Morris Habitat For Humanity, Inc. and Subsidiaries

d/b/a Greater Middlesex & Morris Habitat for Humanity

Consolidated Financial Statements

December 31, 2024 and 2023

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Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
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December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors
Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Randolph, NJ 07869

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Morris Habitat For Humanity, Inc. and Subsidiaries, d/b/a Greater Middlesex & Morris Habitat for Humanity (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Morris Habitat For Humanity, Inc. and Subsidiaries as of December 31, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Morris Habitat For Humanity, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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 consolidated 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.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidated schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The consolidated schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Nisivoccia LLP

Mt. Arlington, New Jersey
April 24, 2025

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Financial Position
December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets:			
Cash	$ 927,116	$ 1,318,219	$ 2,245,335
Accounts receivable	40,143		40,143
Grants receivable			
Pledges receivable		545,000	545,000
Mortgages receivable, net of unamortized discount and allowance for credit loss	77,777		77,777
ReStore inventory	437,006		437,006
Inventory of real estate and construction in progress	2,526,303		2,526,303
Due from unrestricted fund		470,221	470,221
Prepaids and other assets	60,847		60,847
Total current assets	4,069,192	2,333,440	6,402,632
Mortgages receivable, net of current portion and unamortized discount and allowance for credit loss	643,950		643,950
Inventory of real estate and construction in progress, net of current portion	2,144,240		2,144,240
Operating lease right of use asset	1,363,482		1,363,482
Property and equipment, net	277,293		277,293
Security deposits	86,350		86,350
Total assets	$ 8,584,507	$ 2,333,440	$ 10,917,947
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	$ 512,039		$ 512,039
Notes payable	55,559		55,559
Due to equity fund	470,221		470,221
Deferred revenue	3,696		3,696
Rents held prior to sale	92,041		92,041
Operating lease liability	526,133		526,133
Total current liabilities	1,659,689		1,659,689
Notes payable, net of current portion	42,750		42,750
Operating lease liability, net of current portion	916,259		916,259
Total liabilities	2,618,698		2,618,698
Net assets:			
Without donor restrictions	5,965,809		5,965,809
With donor restrictions		$ 2,333,440	2,333,440
Total net assets	5,965,809	2,333,440	8,299,249
Total liabilities and net assets	$ 8,584,507	$ 2,333,440	$ 10,917,947

See Accompanying Notes to Consolidated Financial Statements

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Financial Position
December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets:			
Cash	$ 880,121	$ 113,480	$ 993,601
Accounts receivable	48,206		48,206
Grants receivable	23,989		23,989
Pledges receivable		545,000	545,000
Mortgages receivable, net of unamortized discount and allowance for credit loss	59,416		59,416
ReStore inventory	420,331		420,331
Inventory of real estate and construction in progress	4,390,794		4,390,794
Due from unrestricted fund		1,155,000	1,155,000
Prepaids and other assets	42,588		42,588
Total current assets	5,865,445	1,813,480	7,678,925
Pledges receivable, net of current portion and discount		475,661	475,661
Mortgages receivable, net of current portion and unamortized discount and allowance for credit loss	720,497		720,497
Inventory of real estate and construction in progress, net of current portion	1,607,836		1,607,836
Operating lease right of use asset	1,861,541		1,861,541
Property and equipment, net	354,881		354,881
Security deposits	86,350		86,350
Total assets	$ 10,496,550	$ 2,289,141	$ 12,785,691
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	$ 782,867		$ 782,867
Notes payable	1,193,897		1,193,897
Due to equity fund	1,155,000		1,155,000
Line of credit	321,000		321,000
Deferred revenue	13,006		13,006
Operating lease liability	508,418		508,418
Total current liabilities	3,974,188		3,974,188
Notes payable, net of current portion	140,102		140,102
Rents held prior to sale	80,220		80,220
Operating lease liability, net of current portion	1,442,393		1,442,393
Total liabilities	5,636,903		5,636,903
Net assets:			
Without donor restrictions	4,859,647		4,859,647
With donor restrictions		$ 2,289,141	2,289,141
Total net assets	4,859,647	2,289,141	7,148,788
Total liabilities and net assets	$ 10,496,550	$ 2,289,141	$ 12,785,691

