HABITAT FOR HUMANITY CHICAGO

Financial Statements

June 30, 2023 and 2022

HABITAT FOR HUMANITY CHICAGO

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Habitat for Humanity Chicago

Opinion
We have audited the accompanying consolidated financial statements of Habitat for Humanity Chicago (an Illinois not-for-profit corporation) and related entity (collectively, the "Organization"), which comprises the consolidated statement of financial position as of June 30, 2023 and 2022, 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 the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its 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 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 the Organization 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 the Organization'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, 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, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information on pages 27 to 34 is also 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
September 22, 2023

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 736,232	$ 4,970,389
Investments	3,837,217	-
Accounts receivable	56,806	32,533
Contributions receivable	297,450	823,450
Mortgages receivable - short-term, net	93,133	93,133
Donated materials inventory	114,624	118,923
Prepaid expenses	336	40,881
Construction in progress	2,056,486	1,680,465
Note receivable - short term	3,192	3,192
Security deposit	38,110	38,110
Operating lease right-of-use - current	345,306	-
Total Current Assets	7,578,892	7,801,076
Property and Equipment		
Equipment and furniture	137,189	100,789
Cars and trucks	80,463	80,463
Less: accumulated depreciation	(147,332)	(133,370)
Total Property and Equipment	70,320	47,882
Non-Current Assets		
Mortgages receivable - long-term, net	2,220,926	2,021,757
Note receivable - long-term	67,559	72,081
Operating lease right-of-use – non-current	1,809,194	-
Intangible assets	-	1,317
Total Non-Current Assets	4,097,679	2,095,155
Total Assets	$ 11,746,891	$ 9,944,113

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 336,621	$ 368,512
Deferred revenue	-	-
Notes payable – current, net	183,418	150,661
Operating lease liability – current	308,856	-
Total Current Liabilities	828,895	519,173
Long-Term Liabilities		
Notes payable – long-term, net	3,921,998	3,211,852
Operating lease liability – non-current	1,873,809	-
Total Long-Term Liabilities	5,795,807	3,211,852
Total Liabilities	6,624,702	3,731,025
Net Assets		
Net assets without donor restrictions	4,447,675	5,440,768
Net assets with donor restrictions	674,514	772,320
Total Net Assets	5,122,189	6,213,088
Total Liabilities and Net Assets	$ 11,746,891	$ 9,944,113

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY

Consolidated Statements of Activities

For the Years Ended June 30, 2023 and 2022

	2023	2022
Support and Revenue		
Individuals	$ 1,246,422	$ 4,023,605
Public	19,500	410,505
Corporations and foundations	1,097,338	1,891,714
Nonprofit and religious organizations	68,583	241,886
In-kind donations	112,777	112,295
Sales of homes	885,649	944,835
Special events income	937,409	803,842
Special events expense	(47,993)	(43,702)
ReStore income	1,580,852	1,525,049
Interest	119,199	2,051
Mortgage interest amortization	137,097	116,465
Gain on foreclosure	-	-
Forgiveness of debt	-	-
Miscellaneous	17,713	116,095
Total Support and Revenue	6,174,546	10,144,640
Operating Expenses		
Program services-		
Construction and affordable homeownership	3,341,661	2,452,392
Other programming	898,840	862,567
ReStore	1,488,446	1,708,851
Total program services	5,728,947	5,023,810
Supporting services-		
Management and general	348,933	335,767
Fundraising	1,109,004	761,843
Total supporting services	1,457,937	1,097,610
Total Operating Expenses	7,186,884	6,121,420
Change in Net Assets	(1,012,338)	4,023,220
Net Assets - Beginning of Year	6,134,527	2,189,868
Net Assets - End of Year	$ 5,122,189	$ 6,213,088

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY

Statement of Functional Expenses - Habitat for Humanity Chicago

For the Year Ended June 30, 2023

	Program Services				Supporting Services			
	Construction and Affordable Homeownership	Other Programs	ReStore	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 763,521	$ 501,255	$ 770,823	$ 2,035,599	$ 191,639	$ 719,323	$ 910,962	$ 2,946,561
Payroll taxes	58,667	37,909	60,065	156,641	14,250	54,633	68,883	225,524
Dues and subscriptions	1,850	-	630	2,480	1,616	43,965	45,581	48,061
Insurance	17,508	42,244	55,060	114,812	17,277	24,895	42,172	156,984
Marketing	160	11,796	75	12,031	109	56,157	56,266	68,297
Supplies	1,111	2,244	-	3,355	3,104	1,391	4,495	7,850
Telephone and internet	893	1,652	4,150	6,695	502	1,120	1,622	8,317
Printing and postage	1,014	9,541	2,646	13,201	553	39,587	40,140	53,341
Professional services	117,121	2,709	9,111	128,941	52,876	55,185	108,061	237,002
Auto expense	3,098	-	13,003	16,101	-	-	-	16,101
Rent	18,457	44,636	347,811	410,904	24.239	26,245	50,484	461,388
Travel	5,221	6,695	2,956	14,872	920	2,829	3,749	18,621
Construction costs	152,908	-	-	152,908	-	-	-	152,908
Contract labor	23,936	5,344	68	29,348	-	-	-	29,348
Dedications	516	-	-	516	-	-	-	516
Family services implementation	-	560	-	560	-	-	-	560
Neighborhood projects	-	84,204	-	84,204	-	-	-	84,204
Global village trip	-	-	-	-	-	-	-	-
Equipment and maintenance	365	983	8,380	9,728	310	517	827	10,555
Bank fees	-	-	42,735	42,735	3,860	44,241	48,101	90,836
Depreciation and amortization	-	-	3,856	3,856	11,423	-	11,423	15,279
Notes payable amortization	9,684	-	-	9,684	-	-	-	9,684
Mortgage discount	521,636	-	-	521,636	-	-	-	521,636
Bad debt expense - escrows	20,613	-	-	20,613	-	-	-	20,613
Construction in process write-down	660,005	-	-	660,005	-	-	-	660,005
Outside services	19,590	-	74,862	94,452	2,800	-	2,800	97,252
Technology	14,390	28,968	9,412	52,770	15,118	31,653	46,771	99,541
Interest expense	-	-	-	-	279	-	279	279
Training	6,585	7,239	1,049	14,873	6,797	5,130	11,927	26,800
Tithe	-	97,000	-	97,000	-	-	-	97,000
Utilities	1,503	3,627	59,252	64,382	1,282	2,133	3,415	67,797
Cost of home sales	916,925	-	-	916,925	-	-	-	916,925
ReStore expenses	-	-	-	-	-	-	-	-
Miscellaneous	4,384	23	22,502	26,909	(21)	-	(21)	26,888
Total Functional Expenses	$ 3,341,661	$ 888,629	$ 1,488,446	$ 5,718,736	$ 348,933	$ 1,109,004	$ 1,457,937	$ 7,176,673

