



FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

with

Independent Accountants' Review Report

NEWBERG AREA HABITAT FOR HUMANITY

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Independent Accountants' Review Report

The Board of Directors
Newberg Area Habitat for Humanity

Opinion

We have reviewed the accompanying financial statements of Newberg Area Habitat for Humanity, (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements as of and for the year ended June 30, 2023, in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Report on 2022 Financial Statements

The financial statements as of and for the year ended June 30, 2022, were audited by us, and we expressed an unmodified opinion on them in our report dated December 8, 2022. We have not performed any auditing procedures since that date.

Hoffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
February 6, 2024

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Financial Position

(See Independent Accountants' Review Report)

June 30,	2023	2022
	(Reviewed)	(Audited)
ASSETS		
Cash and cash equivalents	\$ 233,256	\$ 119,091
Cash held for escrow <i>(Note 6)</i>	21,950	25,057
Other receivable	-	164
Grants receivable	91,199	-
Employee retention credits receivable <i>(Note 8)</i>	63,484	-
Mortgages receivable - net <i>(Note 2)</i>	1,739,475	1,857,917
Inventories <i>(Note 3)</i>	492,628	312,903
Prepaid expenses	10,948	5,529
Land leased to homeowners <i>(Note 4)</i>	118,000	118,000
Property and equipment - net <i>(Note 5)</i>	<u>1,032,467</u>	<u>1,057,663</u>
Total assets	<u>\$ 3,803,407</u>	<u>\$ 3,496,324</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 38,151	\$ 1,145
Accrued payroll liabilities	8,791	14,343
Escrow deposits <i>(Note 6)</i>	21,950	25,057
Paycheck Protection Program loan <i>(Note 7)</i>	-	24,614
Notes payable <i>(Note 9)</i>	<u>179,013</u>	<u>186,834</u>
Total liabilities	247,905	251,993
Commitment <i>(Note 12)</i>		
Net assets:		
Without donor restrictions	3,546,502	3,240,864
With donor restrictions <i>(Note 10)</i>	<u>9,000</u>	<u>3,467</u>
Total net assets	<u>3,555,502</u>	<u>3,244,331</u>
Total liabilities and net assets	<u>\$ 3,803,407</u>	<u>\$ 3,496,324</u>

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

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Activities

(See Independent Accountants' Review Report)

Years Ended June 30,	2023 (Reviewed)	2022 (Audited)
Changes in net assets without donor restrictions:		
Revenue, gains, and other support:		
Sale of homes	\$ -	\$ 467,700
Sale of Resale store inventory	214,601	159,659
Contributions and grants	208,929	137,524
Noncash contributions - Resale store	219,192	161,128
Noncash contributions - other	54,989	51,655
Amortization of discount on mortgages receivable	33,412	123,486
Gain from forgiveness of the Paycheck Protection Program loan (Note 7)	24,614	-
Employee retention credits receivable (Note 8)	63,484	-
Other	2,665	12,718
Net assets released from restrictions (Note 10)	4,967	10,156
Total revenue, gains, and other support	826,853	1,124,026
Expenses:		
Program services	416,181	1,013,466
Supporting services	105,034	34,332
Total expenses	521,215	1,047,798
Change in net assets without donor restrictions	305,638	76,228
Changes in net assets with donor restrictions:		
Contributions and grants	10,500	5,000
Net assets released from restrictions (Note 10)	(4,967)	(10,156)
Change in net assets with donor restrictions	5,533	(5,156)
Increase in net assets	311,171	71,072
Net assets, beginning of year	3,244,331	3,173,259
Net assets, end of year	\$ 3,555,502	\$ 3,244,331

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

NEWBERG AREA HABITAT FOR HUMANITY

Statement of Functional Expenses
(See Independent Accountants' Review Report)

Year Ended June 30, 2023 (Reviewed)

