Annual
Financial
Report

HABITAT FOR HUMANITY OF MARION COUNTY, INC.

Fiscal Year Ended
JUNE 30, 2024 and 2023

POWELL AND JONES CPA

HABITAT FOR HUMANITY OF MARION COUNTY, INC.

FINANCIAL STATEMENTS

June 30, 2024 and 2023

HABITAT FOR HUMANITY OF MARION COUNTY, INC.
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024

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Powell and Jones CPA

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Independent Auditor's Report

Board of Directors
Habitat for Humanity of Marion County, Inc.

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Marion County, 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 Habitat for Humanity of Marion County, Inc. as of June 30, 2024, and the changes in 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 and *Government Auditing Standards* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Marion County, 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.

Other Matter

The financial statements of Habitat for Humanity of Marion County, Inc. as of and for the year ended June 30, 2023 were audited by other auditors, whose report dated June 13, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Habitat for Humanity of Marion County, 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 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 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 and auditing 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Marion County, 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 Habitat for Humanity of Marion County 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Powell & Jones

Powell and Jones CPA
Lake City, Florida
April 28, 2025

HABITAT FOR HUMANITY OF MARION COUNTY, INC
STATEMENT OF FINANCIAL POSITION
June 30, 2024 and June 30, 2023

	June 30,	
	2024	**2023**
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,046,237	$ 479,574
Other receivables	753	877
Mortgages receivables, net	115,616	106,369
Inventory	305,418	410,666
Houses under construction	1,132,063	1,141,426
Prepaid expenses	23,748	18,766
Total current assets	2,623,835	2,157,678
Property and equipment, net	1,571,990	1,449,788
Noncurrent assets		
Unamortized loan costs	1,109	1,997
Third mortgage receivable	103,834	59,789
Deferred interest income	627,369	290,282
Community land trust properties	507,304	269,063
Mortgages receivable, net of current position	2,438,899	2,454,811
Total noncurrent assets	3,678,515	3,075,942
Total Assets	$ 7,874,340	$ 6,683,408

See notes to financial statements.

(Continued)

HABITAT FOR HUMANITY OF MARION COUNTY, INC
STATEMENT OF FINANCIAL POSITION (CONCLUDED)
June 30, 2024 and June 30, 2023

	2024	2023
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 190,245	$ 158,980
Homeowner escrow	243,405	267,746
Deferred revenue	15,595	17,980
Current portion of long-term debt	114,960	110,160
Total Current Liabilities	564,205	554,866
Long-term liabilities		
Assets held for others, Marion County, Florida (NSP)	154,682	153,513
Long-term debt, net of current portion	677,562	792,522
Total Long-Term Liabilities	832,244	946,035
Total Liabilities	1,396,449	1,500,901
Net assets		
Without donor restrictions		
Net investment in property and equipment	1,571,990	1,449,788
Undesignated	4,367,739	3,194,557
Total net assets without donor restrictions	5,939,729	4,644,345
With donor restrictions	538,162	538,162
Total net assets	6,477,891	5,182,507
Total liabilities and net assets	$ 7,874,340	$ 6,683,408

See notes to financial statements.