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY

Statement of Functional Expenses - Habitat for Humanity Chicago

For the Year Ended June 30, 2022

	Program Services				Supporting Services			
	Construction and Affordable Homeownership	Other Programs	ReStore	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 513,733	$ 474,100	$ 796,121	$ 1,783,954	$ 163,424	$ 487,609	$ 651,033	$ 2,434,987
Payroll taxes	44,037	40,379	74,861	159,277	13,361	40,421	53,782	213,059
Dues and subscriptions	500	-	1,054	1,554	5,441	11,000	16,441	17,995
Insurance	17,565	42,660	42,693	102,918	19,376	25,092	44,468	147,386
Marketing	736	3,993	1,514	6,243	234	7,265	7,499	13,742
Supplies	211	410	-	621	1,243	364	1,607	2,228
Telephone and internet	957	1,846	5,330	8,133	477	959	1,436	9,569
Printing and postage	1,032	6,771	2,499	10,302	707	83,974	84,681	94,983
Professional services	117,678	6,441	5,560	129,679	67,461	-	67,461	197,140
Auto expense	2,917	-	9,795	12,712	-	-	-	12,712
Rent	16,970	41,215	362,457	420,642	14,545	24,242	38,787	459,429
Travel	4,374	20,454	3,801	28,629	5,190	3,313	8,503	37,132
Construction costs	63,528	-	-	63,528	-	-	-	63,528
Contract labor	43,481	13,498	259	57,238	-	-	-	57,238
Dedications	448	-	-	448	-	-	-	448
Family services implementation	-	41	-	41	-	-	-	41
Neighborhood projects	-	45,860	-	45,860	-	-	-	45,860
Global village trip	-	-	-	-	-	-	-	-
Equipment and maintenance	229	619	17,496	18,344	253	357	610	18,954
Bank fees	-	-	32,593	32,593	4,287	41,514	45,801	78,394
Depreciation and amortization	-	-	1,021	1,021	21,870	-	21,870	22,891
Notes payable amortization	9,684	-	-	9,684	-	-	-	9,684
Mortgage discount	554,997	-	-	554,997	-	-	-	554,997
Bad debt expense - escrows	-	-	-	-	-	-	-	-
Construction in process write-down	76,421	-	-	76,421	-	-	-	76,421
Outside services	15,667	-	240,040	255,707	2,800	-	2,800	258,507
Technology	10,619	22,434	10,221	43,274	9,755	23,418	33,173	76,447
Interest expense	-	-	-	-	137	-	137	137
Training	8,003	26,613	13,526	48,142	4,141	10,522	14,663	62,805
Tithe	-	100,000	-	100,000	-	-	-	100,000
Utilities	1,255	3,050	65,214	69,519	1,076	1,793	2,869	72,388
Cost of home sales	941,470	-	-	941,470	-	-	-	941,470
ReStore expenses	-	-	-	-	-	-	-	-
Miscellaneous	5,880	1,505	22,796	30,181	(11)	-	(11)	30,170
Total Functional Expenses	$ 2,452,392	$ 851,889	$ 1,708,851	$ 5,013,132	$ 335,767	$ 761,843	$ 1,097,610	$ 6,111,742

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (1,012,338)	$ 4,023,220
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,279	22,891
Unrealized (gain) loss	(668)	-
(Increase) decrease in:		
Accounts receivable	(24,273)	2,467
Contributions receivable	526,000	(401,244)
Donated materials inventory	4,299	35,244
Prepaid expenses	40,545	28,156
Note receivable	4,522	2,393
Security deposit	-	(465)
Construction in progress	(376,021)	(527,065)
Right of use asset	305,598	-
Increase (decrease) in:		
Accounts payable	(31,891)	31,571
Deferred revenue	-	-
Operating lease liability	(355,994)	-
Net Cash Provided by (Used in) Operating Activities	(904,942)	3,217,168
Cash Flows from Financing Activities		
Purchase of investments	(3,836,548)	-
Loan proceeds/principal payments - net	742,902	498,196
Net Cash Provided by (Used in) Financing Activities	(3,093,646)	498,196
Cash Flows from Investing Activities		
Purchase of fixed assets	(36,400)	(16,246)
Change in mortgages receivable - net	(199,169)	(274,966)
Net Cash Provided by (Used in) Investing Activities	(235,569)	(291,212)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,234,157)	3,424,152
Cash and Cash Equivalents - Beginning of Year	4,970,389	1,546,237
Cash and Cash Equivalents - End of Year	$ 736,232	$ 4,970,389

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	2023	2022
Supplemental Disclosure of Cash Flow Information -		
Cash paid during the year for:		
Income tax	$ -	$ -
Interest	$ 10,211	$ 10,678

Note A – Organization and Nature of Activities

Habitat for Humanity Chicago ("HFHC") was incorporated in July 2002 as a not-for-profit organization and is an affiliate of Habitat for Humanity International, Inc. ("HFHI"). While HFHI assists with information resources, financial support in the form of loans and grants, technical support, and national partnerships, HFHC is an independently operated and governed entity. In 2006, HFHC merged operations of two other HFHI affiliates: Uptown Habitat for Humanity (Uptown) and Pilsen/Little Village Habitat for Humanity. As part of the merger, HFHC accepted the assets and assumed the liabilities of these affiliates. Nearly all the assets and liabilities of the affiliated organizations had been transferred to HFHC by June 30, 2008.

