,026	39,387	120,413	224,402
Computer software/hardware	22,975	57,807	80,782	61,375	37,698	99,073	179,855
Bank fees	8,250	28,024	36,274	13,246	106,831	120,077	156,351
Office expenses	31,980	39,438	71,418	44,763	16,491	61,254	132,672
Fundraising	-	1,525	1,525	359	214,541	214,900	216,425
Postage and printing	1,260	14,600	15,860	3,483	104,627	108,110	123,970
Depreciation	-	-	-	85,489	-	85,489	85,489
Insurance	18,674	16,982	35,656	22,717	8,690	31,407	67,063
Travel and training	5,410	15,323	20,733	23,932	1,684	25,616	46,349
Miscellaneous construction project expenses	41,006	1,492	42,498	-	167	167	42,665
Taxes and licenses	(6,244)	9,618	3,374	9,814	5,469	15,283	18,657
Marketing	-	-	-	42,624	13,940	56,564	56,564
Employee engagement	1,873	1,170	3,043	8,332	953	9,285	12,328
Equipment rental and maintenance	6,305	2,777	9,082	2,328	1,612	3,940	13,022
Promotions and supplies	-	8,882	8,882	-	24,224	24,224	33,106
	<u>\$ 17,897,224</u>	<u>\$ 5,007,275</u>	<u>\$ 22,904,499</u>	<u>\$ 2,880,102</u>	<u>\$ 2,256,091</u>	<u>\$ 5,136,193</u>	<u>\$ 28,040,692</u>

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

	Housing Development	Homeowner Development, Volunteers, Home Preservation	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Personnel expenses							
Cost of sales - homes	\$ 15,604,379	\$ -	\$ 15,604,379	\$ -	\$ -	\$ -	\$ 15,604,379
Salaries and wages	1,210,518	1,788,021	2,998,539	1,704,864	1,216,140	2,921,004	5,919,543
Employee benefits	125,244	192,803	318,047	208,129	115,276	323,405	641,452
Payroll taxes	87,610	135,146	222,756	122,126	89,797	211,923	434,679
Workers' compensation insurance	8,872	19,568	28,440	6,120	4,651	10,771	39,211
Total personnel expenses	<u>17,036,623</u>	<u>2,135,538</u>	<u>19,172,161</u>	<u>2,041,239</u>	<u>1,425,864</u>	<u>3,467,103</u>	<u>22,639,264</u>
Discount on mortgage issued	4,863,797	-	4,863,797	-	-	-	4,863,797
Professional services	225,175	364,699	589,874	234,108	263,654	497,762	1,087,636
Rent	293,180	249,891	543,071	300,788	153,946	454,734	997,805
Home Preservation project expenses	-	349,219	349,219	-	-	-	349,219
Interest	250,678	-	250,678	51,228	-	51,228	301,906
Tithe	225,000	-	225,000	-	-	-	225,000
Communications	44,908	30,548	75,456	70,456	27,537	97,993	173,449
Computer software/hardware	20,651	44,608	65,259	56,603	39,404	96,007	161,266
Bank fees	3,926	27,797	31,723	12,579	106,889	119,468	151,191
Office expenses	40,629	29,700	70,329	62,833	16,333	79,166	149,495
Fundraising	-	-	-	5,975	113,979	119,954	119,954
Postage and printing	1,404	10,538	11,942	5,709	93,047	98,756	110,698
Depreciation	-	-	-	96,844	-	96,844	96,844
Insurance	39,032	12,480	51,512	33,103	11,003	44,106	95,618
Travel and training	19,876	18,248	38,124	47,289	9,518	56,807	94,931
Miscellaneous construction project expenses	53,632	-	53,632	-	-	-	53,632
Taxes and licenses	5,707	7,843	13,550	13,134	5,708	18,842	32,392
Marketing	-	190	190	17,804	-	17,804	17,994
Employee engagement	1,646	1,099	2,745	7,497	2,459	9,956	12,701
Equipment rental and maintenance	5,065	1,283	6,348	115	86	201	6,549
Promotions and supplies	70	1,326	1,396	140	191	331	1,727
	<u>\$ 23,130,999</u>	<u>\$ 3,285,007</u>	<u>\$ 26,416,006</u>	<u>\$ 3,057,444</u>	<u>\$ 2,269,618</u>	<u>\$ 5,327,062</u>	<u>\$ 31,743,068</u>