HABITAT FOR HUMANITY OF MARION COUNTY, INC
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2024 and June 30, 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and support						
Contributions and grants	$ 1,587,400	$ 87,500	$ 1,674,900	$ 1,395,994	$ 297,000	$ 1,692,994
Donations in-kind	128,000	-	128,000	205,236	-	205,236
Transfers to homeowners, net	1,640,500	-	1,640,500	1,077,045	-	1,077,045
Mortgage loan discount amortization	106,494	-	106,494	171,155	-	171,155
Fundraisers	107,603	-	107,603	108,663	-	108,663
Grant Income	1,348,386	-	1,348,386	266,352	-	266,352
Gain (Loss) on sales of assets	-	-	-	(2,636)	-	(2,636)
Interest income	11,744	-	11,744	6,011	-	6,011
CLT lease payments	12,670	-	12,670	10,745	-	10,745
Other income	74,629	-	74,629	50,403	-	50,403
Net assets released from restriction	87,500	(87,500)	-	297,000	(297,000)	-
Total revenues, gains and support	5,104,926	-	5,104,926	3,585,968	-	3,585,968
Functional expenses						
Program services						
Housing assistance	2,459,286	-	2,459,286	1,781,628	-	1,781,628
Supporting services						
Fundraising	1,165,365	-	1,165,365	1,114,270	-	1,114,270
General and administrative	184,891	-	184,891	182,758	-	182,758
Total expenses	3,809,542	-	3,809,542	3,078,656	-	3,078,656
(Decrease) Increase in Net Assets	1,295,384	-	1,295,384	507,312	-	507,312
Net Assets, Beginning of Year	4,644,345	538,162	5,182,507	4,137,033	538,162	4,675,195
Net Assets, End of Year	$ 5,939,729	$ 538,162	$ 6,477,891	$ 4,644,345	$ 538,162	$ 5,182,507

See notes to financial statements.

HABITAT FOR HUMANITY OF MARION COUNTY, INC
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2024

		Support Services			Totals
	Program	Fundraising		General and	
	Services	Retail Stores	Other	administrative	2024
Functional Expenses					
Auto and truck	$ 19,419	$ 31,862	$ -	$ 364	$ 51,645
Advertising	-	6,536	11,380	-	17,916
Committee expenses	11,200	-	-	953	12,153
House and construction costs	1,423,331	-	-	-	1,423,331
Insurance	97,270	-	-	10,808	108,078
Interest	35,105	36,066	-	-	71,171
Fundraising and development	-	-	20,104	-	20,104
Office expense	30,424	-	-	3,381	33,805
Other expenses	20,412	32,632	-	84,231	137,275
Payroll taxes	49,146	62,017	2,340	3,510	117,014
Printing and postage	-	157	-	-	157
Professional fees	7,264	199	-	18,627	26,090
Rent	19,320	2,169	-	-	21,489
Repairs and maintenance	14,711	32,195	-	-	46,906
Salaries, wages and benefits	641,027	808,915	30,525	45,788	1,526,254
Supplies	-	14,444	-	-	14,444
Taxes and licenses	19,259	202	-	-	19,461
Telephone	7,049	3,969	-	2,071	13,089
Tithe to Habitat International	35,000	-	-	-	35,000
Utilities	1,634	43,919	-	9,783	55,336
Total functional expenses before depreciation	2,431,571	1,075,282	64,349	179,516	3,750,718
Depreciation	27,715	25,734	-	5,375	58,824
Total Functional Expenses	$ 2,459,286	$ 1,101,016	$ 64,349	$ 184,891	$ 3,809,542

See notes to financial statements.

HABITAT FOR HUMANITY OF MARION COUNTY, INC
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2023

		Support Services			Totals
	Program	Fundraising		General and	
	Services	Retail Stores	Other	administrative	2023
Functional Expenses					
Auto and truck	$ 21,378	$ 43,322	$ -	$ 283	$ 64,983
Advertising	-	5,830	10,395	-	16,225
Committee expenses	8,623	-	-	-	8,623
House and construction costs	775,447	-	-	-	775,447
Insurance	87,078	-	-	9,675	96,753
Interest	25,489	30,664	-	-	56,153
Fundraising and development	-	-	17,984	-	17,984
Office expense	21,524	796	-	2,391	24,711
Other expenses	37,300	31,141	-	98,604	167,045
Payroll taxes	46,462	58,631	2,213	3,319	110,625
Professional fees	8,576	-	-	18,000	26,576
Rent	17,520	2,185	-	-	19,705
Repairs and maintenance	11,172	26,541	-	-	37,713
Salaries, wages and benefits	606,284	771,907	22,335	44,670	1,445,196
Supplies	-	12,823	-	-	12,823
Taxes and licenses	16,002	-	-	-	16,002
Telephone	8,083	3,756	-	857	12,696
Tithe to Habitat International	40,000	-	-	-	40,000
Utilities	10,668	46,919	-	1,039	58,626
Total functional expenses before depreciation	1,741,606	1,034,515	52,927	178,838	3,007,886
Depreciation	40,022	26,828	-	3,920	70,770
Total Functional Expenses	$ 1,781,628	$ 1,061,343	$ 52,927	$ 182,758	$ 3,078,656

