



**Financial Statements  
For the Year Ended June 30, 2024  
Including  
Independent Auditor's Report Thereon**

# TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flow .....	6
Notes to Financial Statements .....	7-12



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Putnam Habitat for Humanity, Inc.

### **Opinion**

We have audited the accompanying financial statements of Putnam Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of Putnam Habitat for Humanity, Inc. as of June 30, 2024, 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. 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 Putnam Habitat for Humanity, Inc. 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 Putnam Habitat for Humanity, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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.

In performing an audit in accordance with generally accepted auditing standards, 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 Putnam Habitat for Humanity, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Putnam Habitat for Humanity, 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.

*MSH, CPA's*  
MSH, CPA's  
Orlando, FL  
August 16, 2024

**PUTNAM HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30,2024**

**ASSETS**

Cash and Cash Equivalents	\$ 247,650
Mortgage Receivables-net	378,736
Land for Future Development	22,994
Residential Real Estate-Life Estate	116,495
Property and Equipment-net	65,548
Construction in Progress	95,072
<b>TOTAL ASSETS</b>	<b>\$ 926,495</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Accounts Payable	\$ -
Accrued Expenses	1,564
Homeowners Escrow Accounts	7,341
<b>TOTAL LIABILITIES</b>	<b>8,905</b>

**NET ASSETS:**

Without donor restriction	824,497
With donor restrictions	93,093
<b>TOTAL NET ASSETS</b>	<b>917,590</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 926,495</b>
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**PUTNAM HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>REVENUES AND OTHER SUPPORT</b>	<b>Without Donnor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Contributions and Grants	\$ 70,199	\$ -	\$ 70,199
Other Program Income	75,200	69,035	144,235
Loan Discount Interest Income	82,895		82,895
Net Gain on Sale of Real Estate	78,767		78,767
Other Income	13,950	-	13,950
Net Assets released from restriction :	140,103	(140,103)	-
<b>Total Revenues and Other Support</b>	<u>461,114</u>	<u>(71,068)</u>	<u>390,046</u>
 <b>EXPENSES</b>			
Program Services	134,607		134,607
<b>Total Program Services</b>	<u>134,607</u>	<u>-</u>	<u>134,607</u>
 <b>Supporting Services</b>			
Administrative, Management and General Services	68,046	-	68,046
Fundraising	12,306	-	12,306
<b>Total Supporting Services</b>	<u>80,352</u>	<u>-</u>	<u>80,352</u>
<b>Total Expenses</b>	<u>214,959</u>	<u>-</u>	<u>214,959</u>
 <b>CHANGE IN NET ASSETS</b>	 246,155	 (71,068)	 175,087
<b>Net Assets-Beginning of Year</b>	578,342	164,161	742,503
<b>Net Assets-End of Year</b>	<u>\$ 824,497</u>	<u>\$ 93,093</u>	<u>\$ 917,590</u>

**PUTNAM HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>EXPENSES</b>	<b>Program Services</b>	<b>Administrative, Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll and Related Expenses	\$ 46,016	\$ 32,970	\$ 11,928	\$ 90,914
Foreclosure Expenses	21,074			21,074
Real Estate Taxes	235			235
Utilities		4,981		4,981
Internet & Phone Cost		1,846		1,846
Office Expenses		8,211		8,211
Office Repairs		1,510		1,510
Other Expenses		16,345		16,345
Insurance	6,421	714		7,135
Gift In Kind Expenses	3,916			3,916
Legal and Accounting Fees	6,308			6,308
Public Relations			378	378
Tithes to International	932			932
Putnam Service Projects Expenses	47,872			47,872
Fans and Heaters for the Elderly	1,833			1,833
Depreciation		1,469		1,469
	<u>\$ 134,607</u>	<u>\$ 68,046</u>	<u>\$ 12,306</u>	<u>\$ 214,959</u>