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 575,180	\$ (4,490,370)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	85,489	96,844
Amortization of operating leases right-of-use asset	736,866	710,472
Home sales revenue through issuance of home mortgage notes	(5,259,608)	(10,517,659)
Home sales revenue through refundable advances reconveyed to homebuyer mortgages fund	(2,923,204)	-
Home sales revenue through reconveyed notes payable	(489,000)	(2,689,503)
Amortization of mortgage notes receivable discount	(584,483)	(594,109)
Discount on mortgage notes issued	2,914,875	4,863,797
Contribution from discount on note payable issued	(1,656,992)	(2,148,690)
Amortization of notes payable discount	136,374	258,500
Donated land	(5,000,000)	-
Changes in operating assets and liabilities		
Accounts receivable	(3,799)	562,981
Grants and contributions receivable, net	(2,789,014)	253,595
Inventory of homes	(815,201)	(400,800)
Construction in progress	8,698,987	9,520,258
Prepaid expenses and other current assets	(48,138)	(54,319)
Deposits	-	(11,706)
Accounts payable	111,748	(13,346)
Accrued liabilities	(87,466)	95,728
Unearned revenue	(45,520)	1,050
Refundable advances	2,097,696	-
Refundable advances - Paycheck Protection Program	-	(1,004,064)
Operating lease liabilities	(664,458)	(596,987)
Net cash used in operating activities	(5,009,668)	(6,158,328)
Cash flows from investing activities		
Purchase of property and equipment	(7,394)	(99,243)
Payments received on mortgage notes receivable	1,286,796	1,224,716
Proceeds from mortgage notes receivable sold	-	3,910,603
Net cash provided by investing activities	1,279,402	5,036,076
Cash flows from financing activities		
Refundable advances converted to home sale revenue	2,923,204	-
Payments on notes payable	(637,891)	(612,709)
Proceeds from notes payable	3,082,911	5,265,240
Net cash provided by financing activities	5,368,224	4,652,531
Net increase in cash	1,637,958	3,530,279
Cash, cash equivalents and restricted cash, beginning of year	16,009,438	12,479,159
Cash, cash equivalents and restricted cash, end of year	\$ 17,647,396	\$ 16,009,438

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 12,438,365	\$ 15,999,398
Restricted cash	5,209,031	10,040
	\$ 17,647,396	\$ 16,009,438

Supplemental schedule of noncash investing and financing activities

Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ -	\$ 7,070,149
Construction in progress acquired by short-term liabilities	\$ 549,942	\$ 612,960

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

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

1. ORGANIZATION

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary (the "Organization" or "Habitat"), is a nonprofit public benefit corporation incorporated in California in 1988 (originally as Peninsula Habitat for Humanity). Effective August 1, 2008, Habitat for Humanity San Francisco merged into Peninsula Habitat for Humanity and the combined entity was named Habitat for Humanity Greater San Francisco, Inc. The new Organization serves San Francisco, San Mateo, and Marin Counties. The Organization is affiliated with Habitat for Humanity International, Inc.

HFHGSF Funding Company, LLC (the "Company"), a limited liability company incorporated in California in July 2019, is a wholly-owned subsidiary of the Organization. The Company acquired from the Organization all of its rights, title and interest in 9 mortgage notes in May 2019, 15 mortgage notes in August 2020, 20 mortgage notes in December 2021, 3 mortgage notes in May 2022, 7 mortgage notes in March 2023, and 7 mortgage notes in June 2024. The Company pledged these mortgage notes as collateral to secure 6 notes payable to the Northern Trust Company (see Note 9).

The Organization partners with working families and the community to develop affordable homes for first-time home ownership. The Organization builds homes by engaging volunteers to work alongside carefully selected candidate families. The candidate families invest up to approximately 500 hours of "sweat equity" in the home in lieu of a down payment. The Organization provides financing for the homes at zero percent interest.

The following is a brief description of the Organization's program services:

Housing development

Land acquisition - Fosters relationships with Marin, San Francisco and San Mateo Counties and their municipalities; locates and acquires land for home construction; obtains funding from multiple affordable housing sources.

Construction - Builds and rehabilitates homes; trains, organizes, and supervises on-site volunteers.

Tithe - Contributes a portion of undesignated donated funds annually to Habitat for Humanity International, Inc. for the construction of homes outside the United States.

Programs

Homeowner development - Selects, qualifies, and mentors candidate families, and provides them financial and home ownership education; manages long-term homeowner relationships.

Volunteer services - Recruits, trains, schedules, and supports volunteers for work at the construction sites, Home Preservation projects, in the office, and on committees.

Home Preservation ("HP") - Delivers critical home repairs and provides zero-to-low interest rate home repair loans to improve health, safety, and well-being of residents in San Francisco, Menlo Park, East Palo Alto, Daly City, and the County of Marin.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") on an accrual basis. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The Organization reports its financial position and operating activities in two classes of net assets:

Net assets without donor restrictions - include those assets that are not subject to donor-imposed restrictions and can be used for the general operations of the Organization. The Board of Directors has discretionary control in carrying out the operations of the Organization.

Net assets with donor restrictions - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no net assets restricted in perpetuity as of June 30, 2024 and 2023.

Basis of consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary - HFHGSF Funding Company, LLC. All significant intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

New accounting pronouncement

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* (Topic 326). This ASU introduces a new credit loss methodology, Current Expected Credit Losses ("CECL"), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncement (continued)

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Cash and cash equivalents

Cash and cash equivalents include investments with an original maturity of three months or less and exclude donor-restricted receipts and amounts designated for long-term purposes. The Organization considers all highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, such as Treasury bills, as cash equivalents.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Restricted cash

Restricted cash consists of cash held for the Home Repair program and for mortgage assistance grants for future homeowners.