See notes to financial statements.

HABITAT FOR HUMANITY OF MARION COUNTY, INC
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024 and June 30, 2023

	2024	2023
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 1,295,384	$ 507,312
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	58,824	70,770
Amortization	888	887
(Increase) decrease in operating assets		
Other receivables	125	69,123
Inventory	105,248	(173,775)
Homes under construction	9,363	(389,035)
Community land trust assets	(238,241)	(215,087)
Prepaid expenses	(4,982)	(2,140)
Mortgages receivable	6,665	162,795
Third mortgage receivable	(44,045)	(59,789)
Deferred interest receivable	(337,087)	(290,282)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	31,265	(53,264)
Homeowner escrow	(24,341)	(25,569)
Assets held for others	1,169	(7,170)
Deferred revenue	(2,385)	9,680
Net cash provided by (used in) operating activities	857,850	(395,544)
Cash Flows from Investing Activities		
Cash (paid for)/proceeds from property and equipment	(181,027)	(46,134)
Net Cash used in Investing Activities	(181,027)	(46,134)
Cash Flows from Financing Activities		
Cash received from new borrowings	-	512,190
Payments on long-term debt	(110,160)	(616,111)
Net Cash used in Financing Activities	(110,160)	(103,921)
Net Increase (Decrease) in Cash and Cash Equivalents	566,663	(545,599)
Cash and Cash Equivalents at Beginning of Year	479,574	1,025,173
Cash and Cash Equivalents at End of Year	$ 1,046,237	$ 479,574

See notes to financial statements.

HABITAT FOR HUMANITY OF MARION COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature Of Organization and Purpose

Habitat for Humanity of Marion County, Inc. (the Organization) is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian not-for-profit organization, whose goal is to eliminate poverty housing and homelessness worldwide, but is primarily and directly responsible for its own operations.

To help finance its operations, the Organization operates two retail stores, which sells donated items such as household items and building supplies to the general public. The retail stores are located in Marion County, Florida.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Net Assets

In accordance with relevant standards the Organization's net assets and its revenues and gains and expenses are classified and reported as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the the Organization. These net assets may be used at the discretion of Habitat for Humanity of Marion County, Inc.'s management and the Board of Directors.

- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by passage of time. Other restrictions are perpetual by nature, whereby the donor has stipulated the funds be maintained in perpetuity.

  Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Recognition of Donor Restricted Contributions

Unconditional contributions are recognized as revenue when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Revenue Recognition

Support received from governmental and private sources are recognized as support when performance occurs pursuant to the contract agreement.

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as contributions without donor restrictions in that period.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers cash and cash equivalents to be cash on hand, cash in banks and all highly liquid investments with maturity dates of three months or less.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flow and are discounted at 5%.

Mortgages Receivable

Consist of non-interest bearing mortgages, which are secured by real estate and payable in monthly installments. The mortgages have original maturities of 20 to 30 years and arose in connection with the Organization's homebuilding initiatives in Marion County, Florida. The notes have been discounted at the rate provided by the Habitat for Humanity International at the inception of the mortgage using the effective interest method over the lives of the mortgages. Interest income is recorded in accordance with generally accepted accounting principles. These mortgages are secured by the underlying real estate that is located primarily in Marion County, Florida.