HFHC is committed to a world where everyone has a decent place to live. HFHC focuses its efforts in Chicago working for the betterment of all residents through developing physical and social assets to strengthen neighborhoods. Its primary program is an affordable homeownership program in which homes are built with buyers who complete classes and volunteer hours on their home and their neighbors' homes. The homes are sold at no profit and financed with affordable loans.

HFHC strives to open homeownership opportunities to more Chicagoans through its Homebuyer University – a public program that introduces participants to all aspects of purchasing a home from financial planning and credit to assessing homes and neighborhoods to the responsibilities of homeownership. HFHC also operates programs that drive investments into its priority neighborhoods through small grants that build and enhance community assets while connecting neighbors.

Winthrop Habitat Limited Partnership ("Winthrop") was formed as a Limited Partnership under the laws of the State of Illinois, on December 30, 1992, for the purpose of construction and operating a rental housing project. The Project consists of 18 units located in Chicago, Illinois, and is currently operating under the name of 5530 N. Winthrop, IHDA Development No. HTF149. Winthrop had one General Partner, Winthrop Habitat Development Corporation, which had a 1% interest, and one Limited Partner, Habitat for Humanity Chicago which had a 99% interest. Effective August 17, 2015, all of the assets and liabilities of Winthrop have been transferred to the Winthrop Apartments Cooperative and HFHC has recorded a loss on transfer of $318,789, which was HFHC's investment in Winthrop at the time of transfer. Winthrop continues to operate as a limited equity cooperative providing affordable housing with technical assistance provided by HFHC.

HFHC Funding Company I, LLC ("HFHC Funding") was incorporated in January 2016 as a limited liability company and has taken title of a basket of mortgages receivable that have assigned as collateral for a Note Payable to PNC. In August 2018, September 2020 and January 2021, HFHC Funding has taken additional baskets of mortgages receivable that have been assigned as collateral for a Note Payable to Northern Trust. HFHC Funding is a wholly owned subsidiary of HFHC.

Note A – Organization and Nature of Activities

Effective November 1, 2019, the ReStore located at 6040 N. Pulaski, Chicago, Illinois and operated by Habitat for Humanity of Northern Fox Valley ("HFHNFV") has been assumed by the HFHC. ReStore is a social enterprise which donated new and used building supplies and home goods are sold to generate revenue. This option to assume the ReStore was agreed to by both entities on April 9, 2013 and was further affirmed in a Memorandum of Understanding dated June 13, 2018. HFHC gave formal notice of its intent to assume the ReStore on October 31, 2018 meeting the minimum one-year notice requirement. Both parties had a mutually agreeable management and transition plan that was effectuated. The revenue sharing agreement expired on January 1, 2023 with the final payment to Habitat Northern Fox Valley made on January 12, 2023. Moving forward, the ReStore will be solely operated by HFHC with all profits invested back into HFHC's mission and operations.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of HFHC and HFHC Funding (collectively, the "Organization") have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Consolidation

HFHC is engaged in the sponsorship of projects in the metropolitan Chicago, Illinois area, ranging from rehabilitation of existing housing to construction of new housing to providing people of modest means the opportunity of home ownership. In addition, HFHC has a wholly owned subsidiary, HFHC Funding, created for the purpose of collateralizing notes from PNC and Northern Trust Banks.

The accompanying consolidated financial statements include the accounts of Habitat for Humanity Chicago and its wholly owned subsidiary, after eliminating all intercompany transactions.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Note B – Summary of Significant Accounting Policies (continued)

Revenue and Cost Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers* (Topic 606), as amended. The standard contains principles that an organization applies to determine the measurement of revenue and the timing of when it is recognized. The adoption of this accounting pronouncement did not result in significant changes in the timing of the Organization's revenue recognition.

The Organization recognizes contributions of cash, securities and in-kind assets when received.

The Organization recognizes revenue from all homebuilding activities at the closing of the sale. During construction, all direct material and labor costs and those indirect costs, including insurance and real estate taxes, related to acquisition and construction are capitalized. Capitalized costs are charged to earnings upon closing. Selling, general and administrative costs are charged to expenses as incurred.

Mortgage Note Agreements contain provisions so that the Organization is entitled to a portion of the economic appreciation (the "Shared Appreciation") of a mortgage property, if such property is sold, or if the related mortgage is defaulted on or entirely repaid, prior to a date established in the mortgage note agreement. This date is generally the tenth or fifteenth anniversary of the mortgage note. Shared appreciation is defined as the difference between the fair market value of the property sold before the end of the mortgage term or on a defaulted mortgage and is recognized upon collection from sale of the mortgage to a third party or resale of the underlying property.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to $250,000.

Construction in Progress

The land costs, materials, supplies, holding costs, and labor costs associated with each property are capitalized until the property is sold. At that time, the Organization recognizes revenue. The Organization also evaluates and adjusts the value of the property based upon the perceived fair market value of property at the time of measurement.

Note B – Summary of Significant Accounting Policies (continued)

Mortgages Receivable, Present Value Discount and Allowance for Doubtful Accounts

As part of its program services, the Organization sells new homes at a price which may be below the cost of construction and the market value of the homes. In connection with these sales, the Organization provides financing to the buyers through interest-free mortgages with a repayment term ranging from 15 to 30 years. Collateral for each of the loans is the property associated with the loan. The mortgages also have a shared appreciation provision which is effective if the owners sell the property before a stipulated date. Each mortgage balance is adjusted to present value using the imputed interest method, and the initial discount valuation is amortized over the life of the loan. The Organization uses the allowance method to estimate uncollectible mortgages receivable. Management reviews all individual mortgage receivable balances that exceed ninety (90) days from payment due date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. The Organization recognized bad debt expenses related to mortgage receivables of $20,613 and $-0- for the years ended June 30, 2023 and 2022, respectively.

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the assets or owes the liability). A fair value measurement assumes that the transaction to sell an asset or to transfer a liability occurs either in the principal market (or in its absence, the most advantageous market) for the asset or liability.

For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information may not be available. When a price for an identical asset or liability is not observable, the Organization measures fair value using other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Organization's intent to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

Donated Materials Inventory

The Organization records inventories at net realizable value. Net realizable value is based on the selling price.