See Accompanying Notes to Consolidated Financial Statements

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restriction	With Donor Restriction	Total
Support and revenue:			
Contributions	$ 3,318,303	$ 94,339	$ 3,412,642
Grants from government agencies	680,507		680,507
ReStore revenue, net	3,141,778		3,141,778
Sale of homes	2,609,000		2,609,000
Donated assets and services	330,275		330,275
Amortization of mortgage discounts	31,881		31,881
Special event revenue	596,364		596,364
Other income	59,844	1,203	61,047
Program revenue	84,346		84,346
Net assets released from restrictions	51,243	(51,243)	
Total support and revenue	10,903,541	44,299	10,947,840
Expenses:			
Program Services:			
Home building	5,463,026		5,463,026
ReStore	2,681,096		2,681,096
	8,144,122		8,144,122
Supporting Services:			
General and administrative	596,943		596,943
Fundraising	1,056,314		1,056,314
Total expenses	9,797,379		9,797,379
Change in net assets	1,106,162	44,299	1,150,461
Net assets, beginning of year	4,859,647	2,289,141	7,148,788
Net assets, end of year	$ 5,965,809	$ 2,333,440	$ 8,299,249

See Accompanying Notes to Consolidated Financial Statements

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Activities
Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
Support and revenue:			
Contributions	$ 1,241,284	$ 471,290	$ 1,712,574
Grants from government agencies	2,472,981		2,472,981
ReStore revenue, net	3,299,245		3,299,245
Sale of homes	1,255,000		1,255,000
Donated assets and services	1,121,074		1,121,074
Amortization of mortgage discounts	32,451		32,451
Special event revenue	359,787		359,787
Other income	71,440	1,110	72,550
Net assets released from restrictions	8,760	(8,760)	
Total support and revenue	9,862,022	463,640	10,325,662
Expenses:			
Program Services:			
Home building	9,230,393		9,230,393
ReStore	2,678,667		2,678,667
	11,909,060		11,909,060
Supporting Services:			
General and administrative	610,420		610,420
Fundraising	1,050,111		1,050,111
Total expenses	13,569,591		13,569,591
Change in net assets from operations	(3,707,569)	463,640	(3,243,929)
Nonoperating activities:			
Employee retention credit	123,769		123,769
Total nonoperating activities	123,769		123,769
Change in net assets	(3,583,800)	463,640	(3,120,160)
Net assets, beginning of year	8,443,447	1,825,501	10,268,948
Net assets, end of year	$ 4,859,647	$ 2,289,141	$ 7,148,788

See Accompanying Notes to Consolidated Financial Statements

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services			Supporting Services		
	Home Building Program	ReStore Program	Total	General and Administrative	Fundraising	Total
Salaries and wages	$ 1,025,849	$ 1,196,438	$ 2,222,287	$ 251,297	$ 543,638	$ 3,017,222
Payroll taxes	105,216	125,553	230,769	20,583	53,954	305,306
Fringe benefits	113,947	148,126	262,073	42,304	18,926	323,303
Total salaries and related benefits	1,245,012	1,470,117	2,715,129	314,184	616,518	3,645,831
Professional fees	23,661	13,880	37,541	49,719	96,356	183,616
Occupancy costs	29,572	182,461	212,033	17,442	5,029	234,504
Lease expense	140,770	242,142	382,912	63,741	80,209	526,862
Tithe and fees to HFHI	71,270		71,270			71,270
Insurance	126,437	97,803	224,240	22,641		246,881
Telephone	7,317	4,460	11,777	15,733	1,486	28,996
Office expense	133,271	229,243	362,514	60,345	75,936	498,795
Advertising and marketing expense	1,689	84,324	86,013	11,090	45,526	142,629
Special event expense	15,022	352	15,374	189	125,230	140,793
Construction costs	5,776,318	2,943	5,779,261			5,779,261
Vehicle expense	35,622	56,573	92,195	8,429		100,624
Cost of goods sold		246,328	246,328			246,328
Home repair ministry	64,928	33	64,961			64,961
Continuing education and travel	9,301	1,067	10,368	11,361	5,799	27,528
Provision for credit loss	11,588		11,588			11,588
Miscellaneous	10,211	5,225	15,436	12,705	212	28,353
Depreciation	20,066	44,145	64,211	9,364	4,013	77,588
Total expenses before adjustment for capitalized construction costs	7,722,055	2,681,096	10,403,151	596,943	1,056,314	12,056,408
Less: capitalized construction costs	(2,259,029)		(2,259,029)			(2,259,029)
Total expenses	$ 5,463,026	$ 2,681,096	$ 8,144,122	$ 596,943	$ 1,056,314	$ 9,797,379