Inventory

Inventory consists of donated building materials and residential lots for use in building the Organization houses. Donated building materials are recorded at estimated fair market value and expensed when used. Residential lots are recorded at cost; or, in the case of donated lots, at estimated fair market value by using available market information, including the assessed value for county tax purposes. Because of the inherent uncertainties of real estate valuation, market value may differ significantly.

The following is a breakdown of Inventory at June 30, 2024 and 2023:

	2024	2023
Building materials	$ 28,219	$ 28,219
Residential lots and land	277,199	382,447
	$ 305,418	$ 410,666

Houses under Construction

Houses under construction consist of lot, building materials and construction costs. Purchased items are recorded at cost; donated items are recorded at fair market value. Indirect construction costs are allocated to houses under construction based on current year direct cost, excluding any lot basis.

Property and Equipment

Property and equipment is recorded at cost, or in the case of donated items, at fair value on the date received. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years. Depreciation expenses were $58,824 and $70,770 for the years ended June 30, 2024 and 2023, respectively.

Loan Costs

The Organization refinanced a loan and incurred loan costs and is amortizing them. Amortization expense is $887 for the fiscal year ended June 30, 2024 and $887 for the fiscal year ended June 30, 2023.

Homeowner Escrow

Homeowner escrow consists of amounts collected from homeowners on a monthly basis for property taxes, hazard insurance premiums, and termite bonds. These funds are collected to protect the Organization's interest in the underlying property, and are disbursed in a manner that ensures the maximum tax discount available is obtained for property taxes and that insurance coverage and termite protection does not lapse.

Deferred Revenue

Deferred revenue consists of down payments made by future homeowners. The deposits are held until the date of closing, at which time they are applied to the purchase price of the house. Deposits are refunded if the Organization program is not successfully completed. Also included are event sponsorships paid in advance.

Contributed Goods and Services

The Organization records the fair value of donated goods and space when there is an objective basis available to measure their value. These are reflected as donations in-kind in the accompanying statement of activities. Due to uncertainties in valuing donated items that are sold in the retail stores, the Organization records a donation at the time the items are sold.

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require specialized skills. However, certain other contributed services that require specialized skills, provided by individuals possessing those skills, which would otherwise need to be purchased if not provided by donations, are recognized as revenue and expense.

Right-of-Use Assets and Lease Liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use (ROU) asset is the lease liability adjusted for other lease-related accounts. Management considered the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's ROU assets and lease liabilities.

Operating lease and finance lease amortization expense are allocated over the remaining lease term on a straight-line basis. Lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding lease liability.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. The Organization had no finance or operating leases as of year end.

Transfers to Homeowners

Transfers to Homeowners represented the sale of houses built by or donated to the Organization. The resulting mortgages are non-interest bearing and have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. Habitat for Humanity International's standardized discount rate that it published for use by its affiliates. This rate is calculated by averaging the Applicable Federal Rates (AFRs) published monthly by the IRS over a 12-month period. The AFRs used correspond to those applicable for Low-Income Housing Tax Credits, ensuring consistency with affordable housing financing standards. There were no discounts reported for the year ended June 30, 2023 and 2024.

Expense Allocation

Expenses are reported as direct program services and support services. Support services include fundraising and management and general. Each group is reported by functional expense category for their incurred or allocated expenses. Any expenditure not directly chargeable is allocated based on management's decision on a basis consistent with prior years. The expenses that are allocated include the following: office expenses, certain other expenses, certain salaries and wages, telephone and utilities.

Use of Estimates in the Preparation of Financial Statements

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 and disclosures of contingent 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.

Advertising Costs

The Organization's policy is to expense the cost of advertising to operations as incurred.