Note B – Summary of Significant Accounting Policies (continued)

Fixed Assets

The Organization capitalizes all expenditures of $500 or more for property and equipment. Items are stated at cost if purchased and at their estimated fair market value if donated. Depreciation expense is recognized as a cost of rendering services and included as an element of expense in the Organization's operations. Depreciation is computed under the straight-line method of depreciation and is treated as an expense. Assets are being depreciated over an estimated life of five years. Depreciation expense was $13,962 and $14,986 for the years ended June 30, 2023 and 2022, respectively.

Intangible Assets

Intangible assets are valued at cost and are amortized over their useful lives of three years. Amortization expense was $1,317 and $7,905 for the years ended June 30, 2023 and 2022, respectively.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

In the Statement of Functional Expenses, all expenses are allocated to the appropriate programs and supporting services on the basis of actual expense. Certain expenses that are joint among all programs are allocated evenly across all of the programs.

Note B – Summary of Significant Accounting Policies (continued)

Donated Materials and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed legal services of $112,777 and $112,295 were recognized as revenue for the years ended June 30, 2023 and 2022, respectively. Contributed goods to be used for fund raising purposes for use in the construction program, new office and other operational uses of $-0- and $8,025 were recognized as revenue for the years ended June 30, 2023 and 2022, respectively. Numerous volunteers have donated significant amounts of time to the Organization. However, no amounts have been reflected in the financial statements for those services.

Adoption of New Accounting Policy

Due to amendments to U.S. generally accepted accounting principles (US GAAP), commencing January 1, 2022, all of the Organization's real estate and equipment leases that have lease terms exceeding 12 months will now be required to be recorded on the Statement of Financial Position as right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease-related expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is classified as an operating lease or a finance lease. Total lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably certain to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

Implementation of these amendments is reflected retrospectively as of July 1, 2022, the effective date of the amendments. As a result of implementation, the Organization recorded additional lease assets of $2,460,099, liabilities of $2,538,659 and a change in beginning net assets of $78,561 as of July 1, 2022. To ease the burden of implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in the amended US GAAP that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with its pre-existing leases. The implementation of these amendments did not materially impact net income or cash flows (see following caption "Leases" for further details).

Note B – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policy (continued)

Apart from these amendments, there have been no other changes in significant accounting policies during the year ended June 30, 2023, as compared to the significant accounting policies described in the Organization's financial statements for the year ended June 30, 2022.

Leases

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented under the captions operating lease right-of-use (ROU) assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying Statement of Financial Position as of June 30, 2023. Finance leases are presented under the captions finance lease right-of-use (ROU) assets, current portion of finance lease liabilities, and long-term portion of finance lease liabilities in the accompanying Statement of Financial Position as of June 30, 2023.

Both operating lease and finance lease ROU assets and lease liabilities are initially measured at the present value of future lease payments over the lease term as determined at each lease's commencement date. In measuring assets and liabilities for certain classes of underlying assets, the Organization has elected a practical expedient to account for lease and nonlease components together as a single lease component. The Organization has used their incremental borrowing rate of 5.5% as the interest rate to discount lease payments.

Operating lease expense is recognized on a straight-line basis over the term of each lease. Finance lease expense is recognized in two separate components, interest expense on the lease liability and amortization of the right-of-use (ROU) asset. In the accompanying Statement of Activities for the year ended June 30, 2023, the interest expense on the lease liabilities has been combined with other interest expense and displayed as a single number under the caption, other income (expenses), and the amortization of the ROU assets has been combined with other depreciation and amortization and displayed as components of cost of revenues and general and administrative expenses, respectively.

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs incurred, less any lease incentives received from the lessor. Facility leases generally obligate the Organization for lease expense, but nonlease reimbursements to the lessor of the proportionate share of common area maintenance (CAM), and non-component reimbursements to the lessor of certain of the lessor's costs such as real estate taxes and lessor insurance premiums applicable to the leased property are not included because the CAM is a variable rate that depends on current market price and are expensed as incurred. As permitted by US GAAP, we have elected not to apply these new lease accounting policies to leases with a term of less than one year at the lease's commencement date. Expenses associated with these short-term leases are recognized on a straight-line basis over the term of the lease.

Note B – Summary of Significant Accounting Policies (continued)

Leases (continued)

The lease for commercial real estate contains options granting the Organization the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise lease renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension. The Organization's lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants.

Note C - Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. 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 files Form 990, Return of Organization Exempt from Income Tax with the Federal government. The Organization also files Form AG990-IL, Illinois Charitable Organization Annual Report with the Attorney General of the State of Illinois. Management has determined that the Organization has no income tax liability as of June 30, 2023. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at June 30, 2023. The Organization's 2020-2022 tax years are open for examination by the IRS and State of Illinois. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

Note D – Mortgages Receivable

As of June 30, 2023 and 2022, the following details the mortgages receivable:

	2023	2022
Total mortgages receivables before adjustments	$ 5,821,015	$ 5,216,692
Less: unamortized discount	(3,483,624)	(3,093,804)
Less: allowance for uncollectible accounts	(20,613)	-
Less: allowance for past due escrow balances	(2,719)	(7,998)
Net Mortgages Receivable	$ 2,314,059	$ 2,114,890

Note D – Mortgages Receivable (continued)

	2023	2022
Amounts due in:		
Less than one year	$ 252,258	$ 226,177
One to two years	252,258	226,177
Two to three years	252,258	226,177
Three to four years	252,258	226,177
Four to five years	252,258	226,177
Five years and beyond	4,559,725	4,085,807
	$ 5,821,015	$ 5,216,692

Discount rates range from four percent to eight percent.

Note E – Fair Value of Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability regardless of whether an observable liquid market price exists (exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access on the measurement date.

- Level 2 Inputs to the valuation methodology 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 which are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note E – Fair Value of Investments (continued)

Each asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input which is significant to the fair value measurement. Valuation techniques utilized maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds which are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The methods described above could produce fair value calculations which may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's management believes that the valuation methods used are appropriate and consistent with those utilized by other market participants, the implementation of different methodologies or assumptions to determine the fair value of the Organization's investment portfolio might result in different fair value measurements at report date.