See Accompanying Notes to Consolidated Financial Statements

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services			Supporting Services		
	Home Building Program	ReStore Program	Total	General and Administrative	Fundraising	Total
Salaries and wages	$ 1,007,176	$ 1,174,660	$ 2,181,836	$ 246,722	$ 533,742	$ 2,962,300
Payroll taxes	104,049	124,158	228,207	20,355	53,354	301,916
Fringe benefits	115,191	149,744	264,935	42,766	19,133	326,834
Total salaries and related benefits	1,226,416	1,448,562	2,674,978	309,843	606,229	3,591,050
Professional fees	31,377	18,406	49,783	65,933	127,777	243,493
Occupancy costs	32,044	197,723	229,767	18,901	5,450	254,118
Lease expense	138,010	237,398	375,408	62,492	78,638	516,538
Tithe and fees to HFHI	57,497		57,497			57,497
Insurance	115,460	89,313	204,773	20,676		225,449
Telephone	3,114	1,899	5,013	6,696	633	12,342
Office expense	136,123	234,152	370,275	61,638	77,563	509,476
Advertising and marketing expense	1,417	70,741	72,158	9,304	38,192	119,654
Special event expense	12,115	284	12,399	152	101,000	113,551
Construction costs	8,706,691	4,426	8,711,117			8,711,117
Vehicle expense	44,634	70,883	115,517	10,561		126,078
Cost of goods sold		253,033	253,033			253,033
Home repair ministry	52,478	27	52,505			52,505
Continuing education and travel	16,668	1,912	18,580	20,360	10,392	49,332
Provision for credit loss	77,672		77,672			77,672
Miscellaneous	11,688	5,982	17,670	14,546	244	32,460
Depreciation	19,966	43,926	63,892	9,318	3,993	77,203
Total expenses before adjustment for capitalized construction costs	$ 10,683,370	$ 2,678,667	$ 13,362,037	$ 610,420	$ 1,050,111	$ 15,022,568
Less: capitalized construction costs	(1,452,977)		(1,452,977)			(1,452,977)
Total expenses	$ 9,230,393	$ 2,678,667	$ 11,909,060	$ 610,420	$ 1,050,111	$ 13,569,591

See Accompanying Notes to Consolidated Financial Statements

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Statement of Cash Flows
December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 1,150,461	$ (3,120,160)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	77,588	77,203
Change in unamortized mortgage discount	(31,881)	(32,451)
Adjustment to inventory of real estate to net realizable value	907,534	5,095,753
Provision for credit loss	11,588	77,672
Changes in operating assets and liabilities:		
Accounts receivable	8,063	34,912
Grants receivable	23,989	1,164,518
Pledges receivable, net of discount	475,661	278,710
Mortgages receivable	(197,098)	(704,503)
Proceeds from sale of mortgages receivable	275,578	801,412
ReStore inventory	(16,675)	(109,321)
Inventory of real estate and construction in progress	420,553	(3,929,249)
Prepaids and other assets	(18,259)	14,278
Accounts payable and accrued expenses	(270,829)	248,189
Rents held prior to sale	11,821	11,520
Deferred revenue	(9,310)	(7,200)
Operating lease asset and liability	(10,360)	60
Net cash provided by (used in) operating activities	2,808,424	(98,657)
Cash flows from investing activities:		
Purchase of property and equipment		(23,435)
Net cash used in investing activities		(23,435)
Cash flows from financing activities:		
Proceeds from principal borrowings on notes payable		437,698
Principal repayments on notes payable	(1,235,690)	(856,894)
Proceeds from principal borrowings on line of credit	300,000	971,000
Principal repayments on line of credit	(621,000)	(650,000)
Net cash used in financing activities	(1,556,690)	(98,196)
Net increase (decrease) in cash	1,251,734	(220,288)
Cash, beginning of year	993,601	1,213,889
Cash, end of year	$ 2,245,335	$ 993,601
Supplementary disclosure of cash activity:		
Cash paid during the year for interest	$ 8,370	$ 144,669
Supplemental disclosure of noncash activity:		
Donated materials, properties, supplies and services	$ 330,275	$ 1,121,074
Acquisition of equipment through note payable	$ -	$ 49,520
Provision for credit loss	$ 11,588	$ 77,672

See Accompanying Notes to Consolidated Financial Statements

1. Organization

Morris Habitat For Humanity, Inc. (the "Organization"), an independent affiliate of Habitat for Humanity International (HFHI) enhances lives by making homeownership affordable to low-income families in the community. The Organization accomplishes this through a partnership program of building and financing simple, decent, energy efficient and affordable homes. In addition, the Organization repairs existing homes of low-income homeowners so they can continue to preserve their homes and keep them safe. To accomplish its work, the Organization partners with homeowners and volunteers as well as donors of materials, services and funding. In working together to build and repair homes, hope is restored, lives are changed and the devastating cycle of poverty is broken. During the year ended December 31, 2024 the home building program resulted in the sale of eighteen (18) homes to lower income families at an amount less than the fair market value and cost to build. The Organization has been successful in obtaining funding from other sources to offset the cost incurred to build these homes. However, due to the nature of the home building program a deficit could result in any given year.