	Program Services		Supporting Services			Total
	Home-ownership	Resale Store	Total	Management and General	Indirect Expenses	
Cost of goods sold - Resale store	\$ -	\$ 214,601	\$ 214,601	\$ -	\$ -	\$ 214,601
Payroll and related expenses	40,762	78,838	119,600	57,917	12,876	195,010
Professional fees	-	-	-	23,094	-	23,094
Office expenses	12,559	8,319	20,878	1,073	13,255	38,714
Occupancy	246	8,504	8,750	-	2,471	11,221
Travel and vehicle expenses	389	823	1,212	-	-	1,212
Interest expense	-	-	-	7,562	-	7,562
Tithing (Note 13)	3,334	-	3,334	-	-	3,334
Depreciation	-	25,196	25,196	-	-	25,196
Insurance	13,368	1,570	14,938	-	-	14,938
Other expenses	3,194	-	3,194	-	-	3,194
Allocation of indirect expenses	5,586	15,753	21,339	460	(28,602)	(21,339)
Capitalized expenses	(16,861)	-	(16,861)	-	-	(16,861)
	<u>\$ 62,577</u>	<u>\$ 353,604</u>	<u>\$ 416,181</u>	<u>\$ 8,585</u>	<u>\$ 96,449</u>	<u>\$ 521,215</u>

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

NEWBERG AREA HABITAT FOR HUMANITY

Statement of Functional Expenses

(See Independent Accountants' Review Report)

Year Ended June 30, 2022 (Audited)

	Program Services			Supporting Services			Total
	Home-ownership	Resale Store	Total	Development and General	Management and General	Indirect Expenses	
Cost of homes sold	\$ 406,140	\$ -	\$ 406,140	\$ -	\$ -	\$ -	\$ 406,140
Discounts granted on mortgages	237,200	-	237,200	-	-	-	237,200
	643,340	-	643,340	-	-	-	643,340
Cost of goods sold - Resale store	-	\$ 159,520	\$ 159,520	-	-	-	\$ 159,520
Payroll and related expenses	49,974	69,154	119,128	3,196	7,207	7,050	17,453
Professional fees	6,636	-	6,636	-	10,526	-	17,162
Office expenses	8,327	10,637	18,964	3,628	62	12,264	34,918
Occupancy	1,059	7,960	9,019	-	-	1,343	10,362
Travel and vehicle expenses	1,221	673	1,894	-	-	-	1,894
Interest expense	-	-	-	-	8,996	-	8,996
Tithing (Note 13)	9,022	-	9,022	-	-	-	9,022
Depreciation	-	24,160	24,160	-	-	-	24,160
Insurance	14,578	1,884	16,462	-	-	213	16,675
Other expenses	1,825	925	2,750	-	-	-	2,750
Allocation of indirect expenses	7,043	13,110	20,153	375	342	(20,870)	(20,153)
Capitalized expenses	(17,582)	-	(17,582)	-	-	-	(17,582)
	\$ 725,443	\$ 288,023	\$ 1,013,466	\$ 7,199	\$ 27,133	\$ -	\$ 34,332
							\$ 1,047,798

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

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Cash Flows

(See Independent Accountants' Review Report)

Years Ended June 30,	2023	2022
	(Reviewed)	(Audited)
Cash flows from operating activities:		
Cash receipts:		
Principal payments on mortgages receivable	\$ 151,854	\$ 139,276
Resale store	214,601	159,659
Contributions and grants	128,230	142,524
Other	<u>2,829</u>	<u>12,554</u>
	497,514	454,013
Cash disbursements:		
Land purchases and home construction costs	66,279	342,652
Payroll and related expenses	200,562	129,632
Interest	7,562	8,996
Tithing	3,334	9,022
Other	<u>100,898</u>	<u>83,886</u>
	<u>378,635</u>	<u>574,188</u>
Net cash provided (used) by operating activities	118,879	(120,175)
Cash flows from investing activities:		
Purchases of property and equipment	<u>-</u>	<u>(138,584)</u>
Net cash used by investing activities	-	(138,584)
Cash flows from financing activities:		
Principal payments on notes payable	<u>(7,821)</u>	<u>(16,466)</u>
Net cash used by financing activities	(7,821)	(16,466)
Net increase (decrease) in cash and cash equivalents	111,058	(275,225)
Cash and cash equivalents and restricted cash, beginning of year	<u>144,148</u>	<u>419,373</u>
Cash and cash equivalents and restricted cash, end of year	255,206	144,148
Less cash held for escrow, end of year	<u>(21,950)</u>	<u>(25,057)</u>
Cash and cash equivalents, end of year	<u>\$ 233,256</u>	<u>\$ 119,091</u>