Income Taxes

The Organization is a Florida non-for-profit corporation exempt from federal income taxation under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, pursuant to a group exemption letter received from the Internal Revenue Service.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management believes that no such required disclosures exist. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2020. The Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

NOTE 2. MORTGAGES RECEIVABLE

Mortgages receivable as of June 30, 2024 and 2023:

	2024	2023
Mortgage notes receivable at face value	$ 3,777,137	$ 3,890,626
Less: unamortized discounts	(1,222,622)	(1,329,446)
Total	2,554,515	2,561,180
Less: amount due in one year	(115,616)	(106,369)
Mortgages receivable - long term	$ 2,438,899	$ 2,454,811

The Organization has a security interest in each house as collateral for the related mortgage. In addition, the Organization holds a 'silent second' mortgage on each house, except NSP-acquired houses (Marion County holds a 'silent second' mortgage on NSP-acquired houses). Collection of these 'silent' notes is contingent upon the debtor selling or transferring the property during a specified period, defaulting on the mortgage terms of the first mortgage note, or the debtor ceasing to occupy the premises subject to the mortgage for a period of more than three months. Notes issued prior to fiscal year 2022 are self-amortizing, and depending on the inception of the note, begin amortizing with the sixth or tenth anniversary of the note, and are completely forgiven upon the tenth or sixteenth anniversary, respectively. Beginning in fiscal year 2022, the notes do not amortize. These notes are not reflected in the financial statements due to their contingent nature. At June 30, 2023 the unamortized balance of the silent second mortgages was $540,891, net of accumulated forgiveness. At June 30, 2024 the unamortized balance of the silent second mortgages was $401,166, net of accumulated forgiveness. Mortgages receivable are pledged as security for a note payable to Habitat International (see Note 5). The note is collateralized by forty outstanding mortgages.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024 and 2023 :

	2024	2023
Buildings	$ 1,565,870	$ 1,508,870
Vehicles	259,882	174,058
Warehouse and construction equipment	87,456	57,456
Furniture and fixtures	17,300	17,300
Computers and related equipment	112,656	104,453
	2,043,164	1,862,137
Less accumulated depreciation	(796,149)	(737,324)
	1,247,015	1,124,813
Land	324,975	324,975
Net Property and Equipment	$ 1,571,990	$ 1,449,788

Depreciation expense for the years ended June 30, 2024 and 2023 was $58,824 and $70,770 respectively.

NOTE 4. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2024 and 2023:

	2024	2023
Note payable to Habitat International, secured by security interest in forty mortgages receivable, bearing interest at 4% per annum, payable in quarterly installments of $27,026 through August 2025.	$ 182,024	$ 280,384
Mortgage payable to bank, secured by real estate, bearing interest at 5.75% per annum, payable in monthly installments of $3,989, with a ballon payment due November 2027.	610,498	622,298
	792,522	902,682
Less : Current portion	(114,960)	(110,160)
Long-term debt, net of current portion	$ 677,562	$ 792,522

The current maturities of long-term debt for each of the next five years are as follows:

June 30	
2025	$ 114,960
2026	93,030
2027	14,161
2027	570,371
	$ 792,522

NOTE 5. NEIGHBORHOOD STABILIZATION PROGRAM

The Organization has contracted with Marion County for the use of Neighborhood Stabilization Program (NSP) funds for the acquisition, rehabilitation, and resale of up to twelve abandoned/foreclosed houses. Households with very low income (below 50% median family income) may qualify for acquisition of the rehabilitated houses, giving low-income families an opportunity to purchase a house at an affordable monthly cost. NSP-assisted houses are conveyed to a qualified family using a non-interest bearing first mortgage (twenty to thirty-year term) payable to the Organization and a non-interest bearing second mortgage payable to Marion County. The NSP agreement specifies the first mortgage can be up to $50,000, and the second mortgage is equal to the sales price of the house less the first mortgage. The Organization has agreed to reimburse Marion County for payments received on the first mortgage. Due to the restrictions included in the agreement specifying terms of the sale and reimbursement to Marion County, the Organization records foreclosed houses which are on hand at year-end at a value which represents the discounted value of the first mortgage for each house and a corresponding liability to

Marion County. Funding from Marion County and costs that have been spent by the Organization that exceed this value are recorded as grant revenues and NSP houses, costs in excess of resale value, respectively in the financial statements. The sale of the NSP-acquired foreclosed houses is included in transfers to homeowners. NSP funds held for Marion County total $153,513 and $154,682 as of June 30, 2023 and June 30, 2024, respectively.