146 Morris Avenue Summit, LLC, a limited liability company, was established by Morris Habitat for Humanity, Inc. for the sole purpose of constructing 12 residential units for sale to low/moderate income persons at 146 Morris Avenue, Summit, NJ. Morris Habitat for Humanity, Inc. has a 100% interest in 146 Morris Avenue Summit, LLC.

42 Bennett Avenue Randolph, LLC, a limited liability company, was established by Morris Habitat for Humanity, Inc. for the sole purpose of development and sale of 25 affordable new construction residential condominiums at 42 Bennett Avenue, Randolph, Morris County NJ. Morris Habitat for Humanity, Inc. has a 100% interest in 42 Bennett Avenue Randolph, LLC.

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying consolidated financial statements is set forth below:

Principles of Consolidation

The consolidated financial statements include the accounts for Morris Habitat For Humanity, Inc., 146 Morris Avenue Summit, LLC and 42 Bennett Avenue Randolph, LLC, collectively referred to as Morris Habitat For Humanity, Inc. and Subsidiaries (the "Organization"). All the entities are under common control. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization prepares its consolidated financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities* (FASB Update).

In addition, the Organization uses the FASB's *Accounting for Contributions Received and* Made. *Presentation of Financial Statements of Not-for-Profit Entities* requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. The net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions include all funds not restricted by a donor or grantor and assets whose use is not restricted through contractual or regulatory control of a third-party payer or under debt agreements.

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that represent those amounts which are donor restricted for a stipulated time or for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from donor restrictions. At December 31, 2024 and 2023 there was $2,333,440 and $2,289,141, respectively, of net assets held with donor restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Satisfaction of purpose restrictions:		
Construction funding	$ 45,000	
Construction vehicle	6,243	$ 8,760
	$ 51,243	$ 8,760

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	2023
Subject to expenditure for specified purpose:		
Internal revolving credit facility	$ 2,277,313	$ 2,181,771
Construction funding	45,000	90,000
Construction vehicle		6,243
General use	11,127	11,127
	$ 2,333,440	$ 2,289,141

The Organization has an internal revolving credit facility that was established by a capital campaign to be used as a resource to the Organization when needed. The funds are restricted and accounted for as interfund receivable/payable in the amounts of $470,221 and $1,155,000 on the consolidated statement of financial position as of December 31, 2024 and 2023, respectively.

Revenue and Support Recognition

The Organization recognizes revenue from building and financing affordable homes when the project is complete and the home is sold, which represents the performance obligation. The Organization records special events revenue equal to the fair value of direct benefits to donors, and then contribution revenue for the excess received when the event takes place. ReStore revenue is recognized at the point of sale.

The Organization recognizes contributions and pledges when cash, securities or other assets, an unconditional promise to give, or 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 substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statement of financial position.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	2024	2023
Performance obligations satisfied at a point in time	$ 6,347,142	$ 4,914,032

Revenue from performance obligations satisfied at a point in time are related to the sale of homes, ReStore sales, and special event revenue.

Liquidity and Availability

The provisions of FASB Update, *Presentation of Financial Statements of Not-for-Profit Entities*, require the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the consolidated statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the consolidated financial statement and/or in the notes to the consolidated financial statements. Accordingly, the Organization has presented the consolidated statement of financial position utilizing a classified format which presents current and noncurrent assets and liabilities.

The following reflects the Organization's financial assets as of the consolidated 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 consolidated statement of financial position date.

	2024	2023
Financial assets at year end:		
Cash	$ 2,245,335	$ 993,601
Accounts receivable	40,143	48,206
Grants receivable		23,989
Pledges receivable	545,000	545,000
Mortgages receivable, net of unamortized discount and allowance for credit loss	77,777	59,416
ReStore inventory	437,006	420,331
Inventory of real estate and construction in progress	2,526,303	4,343,230
Total financial assets:	5,871,564	6,433,773
Less those unavailable for general expenditures within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor for construction and general use	(2,333,440)	(2,289,141)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,538,124	$ 4,144,632

The Organization has a goal to maintain cash on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $4,000,000, of which $1,000,000 is available immediately to meet working capital needs. The Organization also has an internal revolving credit facility available which it could draw from. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including federal and state awards, contribution revenue, home and ReStore sales.