**PUTNAM HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Cash Flows From Operating Activities:</b>	
Change in net assets	\$ 175,087
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and Amortization	1,469
(Increase) Decrease in operating assets:	
Mortgage receivable	50,172
Home Available for Future Homeowner	-
Land for Future Development	(5,300)
Beneficial Interest in Life Interest	(2,872)
Construction in Progress	(95,072)
Increase (Decrease) in operating liabilities	
Accounts Payable	-
Accrued Expenses	(1,478)
Homeowners Escrow Accounts	(4,671)
Mortgage Assistance	-
<b>Total Cash Provided (Used) by Operating Activities</b>	<b>117,335</b>
 <b>Cash Flows From -Investing Activities:</b>	
	-
<b>Total Cash Provided (Used) by Investing Activities</b>	<b>-</b>
 <b>Cash Flows From Financing Activities:</b>	
	-
<b>Total Cash Provided (Used) by Financing Activities</b>	<b>-</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	117,335
<b>Cash and Cash Equivalents at Beginning of Year</b>	130,315
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 247,650</b>
 <b>Supplemental Information for noncash activities</b>	
Gift in Kind Legal Fees & Gift Cards	\$ 3,916
 <b>Supplemental disclosure of cash flow information:</b>	
Interest	\$ -
Income Taxes	\$ -

**Putnam Habitat for Humanity, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

Putnam Habitat for Humanity, Inc. (the "Organization") is a Florida nonprofit corporation incorporated April 17, 1990. The Organization is an affiliate of Habitat for Humanity International, Inc. (Habitat International"), a nondenominational Christian non-profit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support and in other ways, the Organization is primarily and directly responsible for its own operations.

The Organization's major revenue sources are home sales, public and private contributions, and fundraising.

**Basis of Presentation:**

The accompanying financial statements are presented on the accrual basis of accounting and focus on the Organization's resources and activities as a whole. Net assets, revenues, expenses, distributions, gains, and losses are classified based on the existence or absence of donor-imposed or other external restrictions in accordance with the provisions of FASB Accounting Standards Codification Topic 948, Not-for-Profit Entities. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions-** Net assets that are not subject to donor-imposed stipulations.

**Net assets with donor restrictions** - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets subject to donor-imposed stipulations that require the funds be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

**Cash and Cash Equivalents:**

The Organization considers all highly liquid investments with an original maturity of three months or less to be 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. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Land held for Future Development:**

Land held for future development includes the cost of land and improvements to land, or, if donated, the approximate value of the land at the date of donation.

Periodically, the Organization reviews the carrying value of purchased or donated land, and records any impairment charges necessary to reflect a decrease in the land's fair value.

**Putnam Habitat for Humanity, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Mortgages Receivable**

Mortgages receivable consist of non-interest bearing notes, which are secured by real estate and payable in monthly installments over the life of the mortgage. The mortgages have an original maturity of 20 - 30 years. These mortgages have been discounted at various rates ranging from 7.00% to 8.34% based upon prevailing market rates for low income housing at the inception of the mortgages. Utilizing a straight-line basis, this discount will be recognized as interest income over the term of the mortgage. Management has not recorded an allowance for doubtful accounts since the Organization is a secured creditor and the fair market value of the houses generally is in excess of the related mortgage note balances.

**Property and Equipment:**

Property and Equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. All acquisitions of property and equipment in excess of \$500 and all expenditures for renewals and improvements that materially prolong the useful lives of assets are capitalized.

**Construction in Progress:**

Construction in Progress represents the accumulated disbursements made for the construction of a Habitat house. After completion of the house and sale to a new homeowner, the Construction in Progress is reclassified as part of the entry to record the sale.

**Homeowners Escrow Accounts:**

The Organization currently services the mortgages on the homes it sells. Included in assets held in escrow are cash amounts received for insurance, property taxes, fire tax for those homes within the city limits and termite services on such homes. These cash amounts are recorded as an asset offset by a related liability.

**Public Support and Revenue:**

The Organization adopted ASU Topic 606, Revenue from Contracts with Customers. The core principle of Topic 606 is that an entity recognizes revenue through a five step model (1) to identify the contract with a customer. (2) Identify performance obligations of the contract (3) To determine the transaction price, grants and other contributions 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without restrictions. (4)Allocated the transaction price to the performance obligations. (5) Recognizing revenue as each performance obligation is satisfied. The adoption had no effect on the financial statements for the year ended June 30, 2024.

**Putnam Habitat for Humanity, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Financial Instruments-Credit Losses**

Adoption of the accounting principle ASC 326 as it relates to mortgage receivables does not affect the Organization's current policy as all are secured by the underlying real property, which value exceeds the carrying principal balance of the respective mortgage.

**Donated Materials and Services:**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Donated services are recognized as contributions and expense in accordance with generally accepted accounting principles, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated goods and services, included in contributions was \$3,916 for the year ended June 30, 2024.