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

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements (See Independent Accountants' Review Report)

1. Significant Accounting Policies

Organization - Newberg Area Habitat for Humanity (the Organization) is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian not-for-profit organization whose purpose is to create decent, simple housing for those in need, and to make decent shelter a matter of conscience everywhere. Although Habitat International assists with information, resources, training, publications, and in other ways, the Organization is primarily and directly responsible for the legal, organizational, fundraising, family selection and nurture, financial, and construction aspects of the work. The Organization, through its many volunteers, constructs affordable housing in Newberg, Oregon, transfers the homes to qualified families at below-market prices, and provides non-interest-bearing mortgage loans.

The Organization operates a Resale store located in Newberg, Oregon, which is an outlet for selling donated building materials.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Amounts designated for specific purposes by the Board of Directors are reported as net assets without donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Significant estimates made by management include the valuation of donated resale store inventory, discounts on mortgages receivable, and the allocation of expenses by functional classification.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk - The Organization's cash holdings (including cash held for escrow) are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. On occasion, amounts on deposit with financial institutions may exceed FDIC limits.

Inventories - Inventories consist of construction in progress and raw materials. Inventories are stated at the lower of cost or net realizable value for purchased items and estimated fair value at the date of donation for donated items, determined by the first-in-first-out (FIFO) method. Costs incurred for construction in progress are allocated to each house based on specific identification. Once completed, homes will be sold, and the cost of homes will be recorded.

Resale Store Inventory - The Organization operates a Resale store that predominantly sells donated materials to the public. Donated inventories on hand at year end are valued at estimated fair value. Purchased inventories are valued at the lower of cost or net realizable value.

Property and Equipment - Property and equipment are recorded at cost, if purchased, and at estimated fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years for personal property, and 39 years for real property. Maintenance and repairs are charged to expense when incurred; major renewals and betterments are capitalized.

Contributions and Grants - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give (including grants); or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued Contributions and Grants - Continued

The Organization reports contributions of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when acquired long-lived assets are placed in service.

The Organization received a grant for \$345,000 from the State of Oregon that is conditioned upon the incurrence of allowable qualifying expenses. As of June 30, 2023, \$321,074 of this grant has not been recognized as revenue in the accompanying financial statements because qualifying expenditures had not yet been incurred.

Noncash Contributions - Contributions of assets other than cash (property, construction materials, land, and equipment) are recorded at their estimated fair value. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, and are recorded at their estimated fair values in the period received.

Noncash contributions consisted of the following during the years ended June 30:

	2023	2022
Noncash contributions - Resale store	\$ 219,192	\$ 161,128
Non cash contributions - other:		
Professional services	54,565	45,551
Construction materials	424	6,104
	<u>54,989</u>	<u>51,655</u>
	<u>\$ 274,181</u>	<u>\$ 212,783</u>

The Organization estimates the value of donated goods received at the Resales Store based on their expected selling price. Professional services are valued at standard hourly rates charged for those services. The value of construction materials was determined by the estimated cost of the materials if purchased. There were no donor-imposed restrictions associated with the noncash contributions. Professional services and construction materials were utilized by the Organization in its program and supporting services.

A substantial number of volunteers donate significant amounts of their time to the Organization for general construction and office labor. However, as these services do not require specialized skills or materially enhance the value of nonfinancial assets, the value of such services is not recorded in the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued

Revenue Recognition - Revenue from sales of homes is recognized at the point in time the home is sold, and title passes to a qualified homebuyer. Mortgages are non-interest bearing and have been discounted at various rates ranging from 3.48 to 6.67 percent. The rates are based on the prevailing market rates at the inception of the mortgages. The rates were based on the Freddie Mac 30 year fixed-rate mortgage rates. Discounts are amortized using the effective interest method over the lives of the mortgages, and the amortization of mortgage discount is recognized as revenue.

Resale store sales are also recognized at a point in time, which is when control is transferred to the customer. The amount recorded as revenue reflects the consideration the Organization receives in exchange for its inventory.