Deferred Revenue

Deferred revenue consists of funds received in advance of services being performed and will be recognized as income in future periods when earned. At December 31, 2024 and 2023 deferred revenue amounted to $3,696 and $13,006, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The consolidated financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on estimates made by management, and support costs are allocated to a program based on total program costs. Program expenses are those related to operation of the home building and ReStore programs. Support costs relate to administrative expenses associated with those programs. The allocation of indirect costs such as employee's salaries and other costs are based on methods considered by management to be reasonable. Fundraising includes the direct cost of special events and the allocation of employees' salaries, when applicable, as well as other costs involved in fundraising and special events.

Accounts, Grants, and Pledges Receivable, Allowance for Credit Losses, and Provision for Discount to Net Present Value

The Organization maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Organization's customers or donors/grantors were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The Organization considers accounts, pledges and grants receivable at December 31, 2024 and 2023, to be fully collectible: accordingly, no allowance for credit losses is deemed necessary.

Mortgages Receivable and Allowance for Credit Losses

Mortgages from homeowners do not bear interest and generally have a maximum life of 30 years. Required monthly repayments are calculated on a level payment basis. The Organization discounts the mortgages received each accounting period using an interest rate stipulated by Habitat for Humanity International (HFHI).

This practice facilitates the combining of all affiliated financial statements by HFHI. Discounting has no effect on the cash flows of the Organization. Mortgage discounts are amortized to income on a straight-line basis over the life of the underlying mortgages. Mortgages sold within 12 months from the origination are not discounted.

The Organization reviews mortgages receivable for collectability based on previous experience and determinations by management. Beginning in 2023, management has elected to record an allowance for credit losses for delinquent mortgage receivables, where no payment has been made for over one year and the mortgagee is unreachable. The Organization has the right to foreclose on delinquent mortgages. However, the goal is to allow clients to remain in the homes, therefore management deemed an allowance for credit losses appropriate.

Allowance for Credit Losses

The Organization applies FASB ASC 326 to measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts and mortgages receivable.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of the gift, when donated. Significant additions, renewals, and betterments are capitalized while replacements, maintenance, and repairs which do not improve or extend the life of an asset are expensed. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Gifts of long-lived assets are reported as an increase in net assets without donor restrictions, unless there are explicit restrictions that specify how the assets are to be used. Proceeds from the sale of fixed assets, if not restricted, are transferred to net assets without donor restrictions, or, if restricted, to net assets with donor restrictions for fixed asset acquisitions.

In accordance with *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization periodically evaluates property and equipment for impairment, relying on a number of factors including operating results and future business plans. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to estimated future recoverability of the carrying amount of the asset or asset group.

If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. There were no impairment charges recorded for the years ended December 31, 2024 and 2023.

Inventory of Real Estate, Construction Materials and ReStore

Acquisition and construction costs incurred in connection with the Organization's home building program are capitalized as inventory of homes until construction is completed. At the time of sale, the total cost is reflected in program service expenses as cost of homes sold on a specific identification basis. Occasionally, when development is deemed not to be feasible, the Organization charges these capitalized costs to expense when the determination is made.

The Organization follows the provisions of FASB ASU, *Inventory,* which provides guidance on the simplification to the measurement of inventory. An entity should measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Costs that exceed the net realizable value of a project are recognized as expense.

Inventory is valued as follows:

Construction Materials: Inventory is valued at lower of cost or net realizable value and is comprised of construction materials and supplies.

ReStore: Inventory is comprised of donated building materials, furniture, appliances and other household goods. These items are recorded at lower of thrift shop value or net realizable value.

In-Kind Contributions

The Organization follows the provisions of FASB ASU, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line in the statement of activities apart from contributions of cash or other financial assets.

Amounts are reported in the consolidated financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, and which would be typically purchased if not provided by donation. Donated assets and services are reported at their fair value at the time of donation.

Donated real estate, building materials and professional services have been recorded as contributions at an aggregate estimated fair value of $330,275 and $1,121,074 for the years ended December 31, 2024 and 2023, respectively, with corresponding amounts being reflected as an asset and included in inventory of real estate and construction in progress.

Numerous volunteers donate their time to the Organization's program services and fundraising activities during the year. The value of this contributed time is not reflected in these consolidated financial statements since it does not meet the criteria for recognition under U.S. generally accepted accounting principles. However, this volunteer time is critical to the Organization and these hours are measured and monitored.