A substantial number of unpaid volunteers have made significant contributions of their time. The value of this donated time is not reflected in these financial statements as no objective basis is available to measure the value of such services.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Statement of Functional Expenses:**

The costs of providing program and support service activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited. The Organization has estimated that certain payroll costs are allocated to program services, administration, and fundraising based on time studies for various categories.

**Liquidity and availability of Financial Assets**

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

Financial Assets at Year End	
Cash and Cash Equivalents	\$ 247,650
Mortgage Receivables	378,736
	<hr/>
	626,386
Less those unavailable for general expenditures within one year: Mortgage Receivables	(321,506)
Veterans Village	(93,093)
	<hr/>
Financial Assets available to meet cash needs for general expenditures within one year	\$ 211,787

**Putnam Habitat for Humanity, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Income Tax Status:**

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 evaluates its tax positions for any uncertainties based on the technical merits of the position taken. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities.

Currently, the tax years ended June 30, 2023, 2022 and 2021 are open and subject to examination by the Internal Revenue Service. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

**Date of Management Review:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 16, 2024, the date the financial statements were available to be issued.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

The Organization has adopted FASB Accounting Standards Codification (ASC) 820 which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

*Level 1:* Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

*Level 2:* Other inputs that are directly or indirectly observable in the market place.

*Level 3:* Unobservable inputs that are supported by little or no market activity.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's current financial instruments are cash, accounts payable, and other short term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

The Organization also has additional financial instruments including mortgage notes receivable, homes held for future homeowners and land for future development. For these financial instruments (level 2), observable inputs reflect assumptions market participants would use in pricing the assets from sources independent of the Organization as described in Note 1 summary of significant accounting policies, including similar sales, bank long-term lending rate and property appraiser valuations.

**Putnam Habitat for Humanity, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 3 - MORTGAGE RECEIVABLE**

At June 30, 2024, the Organization held twenty-five mortgages with homeowners. The mortgages are valued as follows:

Mortgage Receivables	\$ 733,977
Less Unamortized Discount	<u>(355,241)</u>
Present Value of Mortgage Receivables	<u><u>\$ 378,736</u></u>

Future collections on these mortgages will be received over the next five years and thereafter is as follows:

2025	\$ 57,230
2026	53,385
2027	53,385
2028	53,385
2029	53,385
Thereafter	<u>463,206</u>
	<u><u>\$ 733,977</u></u>

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS:**

The beneficial interest in a life estate of (100%) interest in a residence constructed by the Organization, previously reported as donor restricted, was released from restrictions in the current year upon the demise of the grantor and reported accordingly in the amount of \$116,495 in the accompanying financial statements.

Veteran’s Village Project (VVP) was established, commencing construction of (5) homes for eligible individuals. For the year ended June 30, 2024, the Organization received \$69,035 in donor restricted bequests and expended \$26,480. Total donor restricted net assets pertaining to the VVP was \$93,095 as of June 30, 2024.

**Putnam Habitat for Humanity, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 5 – PROPERTY AND EQUIPMENT:**

Property and equipment consisted of the following at June 30, 2024:

Land, Building and Improvements	\$ 79,389
Furniture and Equipment	5,647
	<hr/>
	85,036
Less Accumulated Depreciation	(19,488)
	<hr/>
Property and Equipment - Net	<u>\$ 65,548</u>

**NOTE 6 - CONTINGENCIES:**

To ensure that the program of providing homes to qualified applicants are not prematurely sold due to market conditions, the Organization has secured second mortgages from its homeowners. The second mortgages represent the excess of the market value over the original loan amount of each home sold. Should the homeowner pay off the mortgage early or default on the mortgage, the second mortgage would become due.

**NOTE 7 – PROGRAM SERVICES:**

Program services primarily include construction and home repairs, fans and heaters for the elderly, clothes and shoes recycle program. Program services also include the servicing of homeowner mortgage accounts and the support of families.

**NOTE 8 – LINE OF CREDIT:**

The Organization entered into a line of credit at 6.5% interest with Capital City Bank on April 9, 2024 in the amount of \$78,000 with a maturity date of April 9, 2025. The balance outstanding at June 30, 2024 was \$0. This line will be used to pay for invoices between the time grants and donations are received and the invoices are due and payable.