Fair value measurements

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

Inventory of homes

The Organization classifies inventory as the following: completed new construction homes; homes purchased for resale program in which rehabilitation is substantially complete; and Habitat built homes that are bought back from the homeowner (resale homes). Completed new construction homes and purchased or repurchased homes are stated at the lower of cost or market using the specific identification method. Habitat resale homes are stated at repurchase cost (the original sales price plus appreciation).

Property and equipment

Furniture, equipment, leasehold improvements, and vehicles are carried at cost or, if donated, at their fair value at the date of donation. The Organization capitalizes all acquisitions of property and equipment in excess of \$3,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to ten years.

Impairment of long-lived assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the years ended June 30, 2024 and 2023, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Construction in progress

Construction in progress is stated at the lower of cost or market using the specific identification method. Construction in progress consists of new home building projects under construction, purchased or repurchased homes undergoing rehabilitation, pre-development costs of future projects, and personnel costs (see Note 7).

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage notes receivable

The Organization records home sale mortgages at the gross amount of payments to be received over the lives of the mortgages. The mortgage notes receivable bear no interest and, accordingly, the notes are discounted to reflect imputed interest over the lives of the mortgages. The discount rates used to impute interest are based on the Freddie Mac 30-year fixed-rate mortgage rates for the years ended June 30, 2024 and 2023. Prior to July 1, 2018, the rates were based on estimated interest rates by Habitat for Humanity International.

Mortgage notes receivable are reported net of unamortized discount. Prior to July 1, 2018, the amortization was calculated using the effective interest method; from July 1, 2018, forward, the straight-line method was used. Management estimates that the difference between amortization calculated using the straight-line method and amortization calculated using the effective interest method is not material. Discount amortization is recognized as revenue on the consolidated statement of activities.

The Organization estimates an allowance for credit losses for uncollectible mortgage notes receivable. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. Management does not believe an allowance for credit losses is necessary because the mortgage notes receivable are secured by the properties.

CalHome deferred loans

On February 28, 2022, the Organization entered into an agreement with California Department of Housing and Community Development ("HCD"), through its CalHome program, to provide Owner-Occupied Rehabilitation Assistance ("OOR") to San Francisco homeowners which consist of 0% interest, 30-year deferred loans to households at or below 80 percent of AMI or at or below 120 percent of AMI for households who were victims of disaster in return for home repairs performed by the organization. The 0% interest, 30-year deferred loan requires no periodic interest payment and the unpaid principal balance is due 30 years from the date of the note.

Per Accounting Standards Codification ("ASC") 450-30, Contingencies, "a contingency that might result in a gain usually should not be reflected in the financial statements because to do so might be to recognize revenue before its realization." Since a note receivable payment to be received 30 years from the date of the note is highly uncertain, management decides to adopt the conservative approach of ASC 450 to record the home repair revenue and associated notes receivable in the 30th year when principal is due or the year when cash payment is first received, whichever date is earlier.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CalHome deferred loans (continued)

Although the Organization has not recorded home repair revenue and associated notes receivable in its financial statements, the Organization tracks all such notes receivable via a third-party loan servicer. As of June 30, 2024, these 0% interest, 30-year deferred loans have a total unpaid principal balance of \$651,063.

Grants and contributions receivable

Grants and contributions receivable that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contributions income.

The Organization evaluates grants and contributions receivable for collectability based upon economic situation, historical collection information and any relevant factors. For the year ended June 30, 2023, the Organization reviewed the balance of each grant and contribution receivable, and reserved \$3,898. No allowance for doubtful accounts was considered necessary for the year ended June 30, 2024 because the Organization believed all grants and contributions receivable to be fully collectible.

Grants and contributions

Grants and contributions are recorded at their fair value and are recognized as revenue when the donor makes an unconditional promise to give to the Organization. Donor-restricted grants and contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction. Net assets released from restriction represent the satisfaction of donor restrictions or the passage of time. Contributions restricted for the purchased of long-lived assets, are reported as without donor restriction when the assets are placed in services, unless continuing use restrictions apply.

Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend are substantially met.

Amounts received prior to incurring qualifying expenditures are recorded as deferred revenue or refundable advance in the consolidated statement of financial position.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions

The Organization records various types of in-kind contributions, including professional services, materials and properties. Contributed services and materials are recorded at fair value. The Organization also receives donated services that do not require specific expertise, but which are nonetheless central to the Organization's operations, which are not reflected in the consolidated financial statements. Brochures, items for silent auctions at events, or other program-related resources may also be considered a contribution if there is a direct connection to the project or event being funded.

Home sales

Home sales revenue is recognized when home is sold. At the time of the home sale, certain government refundable advances are transferred to the buyers and forgiven over varying time periods. The Organization recognizes the revenue from the sale of homes upon the transfer of these liabilities to the homeowners.

Discount on notes payable

U.S. GAAP requires that notes payable bearing no interest are discounted to reflect imputed interest over the lives of the loan if the financial statement impact is material. The Organization records the discount as a contribution in the consolidated statement of activities when the notes are issued. The unamortized discount is recorded against the balance of notes payable and amortized in the term of the notes. Notes payable to governmental entities are exempt from the imputed interest requirement.

Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses (included as "Marketing" in the accompanying consolidated statement of functional expenses) for the years ended June 30, 2024 and 2023, were \$56,564 and \$17,994, respectively.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the statement of financial position.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize ROU and lease liabilities for short-term leases instead of recording them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited based on a time study analysis and other reasonable methods.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from state income tax under Section 23701d of the California Revenue and Taxation Code.

No income tax provision has been included in the consolidated financial statements for HFHGSF Funding Company, LLC which is generally considered disregarded entities. The income and loss of this company is included in the tax returns of the Organization. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the consolidated financial statements.

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain reclassifications have been made to the financial statements for the year ended July 1, 2023 for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent events

The Organization has evaluated subsequent events through November 21, 2024, the date the financial statements were available to be issued. See Note 19 for subsequent events that have a material impact on the presentation of the Organization's consolidated financial statements.

3. MORTGAGE NOTES RECEIVABLE

As of June 30, 2024, the Organization holds 130 mortgage notes receivable, totaling \$23,955,762 at gross value with maturities of 77 to 480 months. The notes are non-interest bearing mortgages, payable in equal monthly installments, and are secured by deeds of trust on the properties. According to an agreement with Habitat for Humanity International, Inc., the majority of the collections on these notes receivable is to be used to construct additional homes. New notes were discounted at a rate of 6.86% for mortgages issued during the year ended June 30, 2024, and at a rate of 6.71% for mortgages issued during the year ended June 30, 2023 and using the straight-line method to amortize unamortized discount over the lives of the mortgages. Mortgages are reported net of unamortized discount.

Principal payments due on mortgage notes receivable are as follows:

<u>Year ending June 30,</u>	
2025	\$ 1,354,792
2026	1,307,618
2027	1,283,273
2028	1,230,288
2029	1,174,391
Thereafter	<u>17,605,400</u>
	23,955,762
Less: unamortized discount	<u>(12,769,271)</u>
Net present value of mortgage notes	11,186,491
Less current portion	<u>(1,354,792)</u>
	<u><u>\$ 9,831,699</u></u>

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following:

	2024	2023
Receivable in less than one year	\$ 2,560,660	\$ 110,000
Receivable in one to five years	<u>400,000</u>	<u>-</u>
	<u>2,960,660</u>	<u>110,000</u>
Less discounts to net present value (see Note 2)	(73,791)	(8,247)
Less allowance for doubtful accounts	<u>-</u>	<u>(3,898)</u>
	<u>(73,791)</u>	<u>(12,145)</u>
Less current portion	<u>(2,560,660)</u>	<u>(97,855)</u>
	<u>\$ 326,209</u>	<u>\$ -</u>

5. INVENTORY OF HOMES

Inventory of homes consisted of the following:

	2024	2023
Newly constructed homes	\$ 1,181,612	\$ 186,847
Home repurchased from Habitat homeowners	<u>308,347</u>	<u>487,911</u>
	<u>\$ 1,489,959</u>	<u>\$ 674,758</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023
Furniture and equipment	\$ 347,343	\$ 339,949
Vehicles	49,741	49,741
Leasehold improvements	<u>134,164</u>	<u>134,164</u>
	531,248	523,854
Accumulated depreciation	<u>(376,492)</u>	<u>(291,003)</u>
	<u>\$ 154,756</u>	<u>\$ 232,851</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$85,489 and \$96,844, respectively.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

7. CONSTRUCTION IN PROGRESS

Construction in progress consisted of the following:

	2024	2023
Pre-development		
Novato (80 homes)	\$ 8,283,327	\$ 3,045,341
Redwood City (33 homes)	533,362	526,801
Menlo Park (18 homes)	17,177	656
Bolinas (eight homes)	18,438	-
	8,852,304	3,572,798
 New construction		
Redwood City: Jefferson Avenue (one home in 2023)	-	818,046
San Francisco: Amber Drive (eight homes)	-	8,223,465
	-	9,041,511
	<u>\$ 8,852,304</u>	<u>\$ 12,614,309</u>

8. LINES OF CREDIT

In July 2019, the Organization entered into a revolving line of credit agreement (loan #110274) with the Bank of San Francisco ("Bank"). The line of credit is for a maximum amount of \$2,000,000 and is secured by the Organization's assets. In July 2021, the Organization renewed the line of credit agreement with the Bank, and the maturity date was extended to July 25, 2023, with an interest rate of 3.25%. Interest accrues monthly at an annual variable rate. Interest is due monthly on the fifteenth calendar day of the following month. Any unpaid interest will be added to principal amount due. On October 2, 2023, the Organization renewed the line of credit agreement and the maturity was extended to July 25, 2025, with an interest rate of 8.5%. There were no amounts outstanding on this line of credit as of June 30, 2024 and 2023.