Volunteers worked approximately 39,918 and 49,161 hours for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt under Title 15 of the State of New Jersey, *Corporations and Organizations Not-for-Profit Act*. Accordingly, no provision for federal or state income taxes has been presented in the accompanying consolidated financial statements.

The Organization follows the provisions of FASB ASC *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the consolidated financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the years ended December 31, 2024 and 2023. However, the Organization is subject to regular audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination.

The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. As required by law, the Organization files informational returns in the United States federal and New Jersey state jurisdictions. The Organization is subject to income tax examinations for returns within the statutory periods established by the respective jurisdictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Accrued Vacation

Accrued vacation is comprised of amounts owed to employees for unused vacation time earned. An employee may not carry over more than 5 days of vacation time into the next year and such time carried over must be taken by March 31. As of December 31, 2024 and 2023, accrued vacation amounted to $0 and $5,424, respectively.

Advertising and Marketing

The Organization expenses the costs of advertising and marketing as incurred. The Organization incurred $142,629 and $119,654 in advertising and marketing expenses for the years ended December 31, 2024 and 2023, respectively.

Leases

The Organization applies FASB ASC, *Leases*, to determine whether an arrangement is or contains a lease at inception. The Organization leases their office and restore building. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of their leases do not provide an implicit rate, the Organization uses a risk-free rate, of 1.37% for the leased facilities class of assets, based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Accounting policy election for short-term leases: The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2024 through the date of the independent auditors' report and the date the consolidated financial statements were available to be issued, April 24, 2025. The consolidated financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

3. Mortgages Receivable

Mortgages receivable are comprised of noninterest-bearing notes which are secured by properties sold through the home building program. These notes have original maturities of twenty or thirty years with the latest maturing in December 2052. Mortgages received for the years ended December 31, 2024 and 2023 were discounted at the HFHI stipulated interest rate of 8.02% and 7.85%, respectively.

	2024	2023
Face value of discounted mortgages	$ 935,162	$ 1,006,366
Less: Unamortized discount	(354,344)	(386,226)
	580,818	620,140
Face value of undiscounted mortgages	230,169	237,445
Less: provision for credit loss expense	(89,260)	(77,672)
	$ 721,727	$ 779,913

Credit loss expense, resulting from the increase in allowance for credit losses related to mortgage receivables amounted to $11,588 and $77,672 for the years ended December 31, 2024 and 2023, respectively.

In accordance with the terms of the agreements with its banks, for a stipulated number of years after sale, the Organization may be obligated to repurchase or substitute a new mortgage receivable for any previously sold that is in default for 90 or more days. These contingent liabilities are relieved on a monthly basis and totaled $612,319 and $659,469 as of December 31, 2024 and 2023, respectively.

4. Pledges Receivable

During the years ended December 31, 2024 and 2023, the Organization received pledges for the purpose of creating an internal revolving credit facility to fund real estate acquisition and construction projects. As of December 31, 2024 and 2023, pledges receivable was comprised of the following:

	2024	2023
Pledges expected to be collected in:		
Less than one year	$ 545,000	$ 545,000
One to five years		545,000
	545,000	1,090,000
Less: discount on pledges		(69,339)
Net pledges receivable	$ 545,000	$ 1,020,661

Discount on pledges receivable for accounts collectable over periods greater than one year amount to $0 and $69,339 as of December 31, 2024 and 2023, respectively.

5. Inventory of Real Estate and Construction in Progress

Property acquisition and construction costs incurred in connection with the Organization's home building program are capitalized as inventory of real estate and construction in progress until construction is completed and the property is sold. In the year the property is sold, the total cost is reflected in program service expenses as cost of homes sold. In the event the projects costs exceed the net realizable value of the project, inventory or real estate and construction in progress will be adjusted accordingly.

While construction activity is relatively constant over the course of each year, the number of properties completed can vary significantly year to year and this can produce variations in the Organization's annual change in net assets. As of December 31, 2024 and 2023, inventory of real estate and construction in progress amounted to $4,670,543 and $5,998,630, respectively.

As of December 31, 2024, there were 76 homes/units in various stages of completion across Morris, Middlesex, Sussex, and Union Counties:

- 18 of those homes/units, with a cost of $2,733,303 at December 31, 2024, are expected to be sold in 2025.
- 58 of those homes/units, with a cost of $1,750,186 at December 31, 2024, are expected to be sold in 2026 and beyond.