Mortgages Receivable - Mortgages receivable consist of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments over the life of the mortgage. The Organization considers homeowners to be delinquent if they are 30 days past due on their mortgage payment. Every effort is made to assist homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or the Organization may accept a deed in lieu of foreclosure where homeowner mortgage payments are seriously delinquent. Properties acquired through foreclosure or a deed in lieu of foreclosure are generally refurbished and sold to other families in need of decent, affordable housing. Consequently, no allowance for credit losses has been established for mortgages receivable at June 30, 2023 or 2022.

In connection with the issuance of the original non-interest-bearing mortgages, in many cases the Organization also issues a second mortgage. These second mortgages represent the difference between the original mortgage and the appraised value of the home. The second mortgage is to protect the value of the collateral. Second mortgages are due at the maturity (regardless of homeowner compliance) and thus are recorded and are included in the financial statements.

For mortgages issued prior to 2010, rather than a second mortgage, a provision in the mortgage agreement provided that the difference between the amount payable by the homeowner and the appraised value of the home would be due to the Organization only if the homeowner does not comply with the terms of the mortgage. The mortgage agreements also state the amount payable by the homeowner is reduced each year the homeowner complies with the terms of the mortgage. These amounts are not included in the financial statements as the amounts are only due to the Organization if the homeowner does not comply with the terms of the mortgage. At June 30, 2023, the amount payable to the Organization if terms of these mortgages are not complied with totaled \$57,670.

Warranties - The Organization provides a one-year warranty on all of its homes. The warranty is generally for defects in materials and/or workmanship. Warranty costs are expensed as incurred. The Organization has experienced minimal warranty costs and therefore does not believe an accrual for such costs is necessary.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued

Income Taxes - The Organization is exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Functional Allocation of Expenses - Costs of providing various program and other activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses report certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and related expenses, office expenses, and occupancy, which are allocated on the basis of estimated time and effort.

Subsequent Events - Management has evaluated subsequent events through February 6, 2024, the date the financial statements were available for issue.

2. Mortgages Receivable - Net

	2023	2022
Mortgages receivable	\$ 2,996,798	\$ 3,148,652
Discount on mortgages receivable	<u>(1,257,323)</u>	<u>(1,290,735)</u>
Mortgages receivable - net of discount	<u>\$ 1,739,475</u>	<u>\$ 1,857,917</u>

3. Inventories

	2023	2022
Construction in progress	\$ 469,745	\$ 294,610
Raw materials:		
Construction	5,000	5,000
Resale store	<u>17,883</u>	<u>13,293</u>
	<u>\$ 492,628</u>	<u>\$ 312,903</u>

At June 30, 2023 and 2022, construction in progress included one home under construction and undeveloped property.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

4. Land Leased to Homeowners

To promote current and future affordability to homeowners, the Organization retained title to certain land as opposed to selling homes including the land. In lieu of selling the land, the Organization entered into a long-term land lease arrangement with the homeowners at a nominal annual rental amount. All lease agreements are for a term of 99 years. Concurrent with the recognition of the sale, the cost of the land was transferred from construction in progress to land leased to homeowners. At June 30, 2023 and 2022, land leased to homeowners totaled \$118,000.

5. Property and Equipment - Net

	2023	2022
Land	\$ 191,740	\$ 191,740
Building	941,307	941,307
Equipment and computer software	55,378	55,378
Vehicles	23,113	23,113
	<u>1,211,538</u>	<u>1,211,538</u>
Less accumulated depreciation	<u>(179,071)</u>	<u>(153,875)</u>
Property and equipment - net	<u>\$ 1,032,467</u>	<u>\$ 1,057,663</u>

6. Escrow Accounts

The Organization maintains escrow accounts on behalf of homeowners. These accounts are used to collect homeowner deposits to be used to pay escrow expenses (such as property taxes and homeowners' insurance premiums). The total balance of these accounts at June 30, 2023 and 2022, was \$21,950 and \$25,057, respectively.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

7. Paycheck Protection Program Loans

In February 2021, the Organization received proceeds of \$24,614 from a Paycheck Protection Program Second Draw loan (Second Draw loan) authorized under the Consolidated Appropriations Act of 2021 (the Act). The Second Draw loan provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

The loan was forgiven in fully by the SBA in July 2022.