In July 2019, the Organization entered into a non-revolving line of credit agreement (loan #120429) with the Bank. The line of credit is for a maximum amount of \$3,000,000 and is secured by the Organization's assets. In July 2021, the Organization renewed the line of credit agreement with the Bank, and the maturity date was extended to April 25, 2026, with an interest rate of 5.5%. Interest is due monthly on the fifteenth calendar day of the following month. Any unpaid interest will be added to the principal amount due. On September 20, 2023, the Organization renewed the line of credit agreement and the maturity was extended to September 20, 2028, with an interest rate of 8.5%. There were no amounts outstanding on this line of credit as of June 30, 2024 and 2023.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

9. NOTES PAYABLE

Notes payable are detailed as follows:

	2024	2023
Payable to the County of San Mateo (LTNHFB) - Home Program federal funds used for site construction costs of two housing units, secured by individual deeds of trust on property located in Brisbane, California, due in semi-annual non-interest bearing payments of \$698 through June 2037.	\$ 17,679	\$ 19,074
Payable to the County of San Mateo (LTNHBC) - Home Program federal funds used for site construction costs of five housing units, secured by individual deeds of trust on property located in Brisbane, California, due in semi-annual non-interest bearing payments of \$2,111 through June 2032.	32,434	36,657
Payable to the County of San Mateo (LTNHFS) - Home Program federal funds used for site construction of four housing units, secured by individual deeds of trust on property located in South San Francisco, California, due in semi-annual non-interest bearing payments of \$7,261 through December 2025.	17,652	32,174
Payable to the Housing Authority of the County of San Mateo (LTNHAC) - 0% interest, used for the purpose of acquiring the property located at the Jefferson Avenue project, secured by individual deeds of trust on the property. Should all requirements of the agreement be met, the loan is to be forgiven in five equal installments of \$100,000 over the last 5 years of the term of the loan, from July 2042 to June 2047. In September 2022, 19 homes on Jefferson Avenue were sold, and \$425,000 of the loan balance was reconveyed to homebuyers for mortgage assistance. In July 2023, the last home on Jefferson Avenue was sold, and the balance of the loan was reconveyed to homebuyer for mortgage assistance.	-	75,000

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

9. NOTES PAYABLE (continued)

	2024	2023
<p>Payable to the County of San Mateo (LTNCS1) - the fund is used for 612 Jefferson Avenue project. The loan matures 45 years from date of project completion. No interest accrues until project completion at which time the simple interest will be 3%. The outstanding balance would be forgiven in 5 equal installments of \$16,000 over the last 5 years of the note (years 41-45). In September 2022, 19 homes on Jefferson Avenue were sold, and \$76,000 of the loan was reconveyed to homebuyers for mortgage assistance. In July 2023, the last home on Jefferson Avenue was sold, and the balance of the loan was reconveyed to homebuyer for mortgage assistance.</p>	-	4,000
<p>Payable to Redwood City (LTNRWC) - Home Program federal funds used for site constructions of 20 housing units secured by individual deeds of trust on property located in Redwood City, California. The loan bears 3% simple annual interest upon origination date, and will be payable in full on the 55th anniversary of the date of the loan. In September 2022, 19 homes on Jefferson Avenue were sold, and \$763,503 of the loan balance was reconveyed to homebuyers for mortgage assistance. In July 2023, the last home on Jefferson Avenue was sold, and the balance of the loan was reconveyed to homebuyer for mortgage assistance.</p>	-	135,000
<p>Payable to the County of San Mateo Department of Housing (LTNHCD) - Community Development Block Grant federal funds are used for the construction of the 612 Jefferson Avenue project. The loan matures 45 years from the date of project completion. No interest accrues until project completion at which time the simple interest will be 3%. The outstanding balance would be forgiven in 5 equal installments of \$200,000 over the last 5 years of the note (years 41-45). In September 2022, 19 homes on Jefferson Avenue were sold, and \$925,000 of the loan balance was reconveyed to homebuyers for mortgage assistance. In July 2023, the last home on Jefferson Avenue was sold, and the balance of the loan was reconveyed to homebuyer for mortgage assistance.</p>	-	75,000

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

9. NOTES PAYABLE (continued)

	2024	2023
<p>Payable to the Northern Trust Company (LTNNT1) - 0% interest, secured by deeds of 9 mortgage loans. Due in various monthly installments through July 2047. The Organization recognized a contribution from the discount totaling \$1,032,778 in the consolidated statement of activities during the year ended June 30, 2019. The discount is amortized using the straight-line method in the term of the loan.</p>	1,515,885	1,613,245
<p>Payable to the Northern Trust Company (LTNNT2) - 0% interest, secured by deeds of 15 mortgage loans. Due in various monthly installments through January 2048. The Organization recognized a contribution from the discount totaling \$1,054,545 in the consolidated statement of activities during the year ended June 30, 2021. The discount is amortized using the straight-line method in the term of the loan.</p>	1,916,958	2,051,787
<p>Payable to the Northern Trust Company (LTNNT3) - 0% interest, secured by deeds of 20 mortgage loans. Due in various monthly installments through January 2051. The Organization recognized a contribution from the discount totaling \$1,242,830 in the consolidated statement of activities during the year ended June 30, 2022. The discount is amortized using the straight-line method in the term of the loan.</p>	2,238,474	2,428,905
<p>Payable to the Northern Trust Company (LTNNT4) - 0% interest, secured by deeds of 3 mortgage loans. Due in various monthly installments through June 2052. The Organization recognized a contribution from the discount totaling \$393,788 in the consolidated statement of activities during the year ended June 30, 2022. The discount is amortized using the straight-line method in the term of the loan.</p>	646,575	681,190