6. Property and Equipment

Property and equipment and their related estimated useful lives at December 31, 2024 and 2023 are as follows:

Assets	Estimated Useful Life (Years)	2024	2023
Land		$ 99,963	$ 99,963
Leasehold improvements	5 to 10	280,288	280,288
Furniture, fixtures, and equipment	3 to 10	405,033	405,033
Vehicles	5 to 7	374,425	374,425
		1,159,709	1,159,709
Less: accumulated depreciation		(882,416)	(804,828)
		$ 277,293	$ 354,881

Depreciation expense for the years ended December 31, 2024 and 2023 totaled $77,588 and $77,203, respectively.

7. Bank Line of Credit

In December 2024, the Organization increased its line of credit to $4,000,000. $1,000,000 of the line is available immediately to meet working capital needs. The remaining $3,000,000 line of credit can be utilized to fund construction for up to three projects at a time. The line bears interest at the secured overnight financing rate (SOFR) (7.09% as of December 31, 2024), with a floor of 6.5%. As of December 31, 2024, there was no balance due on the line.

As of December 31, 2023, the Organization had an $800,000 line of credit that bared interest at the Wall Street Journal prime rate (8.5% at December 31, 2023), with a floor of 5.5%. The line had a sublimit of up to $200,000 for letters of credit. As of December 31, 2023, the line had an outstanding balance of $321,000.

8. Letters of Credit

The Organization had a $48,000 letter of credit that was issued under the sublimit of the $800,000 line of credit described in Note 7 above. The letter of credit was being utilized in support of its security deposit for its office lease. In May 2022, the $48,000 letter of credit was terminated, eliminating the reduction to the available balance. The Organization also has a $29,943 letter of credit from a financial institution that is being used as a performance bond related to one of its construction projects. That letter of credit is secured by real estate held for future development.

9. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash. Also, the Organization is subject to credit risk through mortgages receivable due from homeowners. Although the Organization does not currently foresee a credit risk associated with the amounts due, repayment of the mortgages is dependent upon the financial stability of the obligors.

10. Tithe

As an independent affiliate of HFHI, the Organization covenants with HFHI to contribute 10% of its cash contributions without donor restrictions and ReStore and event profits to one or more international affiliates. The tithe for the years ended December 31, 2024 and 2023 was approximately $55,000 and $37,000, respectively.

11. Leases

At December 31, 2024, the Organization was obligated under operating leases for its ReStore and office space expiring in August 2027. The lease provides for a 2% increase in the annual base rent per year of the agreement.

The Organization's lease includes renewal or extension options. However, because the Organization is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments used to determine the lease liabilities. The Organization's lease does not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants.

Other information related to the Organization's operating lease as of and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Operating cash flows from operating leases	$ 531,369	$ 520,950
Weighted-average remaining lease term in years for operating leases	2.67	3.67
Weighted-average discount rate for operating leases	1.37%	1.37%

The future minimum lease liabilities under these noncancellable operating leases as of December 31, 2024 are as follows:

Year Ended December 31,	
2025	$ 526,133
2026	552,836
2027	389,303
Total undiscounted cash flows	1,468,272
Less: present value discount	(25,880)
Total lease liabilities	$ 1,442,392

Lease expense from operating leases was $526,862 and $516,538 for the years ended December 31, 2024 and 2023, respectively.

12. Rents Held Prior to Sale

In July 2011, the Organization entered into an agreement with a future homebuyer/tenant to allow them the right to use and occupy a home owned by the Organization on a month-to-month basis. The agreement stipulated that the tenant make monthly payments of $620 to the Organization.

The monthly payments increased to $720, effective June 1, 2018. Per the agreement, payments are held by the Organization until the property is sold to the tenant, at which point the liability will be applied against the mortgage receivable, reducing the amount owed by the tenant. As of December 31, 2024 and 2023, rents held prior to sale amounted to $92,041 and $80,220, respectively.

13. Notes Payable

The Organization has interest-free notes payable to the U.S. Department of Housing and Urban Development (HUD), which are comprised of the following as of December 31, 2024 and 2023:

	2024	2023
SHOP 221032	$ 22,474	$ 27,248
SHOP 222008		7,814
SHOP 223001		3,140
SHOP 231045	3,237	9,705
SHOP 241022	3,520	5,260
SHOP 242006	8,764	13,132
Total	$ 37,995	$ 66,299

The Organization finances vehicles in the normal course of operations. The notes bear interest at rates between 3.99% and 10.69%, with maturity dates between October 2022 and May 2029. Repayment of the loans are due in monthly principal and interest payments ranging from $765 to $1,800. Each loan is secured by the related vehicle. As of December 31, 2024 and 2023 there was an outstanding balance on the loans of $60,314 and $146,445, respectively.