Discount/interest expense of $11,906 and $25,230 has been recorded for the fiscal years ended June 30, 2023 and June 30, 2024, respectively.

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended June 30, 2024 and 2023, net assets of $87,500 and $297,000 were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

NOTE 7. DOWN PAYMENT ASSISTANCE GRANTS

Homeowners have qualified for funding offered through the City of Ocala and Marion County State Housing Initiative Partnership (SHIP) programs, HOME Investment Partnership Program (HOME) and Home Ownership Pool (HOP); the Organization receives the funds at each house closing. In fiscal year 2024, the Organization received $1,301,488 from the HOME. In fiscal year 2023, the Organization received $184,000 from the HOP program and $60,000 in SHIP funding. In addition, homeowners have qualified for funding offered through the Federal Home Loan Bank Program (FHLB) and the Florida Housing Finance Corporation (FHFC). Funds from SHIP, HOME, HOP, FHLB and FHFC are included in Grant income in the accompanying financial statements.

NOTE 8. OPERATING LEASES

The Organization leases additional warehouse space. The lease requires annual rents of $15,000.

NOTE 9. CONCENTRATIONS OF CREDIT RISK

The Organization maintains bank accounts in which funds are insured by the Federal Deposit Insurance Corporation up to $250,000 for all accounts. Uninsured balances are $98,633 as of June 30, 2023 and $540,665 as of June 30, 2024.

NOTE 10. SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through April 28, 2025, the date the financial statements were available to be issued.

NOTE 11. RESTRICTED NET ASSETS

The Organization received funds from the Marion County Board of County Commissioners in the form of Community Development Block Grant to purchase an office building. The building must be used for the intended purposes for fifteen (15) years.

NOTE 11. RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets are as follows:

Net assets with donor restrictions consisted as of:	2024	2023
Office Building	$490,000	$490,000
Buildings Lots with revision clause	48,162	48,162
	$538,162	$538,162

NOTE 12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents Habitat for Humanity of Marion County, Inc.'s financial assets as of June 30, 2024:

Financial assets at year end:	2024	2023
Cash and cash equivalents	$1,046,237	$479,574
Mortgages receivable - current portion	115,616	106,369
Inventory	305,418	410,666
Other receivables	753	877
Total financial assets	1,468,024	997,486
Less amounts not available to be used for general expenditures:		
Restricted cash for escrow deposits	243,405	267,438
Net assets with donor restrictions	538,162	538,162
	781,567	805,600
Financial assets available to meet general expenditures over the next twelve months	$ 686,457	$ 191,886

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

Habitat International suggests its affiliated organizations maintain financial assets to meet 60 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including savings or money market accounts at various financial institutions.

NOTE 13. COMMUNITY HOUSING DEVELOPMENT GRANT

The Organization signed an agreement with Marion County, Florida to receive funds as a designated Community Housing Development Organization. This agreement provides funds to construct housing on a cost reimbursement basis. The income is shown as grant income and as construction in progress as the build progresses. Upon completion, the income from the sale is included in transfers to

NOTE 13. COMMUNITY HOUSING DEVELOPMENT GRANT (CONTINUED)

homeowners and the related cost of construction and mortgage receivable is recognized.
The funds do not have to be repaid if the home continues to be occupied by a qualified low-income family for the affordability period ranging from 5-15 years. Income from the CHDO grant amounted to $350,362 for the year ended June 30, 2023 and $47,858 for the year ended June 30, 2024.