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

9. NOTES PAYABLE (continued)

	2024	2023
<p>Payable to the Northern Trust Company (LTNNT5) - 0% interest, secured by deeds of 7 mortgage loans. Due in various monthly installments through October 2052. The Organization recognized a contribution from the discount totaling \$2,148,690 in the consolidated statement of activities during the year ended June 30, 2023. The discount is amortized using the straight-line method in the term of the loan.</p>	3,806,890	3,942,406
<p>Payable to the Northern Trust Company (LTNNT6) - 0% interest, secured by deeds of 7 mortgage loans. Due in various monthly installments through December 2053. The Organization recognized a contribution from the discount totaling \$1,656,992 in the consolidated statement of activities during the year ended June 30, 2024. The discount is amortized using the straight-line method in the term of the loan.</p>	3,082,911	-
<p>Payable to Housing Endowment and Regional Trust of San Mateo County (LTNHRT) - used to acquire real property at 612 Jefferson Avenue, Redwood City, California. In September 2022, 19 homes on Jefferson Avenue were sold, and the balance was reclassified from refundable advance to a loan that is secured by individual deeds of trust on properties on Jefferson Avenue (see Note 12). The loan bears no interest, and payment of \$12,500 is due monthly through September 2042.</p>	462,500	487,500
<p>Payable to Habitat for Humanity International, Inc. (LTNHHI) - In October 2022, the Organization signed a \$1,000,000 unsecured loan from Habitat for Humanity International. On June 30, 2023, the Organization signed an amendment updating the interest rate from 3.75% to 2.75%, effective July 1, 2023. The loan's automatic option was amended to automatically extend 4 times by one-year terms based on request of the Organization, or to be called by Habitat for Humanity International, Inc. at the end of December 31, 2023. The loan is used for general development and homebuilding efforts.</p>	1,000,000	1,000,000

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

9. NOTES PAYABLE (continued)

	2024	2023
Payable to City National Bank (LTNAHA) - 0% interest, the fund is used for the purpose of development of 36 Amber Drive project. Unless earlier prepayment is required, the balance will be due in full in October 2027. The grant deeds will be reconveyed to homebuyers for mortgage assistance and the balance will be forgiven at the end of the term. In December 2023, the eight homes on Amber Drive were sold, and the balance of the loan was reconveyed to homebuyers for mortgage assistance.	-	<u>200,000</u>
	14,737,958	12,781,938
Less discount on notes payable	<u>(6,929,675)</u>	<u>(5,409,057)</u>
	7,808,283	7,372,881
Current portion	<u>(379,856)</u>	<u>(318,764)</u>
	<u>\$ 7,428,427</u>	<u>\$ 7,054,117</u>

The discount rates on the notes payable range from 3.33% to 8.06% based on an annual simple average using rates published by Habitat for Humanity International, Inc. and the Federal Home Loan Mortgage Corporation. Amortization of these discounts on the notes payable for the years ended June 30, 2024 and 2023 was \$136,374 and \$258,500, respectively.

The discounted principal payments due on the notes payable are as follows:

<u>Year ending June 30,</u>			
2025		\$	379,856
2026			378,792
2027			376,216
2028			372,216
2029			367,361
Thereafter			<u>5,933,842</u>
		<u>\$</u>	<u>7,808,283</u>

10. REFUNDABLE ADVANCES - PAYCHECK PROTECTION PROGRAM

The Organization obtained two Small Business Administration ("SBA") Paycheck Protection Program Loans ("PPP") through the Bank of San Francisco, in the amount of \$853,500 on April 16, 2020, and \$1,004,064, on January 1, 2021. The PPP loans were subject to forgiveness to the extent that proceeds were used to pay eligible program expenses including payroll costs, rent obligations, and utility payments. The loans bore interest rate of 1% and had a maturity of five years.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

10. REFUNDABLE ADVANCES - PAYCHECK PROTECTION PROGRAM (continued)

Under the Coronavirus Aid, Relief and Economic Security ("CARES") Act, the Organization can apply for and be granted forgiveness for all or a portion of the PPP loan amounts if employees are kept on payroll for a covered period of time, and the money is used for payroll within certain limitations, rent, mortgage interest, or utilities. Forgiveness amounts are reduced if the borrower terminates employees or reduces salaries during the covered period.

The Organization met the PPP's eligibility criteria and concluded that the PPP loans represented, in substance, forgivable grants. As a result, the Organization accounted for the PPP loans in accordance with FASB ASC 958-605 as conditional contributions. The conditions were removed on February 23, 2021 and November 17, 2022, when the Organization received forgiveness for the first loan of \$853,500 and the second loan of \$1,004,064 from the SBA, resulting in recognition of the entire amount and accrued interest as contribution revenue in the accompanying consolidated statements of activities.

11. REFUNDABLE ADVANCES - GOVERNMENTAL GRANTS

The Organization receives funds from governmental agencies for the purpose of constructing homes, and ultimately lowering the mortgage of the prospective homeowners. At the time of homes sale, the loans are transferred to the buyers and forgiven over varying time periods. The Organization recognizes revenue from the sale of homes upon the transfer of their liabilities to the homeowners. See Note 13.