The Organization invests in various types of investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of the portfolio will occur in the near term (1 year) and such changes could materially affect the Organization's investments and the amounts reported in the accompanying statement of financial position.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023.

As of June 30, 2023 the Organization's investments were classified as follows based on fair value:

Assets	Level 1	Level 2	Level 3	Total
Money Market	$ 2,698	$ -	$ -	$ 2,698
US Treasuries	1,798,108	-	-	1,798,108
Certificates of Deposit	2,036,411	-	-	2,036,411
Total	$ 3,837,217	$ -	$ -	$ 3,837,217

Note E – Fair Value of Investments (continued)

Investments are composed of the following:

	Cost	Fair Value
Money Market	$ 2,698	$ 2,698
US Treasuries	1,797,005	1,798,108
Certificates of Deposit	2,019,434	2,036,411
Total	$ 3,819,137	$ 3,837,217

At June 30, 2023, the following schedule summarizes the investment return for all investments for the period:

Investment Income (Loss)	2022
Interest and dividends	$ 36,548
Net realized and unrealized gains	668
Advisory fees	-
	$ 37,216

Note F – Intangibles

At June 30, 2023 and 2022, intangible assets of $-0- and $1,317 on the statement of financial position consist of the following:

	As of June 30, 2023		As of June 30, 2022	
	Carrying Value	Accumulated Amortization	Carrying Value	Accumulated Amortization
Website Redesign	$ 39,523	$ 39,523	$ 39,523	$ 38,206
Net Balance		$ -0-		$ 1,317

This asset is being amortized over the useful life of 3 years.

Note G – Notes Receivable

On August 17, 2015, the Organization transferred 100% of its partnership interest in Winthrop to the Winthrop Apartments Cooperative. The outstanding receivable balance of $95,753 from Winthrop as of June 30, 2015 has been converted to an installment note, payable over 84 months with a final payment of outstanding principal on August 1, 2022 at 0% interest. As of August 1, 2022, a balance remained in the amount of $73,677. As such, the installment note was extended until December 31, 2023. A new installment note, payable over 60 months, is planned to be executed by January 2024, in which a final payment of outstanding principal would be due Dec 2028 at 0% interest. The outstanding balance at June 30, 2023 and 2022 is $70,751 and $75,273, respectively.

Note H - Leases

The Organization are parties, as lessee, to various operating leases and finance leases for corporate facilities and equipment. The components of lease expense for the year ended June 30, 2023, consist of the following:

Cost element	Amount
Operating lease cost	
Amortization of right-of-use assets	$ 305,598
Interest on lease liabilities	130,494
Total operating lease cost	$ 436,092

Future minimum lease payments for the next five years and in the aggregate under all noncancelable leases with a term of one year or greater as of June 30, 2023, are as follows:

Year Ending June 30,	Operating Leases
2024	$ 421,497
2025	450,364
2026	464,008
2027	458,764
2028	394,640
Thereafter	367,883
Total future minimum lease payments	2,557,156
Less: imputed interest included therein	(374,491)
Net	$ 2,182,665

Note H – Leases (continued)

The following table provides additional information related to the Organization's leases as of June 30, 2023:

	Operating Leases
Current portion of lease liabilities	$ 308,856
Long-term portion of lease liabilities	1,873,809
Total lease liabilities	$ 2,182,665
Weighted average remaining lease term	6.5 years
Weighted average discount rate	5.50%

Note I – Long-Term Debt

During the fiscal years ended June 30, 2007 and 2006, assets and liabilities of two affiliated Habitat organizations were transferred to the Organization.

Two loans transferred had been provided to the former Habitat organization and one loan remains from the Illinois Housing Development Authority ("IHDA") in the original amount of $590,000. The remaining loan is non-interest bearing and is due on demand. As of June 30, 2023 and 2022, $81,444 and $101,111 remains payable to Illinois Housing Development Authority, respectively.

On January 29, 2016, HFHC established HFHC Funding and has assigned a basket of mortgages receivable with a value of $629,685 on December 31, 2015 as means of collateral for a Note Payable to PNC Bank. At the closing date, the HFHC received $448,699 and will repay the $629,685 with payments of mortgages receivable quarterly. The loan has an interest rate of 3%. As of June 30, 2023 and 2022, $330,399 and $346,271 remains payable to PNC Bank, respectively.

On September 5, 2018, HFHC Funding entered into an agreement with The Northern Trust Company and has assigned a basket of mortgages receivable with a value of $1,168,891 on August 30, 2018 as means of collateral for a Note Payable to The Northern Trust Company. On September 5, 2018, HFHC received $1,221,491 and will repay the $1,168,891 with payments of mortgages receivable monthly. The loan has an interest rate of 0%. As of June 30, 2023 and 2022, $970,449 and $1,011,506 remains payable to Northern Trust Bank, respectively.

<u>Note I – Long-Term Debt (continued)</u>

On September 17, 2020, HFHC Funding entered into an agreement with The Northern Trust Company and has assigned a basket of mortgages receivable with a value of $1,430,056 on August 30, 2020 as means of collateral for a Note Payable to The Northern Trust Company. On September 17, 2020, HFHC received $1,486,856 and will repay the $1,430,056 with payments of mortgages receivable monthly. The loan has an interest rate of 0%. As of June 30, 2023 and 2022, $1,281,659 and $1,335,622 remains payable to Northern Trust Bank, respectively.

On January 27, 2022, HFHC Funding entered into an agreement with The Northern Trust Company and has assigned a basket of mortgages receivable with a value of $619,752 on December 31, 2021 as means of collateral for a Note Payable to The Northern Trust Company. On January 27, 2022, HFHC received $619,752 and will repay with payments of mortgages receivable monthly. The loan has an interest rate of 0%. As of June 30, 2023 and 2022, $590,970 and $612,557 remains payable to Northern Trust Bank, respectively. The loan comes with a covenant that states that Organization shall maintain a reserve equal to at least 15% of the total outstanding balances of all mortgages sold or securitized by that Organization to any bank or financial institution, which contain a repurchase obligation. This reserve may be comprised of any combination of the following items (1) a segregated account, comprised of cash, (2) a board restricted line of credit, or (3) performing, unencumbered mortgage loan receivables. As of the year ending June 30, 2023, the Organization was in compliance with this covenant.