The Organization elected to account for the Second Draw loan obligation following the debt model under GAAP. As such, the forgiveness of indebtedness was recognized in the period in which the obligation was forgiven by the SBA. Accordingly, a gain from the forgiveness of the Second Draw loan is included in the accompanying statement of activities for the year ended June 30, 2023.

8. Employee Retention Credits

The Employee Retention Credit (ERC), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides fully refundable tax credits against the employer share of federal payroll taxes for employers who meet certain criteria.

The Organization has elected to account for ERC tax credits received as a government grant using accounting guidance provided by Accounting Standards Codification 958-605: *Not-for-Profit Entities - Revenue Recognition*. The Organization determined it qualified for the ERC during the year ended June 30, 2023. Employer retention credits totaling \$63,484 were applied for and recognized as revenue during the year ended June 30, 2023. As of June 30, 2023, this amount was not yet collected, and was recorded as a receivable on the accompanying statement of financial position.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

9. Notes Payable

	2023	2022
Note payable to First Federal Savings & Loan Association of McMinnville, payable in monthly installments of \$1,000, including interest at 4 percent per annum. The interest rate will be redetermined in June 2026, based on the five year Federal Home Loan Bank of Des Moines plus an applicable margin. The note is secured by property with a carrying value of \$1,003,798 and is due June 2031.	\$ 179,013	\$ 183,834
Note payable to Habitat for Humanity of Oregon. Paid in full during 2023.	<u>-</u>	<u>3,000</u>
	<u>\$ 179,013</u>	<u>\$ 186,834</u>

Total future principal payments required under the note payable agreement are as follows as of June 30, 2023:

Years Ending June 30,	Amount
2024	\$ 4,929
2025	5,130
2026	5,339
2027	5,557
2028	5,783
Thereafter	<u>152,275</u>
	<u>\$ 179,013</u>

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2023:

	2023	2022
A Brush with Kindness projects	\$ -	\$ 3,467
Construction costs	<u>9,000</u>	<u>-</u>
	<u>\$ 9,000</u>	<u>\$ 3,467</u>

During the years ended June 30, 2023 and 2022, net assets of \$4,967 and \$10,156, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors.

11. Liquidity and Availability of Financial Assets

The Organization's financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date consist of the following:

	2023	2022
Cash and cash equivalents	\$ 233,256	\$ 119,091
Other receivable	-	164
Grants receivable	91,199	-
Employee retention credits receivable	63,484	-
Current portion of mortgages receivable	<u>98,460</u>	<u>102,780</u>
Total financial assets available within one year	486,399	222,035
Less net assets restricted by donors for specific purposes	<u>(9,000)</u>	<u>(3,467)</u>
	<u>\$ 477,399</u>	<u>\$ 218,568</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

To help manage unanticipated liquidity needs, the Organization has a line of credit through US Bank for borrowings up to \$125,000 and a line of credit with First Federal Savings & Loan Association for borrowings up to \$200,000 (Note 12).

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

12. Line of Credit

The Organization has a \$125,000 unsecured line of credit available with US Bank. Interest on the line of credit is at the bank's prime rate (8.25 percent at June 30, 2023). At June 30, 2023 and 2022, there were no outstanding borrowings.

The Organization has a \$200,000 line of credit available with First Federal Savings & Loan Association, secured by real estate. Interest on the line of credit is at the bank's prime rate plus 1.25 percent (9.5 percent at June 30, 2023). At June 30, 2023 and 2022, there were no outstanding borrowings.

13. Transactions with Habitat International

The Organization annually remits a portion of its unrestricted contributions (excluding in-kind contributions and grants) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2023 and 2022, the total amount remitted was \$3,334 and \$9,022, respectively.

14. Subsequent Events

In October 2023, the Organization purchased property for \$285,000 and in December 2023, the Organization purchased another property for \$225,000. Both properties will be used to construct homes to be sold to families. \$388,500 of the total costs of the properties was financed by loans payable to the sellers bearing interest at 5 percent. The remaining \$121,500 was financed with a loan payable to the State of Oregon bearing interest at 1 percent.