The Organization received \$2,000,000 from the County of Marin for an owner-occupied home repair loan fund for low-income borrowers. Any bank interest earned on the Marin County CDBG Home Preservation Loan Fund is considered program revenue to be remitted annually to the federal government via Marin County. See Note 19.

Refundable advances - governmental grants consisted of the following:

	2024	2023
County of Marin Community Development Agency Loan Program	\$ 2,000,000	\$ -
CalHome Mortgage Assistance Reuse Funds	60,000	-
City of Novato Mortgage Assistance Funds	37,696	-
	\$ 2,097,696	\$ -

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include those assets which are subject to donor imposed stipulations. Those restrictions may involve purpose (i.e. the donation is restricted to a specific use) or time (i.e. the assets are used in a future period). In some cases, both a time and purpose restriction may apply.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

The Organization's net assets with donor restrictions for the year ended June 30, 2024, consisted of the following:

	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
Contribution from discount on note payable issued	\$ 5,387,511	\$ 1,656,992	\$ (128,174)	\$ 6,916,329
Low-income housing acquisition and construction	408,156	7,110,833	(2,488,705)	5,030,284
In-kind contributions	<u>-</u>	<u>5,000,000</u>	<u>(5,000,000)</u>	<u>-</u>
	<u>\$ 5,795,667</u>	<u>\$ 13,767,825</u>	<u>\$ (7,616,879)</u>	<u>\$ 11,946,613</u>

The Organization's net assets with donor restrictions for the year ended June 30, 2023, consisted of the following:

	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
Contribution from discount on note payable issued	\$ 3,497,321	\$ 2,148,690	\$ (258,500)	\$ 5,387,511
Low-income housing acquisition and construction	-	5,120,785	(4,712,629)	408,156
In-kind contributions	<u>-</u>	<u>154,142</u>	<u>(154,142)</u>	<u>-</u>
	<u>\$ 3,497,321</u>	<u>\$ 7,423,617</u>	<u>\$ (5,125,271)</u>	<u>\$ 5,795,667</u>

13. SALE OF HOMES

During the year ended June 30, 2024, the Organization sold 13 homes, including 8 homes on Amber Drive, 1 home on Jefferson Avenue, 1 resale on Rolison Road, 2 homes on Overlook Drive and 1 resale on Gloria Way, with a total cost of \$12,688,913. The sales revenue was \$8,671,812. During the year ended June 30, 2023, the Organization sold 20 homes, including 19 homes on Jefferson Avenue and 1 resale on Rolison Road, with a total cost of \$15,604,379. The sales revenue was \$13,207,162.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

14. IN-KIND CONTRIBUTIONS

Donated materials

Donated materials and equipment include materials physically incorporated into a project or the use of equipment to carry out project activities. Typically, these consist of materials or equipment used for the construction of a project. Donated materials and equipment are recorded at fair value based on invoices, price sheets, and quotations from third parties.

Donated services

Donated services which require a specialized skill and which the Organization would have paid for if not donated, are recorded in the consolidated financial statements as in-kind contributions revenue at the estimated fair value at the time the services are rendered, based on the costs provided by professionals at their standard rates.

The Organization also receives significant donated services of an unskilled nature, primarily volunteers who work on the construction and rehabilitation of homes, as well as in the office. During the years ended June 30, 2024 and 2023, volunteers donated 10,692 and 25,355 hours, respectively, whose value management has estimated at \$415,057 and \$774,958, respectively. The value of the donated hours were not recorded in the consolidated financial statements.

Donated land

The Organization received donated land in Novato, California, during the year ended June 30, 2024. The Organization intends to develop the land into an affordable housing project. The donation was recorded in the consolidated financial statements as in-kind contribution revenue at the market value of \$5 million on the date of valuation, based on an appraisal performed by a commercial real estate appraiser.

In-kind contributions are summarized as follows:

	2024	2023
Donated materials	\$ -	\$ 87,512
Donated services	185,700	273,393
Donated land	5,000,000	-
	\$ 5,185,700	\$ 360,905

15. RETIREMENT PLAN

The Organization has a 403(b) retirement plan in which the employer matches employee contributions up to 5% of gross salary. The plan covers all employees with one year of service or more and who are at least 21 years of age. Employer contributions to the employee accounts for the years ended June 30, 2024 and 2023, were \$200,649 and \$190,853, respectively.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

16. RELATED PARTY TRANSACTIONS

HFHI Tithe

The Organization donates to Habitat for Humanity International, Inc. ("HFHI") annually for the construction of homes outside of the United States, as determined by the Organization's Board of Directors. These funds are used to construct homes in economically depressed areas around the world. For both the years ended June 30, 2024 and 2023, the amount contributed was \$225,000 and is included in Tithe expense under program services in the consolidated statement of functional expenses.

Insurance policy

The Organization has a blanket policy for auto, general and builder's risk insurance through Habitat for Humanity International, Inc. For the years ended June 30, 2024 and 2023, the insurance expense was \$67,063 and \$95,618, respectively.