On August 25, 2022, HFHC Funding entered into an agreement with The Northern Trust Company and has assigned a basket of mortgages receivable with a value of $915,200 on August 23, 2022 as means of collateral for a Note Payable to The Northern Trust Company. On August 25, 2022, HFHC received $903,616 and will repay the $915,200 with payments of mortgages receivable monthly. The loan has an interest rate of 0%. As of June 30, 2023 and 2022, $880,736 and $-0- remains payable to Northern Trust Bank, respectively.

As of June 30, 2023 and 2022, the following details the notes payable:

	2023	2022
Note payable to IHDA	$ 81,444	$ 101,111
Note payable to PNC Bank	330,399	346,271
Notes payable to Northern Trust	3,723,814	2,959,684
Other	24,636	20,008
Less: unamortized discount	(54,877)	(64,561)
Net Notes Payable	$ 4,105,416	$ 3,362,513

Note I – Long-Term Debt (continued)

As of June 30, 2023, the amount required to be paid on the notes payable for each of the next five fiscal years and thereafter are as follows:

2024	$ 200,212
2025	197,219
2026	197,219
2027	199,655
2028	178,485
Thereafter	3,187,503
Less: unamortized discount	(54,877)
Net Notes Payable	$ 4,105,416

Note J – Net Assets with Donor Restrictions

During the years ended June 30, 2023 and 2022, net assets with donor restrictions of $674,514 and $772,320, respectively, were available solely for the purpose of building affordable housing. The amount of $407,488 and $1,432,637 was released from restricted funds for building affordable housing as the Organization fulfilled the donor-imposed restrictions during the years ended June 30, 2023 and 2022, respectively.

Note K – Retirement Plan

The Organization has a 401(k) Plan, which allows eligible employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. At the discretion of management, the Organization may make matching contributions. During the years ended June 30, 2023 and 2022, the Organization made matching contributions to the plan of $58,339 and $48,356, respectively.

Note L – Significant Agreements

Effective April 9, 2013, the Organization entered into an agreement with Habitat for Humanity of Northern Fox Valley (“HFHNFV”) to open and operate a ReStore in Chicago, Illinois with the expectation of generating net profits for both HFHNFV and the Organization, and that the Organization will eventually acquire the ReStore from HFHNFV. According to the terms of the agreement, net proceeds from the ReStore were distributed solely to HFHNFV to reimburse its initial investment until the investments of HFHNFV and the Organization was equal; this occurred in September 2016. Thereafter, monthly net profits were distributed equally between HFHNFV and the Organization. Effective November 1, 2019, the Organization assumed control of the ReStore and continues to share 50% of the net profits from this ReStore as part of a revenue sharing agreement with HFHNFV through January 1, 2023. On January 12, 2023, the final buyout payment was made to HFHNFV in full. For the years ended June 30, 2023 and 2022, net proceeds from the ReStore of $165,069 and $140,040, respectively, were distributed to both the Organization and HFHNFV.

Note M—Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

Amounts not available include amounts with donor-imposed purpose and time restrictions.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	$ 736,232	$ 4,970,389
Accounts receivable	56,806	32,533
Contributions receivable	297,450	823,450
Note receivable – short term	3,192	3,192
Investments	3,837,217	-
Less contractual or donor-imposed restrictions:		
Donor restrictions for specific purposes	(674,514)	(772,320)
Financial assets available to meet cash needs for general expenditure within one year	$ 4,256,383	$ 5,057,244

Note N – Concentration of Custodial Risk

Financial instruments that potentially subject the Organization to concentration of custodial risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At June 30, 2023 and 2022, the Organization had $540,443 and $4,514,517 in excess of FDIC insured limit.

Note O – Donated Services

Other than the amounts noted in Note B, there have been no amounts reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program and support service.

Note P - MacKenzie Scott Gift

In March of 2022, the Organization was one of 84 U.S. Habitat for Humanity affiliate organizations selected to receive a portion of the $436 million donation from author and philanthropist, MacKenzie Scott. The Organization's portion of this transformative gift was $2.5 million which will help further our vision of a world where everyone has equitable access to a safe, decent, and affordable place to call home. The gift was designated as an unrestricted individual donation, with no reporting requirements

Note Q – Subsequent Events

Effective September 19, 2023, HFHC entered into a 7-year lease with the purpose of opening and operating a second ReStore on the Southwest Side of Chicago, located at 6057 S. Western, Chicago, Illinois. All profits generated will be invested back into HFHC's mission and operations.

Additionally, effective September 20, 2023, HFHC signed a second amendment to extend the term of office space leased by an additional year, now expiring on November 30, 2024.

The Organization has determined that no material events or transactions occurred subsequent to June 30, 2023 and through the date of the independent auditor's report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Financial Position
June 30, 2023

	HFHC	HFHC Funding Co. LLC	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 736,232	$ -	$ -	$ 736,232
Investments	3,837,217	-	-	3,837,217
Accounts receivable	56,806	-	-	56,806
Contributions receivable	297,450	-	-	297,450
Mortgages receivable - short-term, net	23,857	69,276	-	93,133
Donated materials inventory	114,624	-	-	114,624
Prepaid expenses	336	-	-	336
Construction in progress	2,056,486	-	-	2,056,486
Note receivable - short-term	3,192	-	-	3,192
Security deposit	38,110	-	-	38,110
Operating lease right-of-use - current	345,306	-	-	345,306
Due from parent	-	2,708,609	(2,708,609)	-
Investment in subsidiary	291,864	-	(291,864)	-
Total Current Assets	7,801,480	2,777,885	(3,000,473)	7,578,892
Property and Equipment				
Equipment and furniture	137,189	-	-	137,189
Cars and trucks	80,463	-	-	80,463
Less: accumulated depreciation	(147,332)	-	-	(147,332)
Total Property and Equipment	70,320	-	-	70,320
Non-Current Assets				
Mortgages receivable - long-term, net	652,734	1,568,192	-	2,220,926
Note receivable - long-term	67,559	-	-	67,559
Operating lease right-of-use - non-current	1,809,194	-	-	1,809,194
Intangible assets, net of amortization	-	-	-	-
Total Non-Current Assets	2,529,487	1,568,192	-	4,097,679
Total Assets	$ 10,401,287	$ 4,346,077	$ (3,000,473)	$ 11,746,891