NOTE 14. SUPPLEMENTAL CASH FLOW INFORMATION

The Organization paid the following amount for interest and income taxes for the years ended June 30:

	2024	2023
Interest	$ 71,171	$ 56,152
Income tax paid	$ -	$ -

NOTE 15. COMMUNITY LAND TRUST

The Organization has formed a Community Land Trust (CLT) to ensure long-term housing availability and affordability. The CLT will own the land permanently. New homeowners will purchase their property with an affordable long-term lease on the land. The CLT land lease is for a period of 99 years and requires rental payments of $35 per month. The home can only be sold back to the CLT or to an income-qualified
person. An "income-qualified person" is defined as a person or group of persons whose household income does not exceed eighty percent (80%) of the median income for the applicable Standard Metropolitan Statistical Area.

As of June 30, 2023, the CLT contained twenty-nine (29) properties with a combined value of $269,063. During the 2024 fiscal year, the Organization added fourteen (14) properties for a total of forty-three (43) in the CLT. The properties have a combined value of $507,304 as of June 30, 2024.

The Organization received rental income for these properties of $10,745 and $12,670 for the years ended June 30, 2023 and June 30, 2024, respectively.

NOTE 16. LINE OF CREDIT

The Organization renewed its $200,000 revolving line of credit on May 31, 2023. The renewed line is intended to provide working capital and matures one year from the agreement date. The line of credit is secured by a first position blanket UCC filing on all business assets of the Organization.

The interest rate is the Wall Street Journal Prime Rate (WSJP) plus 3.00%, adjusting monthly, with a floor rate of 10.25%. As of June 30, 2024, the WSJP was 8.25%. Monthly payments equal to 1% of the outstanding principal are required, with the remaining principal and accrued interest due at maturity. A $200 loan fee was paid at the time of renewal and considered fully earned.

As of June 30, 2024, and June 30, 2023, there was no outstanding balance on the line of credit.

NOTE 17. THIRD MORTGAGE RECEIVABLE

The Organization holds a third mortgage on five of the properties it has constructed and sold. These mortgages represent the difference between the assessed values of the properties and the financing the buyer was able to receive. These mortgages are recorded at net present value with a discount rate of 8.75%. The deferred interest receivable has also been recorded. The interest amortized for the year ended June 30, 2024 was $4,457, and for June 30, 2023 was $2,158. The receivables are summarized as follows for the year ended June 30, 2024:

Note Due Date	Mortgage Amount	Present Value	Deferred Interest Receivable
2052	$ 121,229	$ 23,006	$ 98,223
2053	306,204	49,531	256,673
2054	303,768	31,297	272,473
	$ 731,201	$ 103,834	$ 627,369

NOTE 18. ACCOUNTING PRONOUNCEMENTS ADOPTED

The Organization adopted Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation .and disclosure. The adoption of the standard did not change the recognition and measurement requirements for contributed nonfinancial assets.

The Organization also adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected no to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing. leases.

Very truly yours,

Powell & Jones

Powell and Jones CPA
Lake City, Florida
April 28, 2025

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF MARION COUNTY, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Program Title	ALN #	Contract Number	Award Amount	Reported in Prior Years	Revenue Recognized	Expenditures
FEDERAL AWARDS						
U.S. Department of Housing and Urban Development						
HOME Investment Partnerships Program	14.239*	M-19-CD-12-0232	$ 1,485,000	$ -	$ 1,301,488	$ 1,301,488
HOME Investment Partnerships Program						
Community Housing Development Organization Project	14.239*	M-19-DC-12-0232	400,000	352,142	47,858	47,858
TOTAL FEDERAL AWARDS			**$ 1,885,000**	**$ 352,142**	**$ 1,349,346**	**$ 1,349,346**

* Major program are noted with an asterisk
See Notes to Schedule of Federal Awards.