17. COMMITMENTS

Right of first purchase

Upon the acquisition of land granted to the Organization for construction, various agreements require the Organization to maintain the properties as affordable housing for a certain period of time. These affordability restrictions vary from 45 to 99 years. A right of first purchase is recorded at the time of sale giving the Organization the right to purchase the property should the homeowner decide to sell. The Organization resells purchased Habitat-built homes to qualified first-time homebuyers at an updated price, at which time the required affordability term restarts.

Office and warehouse leases

In October 2021, the Organization signed a non-cancelable lease for office space in San Francisco, expiring on December 31, 2031. The monthly rent of \$57,195 was payable commencing in January 2022, with annual increases on each anniversary as stated in the lease agreement.

On July 28, 2022, the Organization signed a non-cancelable lease for a new commercial warehouse space in San Francisco, expiring on July 31, 2027. The monthly rent of \$9,375 was payable commencing on November 1, 2022, with annual increases on each anniversary as stated in the lease agreement. The Organization has an option to extend the lease for another 5-year term when the lease expires.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

17. COMMITMENTS (continued)

Office and warehouse leases (continued)

Additional information related to leases is as follows:

	2024	2023
Weighted-average discount rate - operating leases	2.77 %	2.77 %
Weighted-average lease term - operating leases	6.25 years	7.25 years
Cash paid on operating leases	\$ 833,128	\$ 723,815
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ -	\$ 7,070,149
Operating lease liabilities	\$ 5,845,020	\$ 7,063,190

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2025	\$ 860,246
2026	888,477
2027	917,676
2028	818,769
2029	831,819
Thereafter	2,187,009
	6,503,996
Less: discount to present value	(658,976)
	\$ 5,845,020

18. LIQUIDITY AND FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To meet liquidity needs, the Organization maintains adequate levels of cash and cash equivalents available. Accounts receivable, current portion of mortgage notes receivable and unrestricted grants and contributions receivable will be collected within one year. Unrestricted short-term grants and contributions receivable will be available to support general operations of the Organization.

The Board requires that the Organization maintains a minimum of six months of operating reserve at all times. As of June 30, 2024, the balance of the reserve was \$5,456,746. However, the fund can be undesignated by the Board for operational needs at any time.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

18. LIQUIDITY AND FINANCIAL ASSETS (continued)

The following is a quantitative disclosure which describes financial assets that are available as of June 30, 2024 and 2023 to fund general expenditures and other obligations when they become due for one year:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 12,438,365	\$ 15,999,398
Accounts receivable	73,500	69,701
Current portion of grants and contributions receivable	2,560,660	110,000
Current portion of mortgage notes receivable	<u>1,354,792</u>	<u>1,166,463</u>
	<u>16,427,317</u>	<u>17,345,562</u>
Less: amounts unavailable for general expenditure within one year:		
Net assets with purpose restrictions	<u>(5,030,284)</u>	<u>(408,156)</u>
	<u>(5,030,284)</u>	<u>(408,156)</u>
	<u>\$ 11,397,033</u>	<u>\$ 16,937,406</u>

19. SUBSEQUENT EVENTS

On September 3, 2024, the Organization sold 2 units in Bolinas. The total sales revenue was \$1,155,000.

The Organization became the operator of a residential rehabilitation loan program for the County of Marin in 2022. As part of that program, the Organization assumed 134 home repair loans from the Marin Housing Authority, with an outstanding principal balance of \$5.5 million on September 10, 2024.

On September 16, 2024, the Organization provided notice of its intent to exercise its right of repurchase on 1 home in East Palo Alto.

On September 27, 2024, the Organization provided notice of its intent to exercise its right of repurchase on 1 home in San Francisco.

On October 25, 2024, the Organization provided notice of its intent to exercise its right of repurchase on 1 home in East Palo Alto.

In November 2024, the Organization sold a home in Novato for \$860,000 in sales revenue.

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Habitat for Humanity Greater San Francisco, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated November 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
San Jose, California

November 21, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To the Board of Directors
Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Habitat for Humanity Greater San Francisco, Inc. and Subsidiary (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Jose, California

November 21, 2024

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
US Department of Housing and Urban Development			
Direct awards			
Community Development Block Grant Program	14.218	N/A	\$ 1,000,000
Community Development Block Grant Program	14.218	N/A	<u>61,701</u>
Total Community Development Block Grant Program			<u>1,061,701</u>
Direct awards			
Home Investment Partnership Program	14.239	N/A	<u>898,503</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,960,204</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Habitat for Humanity Greater San Francisco, Inc. and Subsidiary (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

Grant periods for certain of the grants included in the Schedule may be different from the fiscal year of the Organization.

3. FEDERAL LOAN PROGRAMS

The accompanying schedule of expenditures of federal awards includes loan balances for which continuing compliance is required. The balances of the loans which continuing compliance was required as of June 30, 2024 amounted to \$1,898,503.

4. INDIRECT COSTS

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Community Development Block Grant Program	14.218
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Habitat for Humanity Greater San Francisco, Inc. and Subsidiary
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

There were no prior year findings.