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Financial Position
June 30, 2023

	HFHC	HFHC Funding Co. LLC	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	$ 336,621	$ -	$ -	$ 336,621
Deferred revenue	-	-	-	-
Due to affiliate	2,708,609	-	(2,708,609)	-
Notes payable – current, net	14,975	168,443	-	183,418
Operating lease liability - current	308,856	-	-	308,856
Total Current Liabilities	3,369,061	168,443	(2,708,609)	828,895
Long-Term Liabilities				
Notes payable – long-term, net	36,228	3,885,770	-	3,921,998
Operating lease liability - non-current	1,873,809	-	-	1,873,809
Total Long-Term Liabilities	1,910,037	3,885,770	-	5,795,807
Total Liabilities	5,279,098	4,054,213	(2,708,609)	6,624,702
Net Assets				
Net assets without donor restrictions	4,447,675	-	-	4,447,675
Net assets with donor restrictions	674,514	-	-	674,514
Partners' equity in LLC	-	291,864	(291,864)	-
Total Net Assets	5,122,189	291,864	(291,864)	5,122,189
Total Liabilities and Net Assets	$ 10,401,287	$ 4,346,077	$ (3,000,473)	$ 11,746,891

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Financial Position
June 30, 2022

	HFHC	HFHC Funding Co. LLC	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 4,970,389	$ -	$ -	$ 4,970,389
Accounts receivable	32,533	-	-	32,533
Contributions receivable	823,450	-	-	823,450
Mortgages receivable, net - short-term	35,980	57,153	-	93,133
Inventory	118,923	-		118,923
Prepaid expenses	40,881	-	-	40,881
Construction in progress	1,680,465	-	-	1,680,465
Note receivable - short-term	3,192	-	-	3,192
Security deposit	38,110	-	-	38,110
Due from parent	-	2,149,763	(2,149,763)	-
Investment in subsidiary	201,183	-	(201,183)	-
Total Current Assets	7,945,106	2,206,916	(2,350,946)	7,801,076
Property and Equipment				
Equipment and furniture	100,789	-	-	100,789
Cars and trucks	80,463	-	-	80,463
Less: accumulated depreciation	(133,370)	-	-	(133,370)
Total Property and Equipment	47,882	-	-	47,882
Non-Current Assets				
Mortgages receivable, net - long-term	721,534	1,300,223	-	2,021,757
Note receivable - long-term	72,081	-	-	72,081
Intangible assets, net of amortization	1,317	-	-	1,317
Total Non-Current Assets	794,932	1,300,223	-	2,095,155
Total Assets	$ 8,787,920	$ 3,507,139	$ (2,350,946)	$ 9,944,113

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Financial Position
June 30, 2022

	HFHC	HFHC Funding Co. LLC	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	$ 368,512	$ -	$ -	$ 368,512
Deferred revenue	-	-	-	-
Due to affiliate	2,149,763	-	(2,149,763)	-
Notes payable - current, net	12,724	137,937	-	150,661
Total Current Liabilities	2,530,999	137,937	2,149,763)	519,173
Long-Term Liabilities				
Notes payable - long-term, net	43,833	3,168,019	-	3,211,852
Total Long-Term Liabilities	43,833	3,168,019	-	3,211,852
Total Liabilities	2,574,832	3,305,956	(2,149,763)	3,731,025
Net Assets				
Net assets without donor restrictions	5,440,768	-	-	5,440,768
Net assets with donor restrictions	772,320	-	-	772,320
Partners' equity in LLC	-	201,183	(201,183)	-
Total Net Assets	6,213,088	201,183	(201,183)	6,213,088
Total Liabilities and Net Assets	$ 8,787,920	$ 3,507,139	$ (2,350,946)	$ 9,944,113

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Activities/Loss
For the Year Ended June 30, 2023

	HFHC Unrestricted	HFHC Restricted	HFHC Funding Co. LLC	Eliminations	Total
Support and Revenue					
Individuals	$ 1,206,472	$ 39,950	$ -	$ -	$ 1,265,922
Public	-	19,500	-	-	19,500
Corporations and foundations	889,169	208,169	-	-	1,097,338
Nonprofit and religious organizations	26,520	42,063	-	-	68,583
In-kind donations	112,777	-	-		112,777
Sales of homes	885,649	-	-	-	885,649
Special events income (including $18,965 of In-kind donations)	937,409	-	-	-	937,409
Special events expense	(47,993)	-	-	-	(47,993)
ReStore income	1,580,852	-	-	-	1,580,852
Interest	119,199	-	-	-	119,199
Mortgage interest amortization	36,205	-	100,892	-	137,097
Recovery of mortgage receivable	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-
Miscellaneous	17,713	-	-	-	17,713
Total	5,763,972	309,682	100,892	-	6,174,546
Net assets released from restriction	407,488	(407,488)	-	-	-
Total Support and Revenue	6,171,460	(97,806)	100,892	-	6,174,546
Operating Expenses					
Program services-					
Construction and affordable homeownership	3,341,661	-	-	-	3,341,661
Other programming	888,629	-	10,211	-	898,840
ReStore	1,488,446	-	-	-	1,488,446
Total program services	5,718,736	-	10,211	-	5,728,947
Supporting services-					
Management and general	348,933	-	-	-	348,933
Fundraising	1,109,004	-	-	-	1,109,004
Total supporting services	1,457,937	-	-	-	1,457,937
Total Operating Expenses	7,176,673	-	10,211	-	7,186,884
Increase (Decrease) in Net Assets Before Net Income (Loss) of Subsidiary - LLC	(1,005,213)	(97,806)	90,681	-	(1,012,338)
Net Income (Loss) of Subsidiary - LLC	90,681	-	(90,681)	-	-
Increase (Decrease) in Net Assets	(914,532)	(97,806)	-	-	(1,012,338)
Net Assets - Beginning of Year	5,362,207	772,320	-	-	6,134,527
Net Assets - End of Year	$ 4,447,675	$ 674,514	$ -	$ -	$ 5,122,189