HABITAT FOR HUMANITY OF MARION COUNTY, INC.
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal Awards activity of Habitat for Humanity of Marion County, Inc. (the Organization) for the year ended June 30, 2024, 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, change in net assets, or cash flows of the Organization.

Note 2. Basis of Accounting

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 are limited as to reimbursement.

Note 3. Subrecipients

The Organization had no subrecipients during the fiscal year.

Note 4. Indirect Cost Rate

Habitat for Humanity of Marion County, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under Section 200.414 of the Uniform Guidance.

OTHER REPORTS AND LETTERS

Powell and Jones CPA

1359 S.W. Main Blvd.
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Phone 386.755.4200

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 of
Habitat for Humanity of Marion County, Inc.

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 financial statements of Habitat for Humanity of Marion County, Inc., (the Organization) a non-profit organization, which comprise the statement of financial position as of June 30, 2024 and the statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 determination of financial statement amounts. 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.

Powell & Jones

Powell and Jones CPA
Lake City, Florida
April 28, 2025

Powell and Jones CPA

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Phone 386.755.4200

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

To The Board of Directors of
Habitat for Humanity of Marion County, Inc.

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited Habitat for Humanity of Marion County, Inc. (the Organization) compliance with the types of compliance requirements identified as subject to an 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 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 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 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 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:

a. Exercise professional judgment and maintain professional skepticism throughout the audit
b. 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.
c. Obtain an understanding of 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.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Organization's compliance.

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 weaknesses 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 have not been identified.

Our audit report 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 *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Powell & Jones

Powell and Jones CPA
Lake City, Florida
April 28, 2025

Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

MANAGEMENT LETTER

To the Board of Directors of
Habitat for Humanity of Marion County, Inc.

Report on Financial Statements

We have audited the financial statements of Habitat for Humanity of Marion County, Inc. (the Organization) as of and for the year ended June 30, 2024, and have issued our report thereon dated April 28, 2025.

Auditor's Responsibility

We conducted our audit 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, *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated April 28, 2025, should be considered in conjunction with this management letter.

Additional Matters

In planning and performing our audit of the financial statements of the Organization for the fiscal year ended June 30, 2024, we considered the Organization's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Government Auditing Standards require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

There are no other matters that are immaterial to our audit which we believe merit your attention.

We have reviewed our findings and recommendations with Management and have provided any relevant supporting documentation. These items will be reviewed with management in the following year to ensure they are adequately addressed.

Purpose of this Letter

This communication is intended solely for the information and use of Federal and other granting agencies, the Board of Directors and applicable management of the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Conclusion

We very much enjoyed the challenges and experiences associated with our audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by all employees and look forward to working with you in the future.

Powell & Jones

Powell and Jones CPA
Lake City, Florida
April 28, 2025

Powell and Jones CPA

1359 S.W. Main Blvd.
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Phone 386.755.4200

Communication with Those Charged with Governance

To the Board of Directors
Habitat for Humanity of Marion County, Inc.

We have audited the financial statements of Habitat for Humanity of Marion County, Inc. for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Habitat for Humanity of Marion County, Inc. are described Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Habitat for Humanity of Marion County, Inc.'s financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 28, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Information in Documents Containing Audited Financial Statements</u>

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Habitat for Humanity of Marion County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Powell & Jones

Powell and Jones CPA
Lake City, Florida
April 28, 2025

Habitat for Humanity of Marion County, Inc.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 1. 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 deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
Material weaknesss identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
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 Section 2 CFR 200.500 of the Uniform Guidance	No

Identification of major programs:

ALN	Name of Program or Cluster
14.239	Home Investments Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee	No

Section 2. Financial Statement Findings

There were no new findings in the current year.

Section 3. Single Audit Findings and Questioned Costs

There were no findings in the current year.

Section 4. Corrective Action Plan

N/A

Section 5. Summary Schedule of Prior Audit Findings

N/A