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Activities/Loss
For the Year Ended June 30, 2022

	HFHC Unrestricted	HFHC Restricted	HFHC Funding Co. LLC	Eliminations	Total
Support and Revenue					
Individuals	$ 3,988,800	$ 34,805	$ -	$ -	$ 4,023,605
Public	-	410,505			410,505
Corporations and foundations	390,487	1,501,227	-	-	1,891,714
Nonprofit and religious organizations	3,466	238,420	-	-	241,886
In-kind donations	112,295	-	-		112,295
Sales of homes	944,835	-	-	-	944,835
Special events income (including $18,965 of In-kind donations)	803,842	-	-	-	803,842
Special events expense	(43,702)	-	-	-	(43,702)
Resale store income	1,525,049	-	-	-	1,525,049
Interest	2,051	-	-	-	2,051
Mortgage interest amortization	37,331	-	79,134	-	116,465
Recovery of mortgage receivable	-	-	-	-	-
Gain on foreclosure	-	-	-	-	-
Miscellaneous	116,095	-	-	-	116,095
Total	7,880,549	2,184,957	79,134	-	10,144,640
Net assets released from restriction	1,432,637	(1,432,637)	-	-	-
Total Support and Revenue	9,313,186	752,320	79,134	-	10,144,640
Operating Expenses					
Program services-					
Construction and affordable homeownership	2,452,392	-	-	-	2,452,392
Other programming	851,889	-	10,678	-	862,567
ReStore	1,708,851	-	-	-	1,708,851
Total program services	5,013,132	-	10,678	-	5,023,810
Supporting services-					
Management and general	335,767	-	-	-	335,767
Fundraising	761,843	-	-	-	761,843
Total supporting services	1,097,610	-	-	-	1,097,610
Total Operating Expenses	6,110,742	-	10,678	-	6,121,420
Increase (Decrease) in Net Assets Before Net Income (Loss) of Subsidiary - LLC	3,202,444	752,320	68,456	-	4,023,220
Net Income (Loss) of Subsidiary - LLC	68,456	-	(68,456)	-	-
Increase (Decrease) in Net Assets	3,270,900	752,320	-	-	4,023,220
Net Assets - Beginning of Year	2,169,868	20,000	-	-	2,189,868
Net Assets - End of Year	$ 5,440,768	$ 772,320	$ -	$ -	$ 6,213,088

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2023

	HFHC	HFHC Funding Co. LLC	Total
Cash Flows from Operating Activities			
Change in net assets	$ (1,103,019)	$ 90,681	$ (1,012,338)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization	15,279	-	15,279
Unrealized (gain) loss	(668)		(668)
(Increase) decrease in:			
Accounts receivable	(24,273)	-	(24,273)
Contribution receivable	526,000	-	526,000
Donated materials inventory	4,299		4,299
Prepaid expenses	40,545	-	40,545
Note receivable	4,522	-	4,522
Security deposit	-		-
Construction in progress	(376,021)	-	(376,021)
Right of use asset	305,598	-	305,598
Increase (decrease) in:			
Accounts payable	(31,891)	-	(31,891)
Deferred revenue	-	-	-
Operating lease liability	(355,994)	-	(355,994)
Net Cash Provided by (Used in) Operating Activities	(995,623)	90,681	(904,942)
Cash Flows from Financing Activities			
Purchase of investments	(3,836,548)	-	(3,836,548)
Loan proceeds/principal payments - net	(5,355)	748,257	742,902
Net Cash Provided by (Used in) Financing Activities	(3,841,903)	748,257	(3,093,646)
Cash Flows from Investing Activities			
Purchase of fixed assets	(36,400)	-	(36,400)
Due to/from parent	558,846	-	558,846
Due to/from affiliate	-	(558,846)	(558,846)
Change in mortgages receivable - net	80,923	(280,092)	(199,169)
Net Cash Provided by (Used in) Investing Activities	603,369	(838,938)	(235,569)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,234,157)	-	(4,234,157)
Cash and Cash Equivalents at Beginning of Year	4,970,389	-	4,970,389
Cash and Cash Equivalents at End of Year	$ 736,232	$ -	$ 736,232

See Independent Auditors' Report

HABITAT FOR HUMANITY CHICAGO AND RELATED ENTITY
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2022

	HFHC	HFHC Funding Co. LLC	Total
Cash Flows from Operating Activities			
Change in net assets	$ 3,954,764	$ 68,456	$ 4,023,220
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization	22,891	-	22,891
Unrealized (gain) loss	-		
(Increase) decrease in:			
Accounts receivable	2,467	-	2,467
Contribution receivable	(401,244)	-	(401,244)
Inventory	35,244	-	35,244
Prepaid expenses	28,156	-	28,156
Note receivable	2,393	-	2,393
Security deposit	(465)		(465)
Construction in progress	(527,065)	-	(527,065)
Increase (decrease) in:			
Accounts payable	31,571	-	31,571
Deferred revenue	-	-	-
Net Cash Provided by (Used in) Operating Activities	3,148,712	68,456	3,217,168
Cash Flows from Financing Activities			
Loan proceeds/principal payments - net	(11,855)	510,051	498,196
Net Cash Provided by (Used in) Financing Activities	(11,855)	510,051	498,196
Cash Flows from Investing Activities			
Purchase of fixed assets	(16,246)	-	(16,246)
Assumption of ReStore	-	-	-
Due to/from parent	382,020	-	382,020
Due to/from affiliate	-	(382,020)	(382,020)
Change in mortgages receivable - net	(78,479)	(196,487)	(274,966)
Net Cash Provided by (Used in) Investing Activities	287,295	(578,507)	(291,212)
Net Increase (Decrease) in Cash and Cash Equivalents	3,424,152	-	3,424,152
Cash and Cash Equivalents at Beginning of Year	1,546,237	-	1,546,237
Cash and Cash Equivalents at End of Year	$ 4,970,389	$ -	$ 4,970,389