During 2022, the Organization and 42 Bennett Avenue Randolph, LLC. (the "Borrower") acquired a $2,000,000 construction mortgage note with a financial institution to finance the 42 Bennett Avenue construction project. The note accrues interest at the Wall Street Journal prime rate minus 1% (7.5% at December 31, 2023) with a 2.5% floor. The note matures upon the earlier of (a) the date on which the project has been completed and an unconditional certificate of occupancy has been issued or (b) July 11, 2025. The Borrower is required to make monthly interest only payments on the outstanding principal balance of the construction loan. The note is secured by a first mortgage on the property and improvements. As of December 31, 2023 the balance of the note amounted to $354,620. As of December 31, 2024, the balance has been paid in full.

During 2022, 146 Morris Avenue Summit, LLC. (the "Company") acquired a $1,860,000 revolving line of credit with a financial institution to fund the 146 Morris Avenue construction project. The note accrues interest at the Wall Street Journal prime rate minus .5% (8% at December 31, 2023) with a 3.5% floor. The term of the loan is eighteen (18) months, with six (6) month extension options. The Company is required to make monthly interest only payments on the outstanding principal balance of the construction loan and principal payments upon the sale of each unit.

The note is secured by (a) a first mortgage on the property and improvements, (b) a general security interest and UCC-1 filings on all tangible and intangible assets of the Company, now owned or hereafter acquired, and (c) security interest in all assets held by Lakeland Bank in the maximum amount of $350,000 or maintain a 90% loan-to-sale price.

The Loan is unconditionally guaranteed by Morris Habitat for Humanity, Inc. As of December 31, 2023 the balance of the line amounted to $766,635. As of December 31, 2024, the balance has been paid in full.

Principal amounts under the above obligations, maturing subsequent to December 31, 2024, are as follows:

Years ended December 31,	
2025	$ 39,806
2026	20,508
Total	$ 60,314

14. Paycheck Protection Program

As part of the 2020 acquisition of Habitat for Humanity Greater Plainfield and Middlesex County, Inc., the Organization assumed a liability in the amount of $59,562 related to the acquired Organization's PPP loan. In December 2020 the Organization received partial forgiveness of the PPP in the amount of $49,038.

The remaining balance was recorded in notes payable on the consolidated statement of financial position. In July 2021 the Organization repaid the loan in full, satisfying the terms of the agreement. In January 2021, the Organization applied and received an advance through the SBA for the second round of the Paycheck Protection Program ("PPP") in an amount of $416,385.

In January 2022, the Organization received full forgiveness of the PPP in the amount of $416,385 in principal and $4,129 in interest. The Small Business Administration ("SBA") reserves the right to audit PPP Funding forgiveness for ten years from the date that forgiveness was awarded.

15. ReStore Activity

The ReStore had the following activity for the year ended December 31, 2024 and 2023:

	2024	2023
Beginning inventory	$ 420,331	$ 311,010
Add: est. value of new donations and purchased products	2,704,800	2,725,000
Less: ending inventory	(437,006)	(420,331)
Estimated value of goods sold	2,688,125	2,615,679
Estimated value of goods sold in excess of cost and thift shop value	453,653	683,566
Total revenue, net	$ 3,141,778	$ 3,299,245

16. Employee Retention Credit

The Organization applied for refundable tax credits through the Employee Retention Credit under the CARES Act for payroll tax expenses incurred during the period April 2020 through June 2020, totaling $123,769. The amount is included as revenue on the consolidated statement of activities for the year ended December 31, 2023.

The employee retention credit is subject to examination by the Internal Revenue Service for five years from the date of filing.

Supplementary Information

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity ID#	Grantor's Number	Grant Period	Grant Awards	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received	Current Year Provided to Subrecipients
U.S. Department of Housing and Urban Development									
Office of Lead Hazard Control and Healthy Homes									
Healthy Homes Production Grant	14.913	N/A	NJHPP0084-22	4/1/2022-10/1/2025	$ 1,597,946	$ 190,186	$ 190,186	$ 190,186	$ -
Office of Community Planning and Development									
Community Project Funding	14.251	N/A	B-22-CP-NJ-0581	10/10/2022-8/31/2030	3,000,000	2,800,806	191,287	191,287	-
Community Development Block Grant (CDBG)									
Morris County- Home Repair	14.218	N/A	14/20-1494	1/1/2023-12/31/2024	50,000	50,000	15,133	15,133	-
Total Expenditures					$ 4,647,946	$ 3,040,992	$ 396,606	$ 396,606	$ -

See Accompanying Notes to the Consolidated Schedules of Expenditures of Federal and State Awards

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Schedule of Expenditures of State Awards
Year Ended December 31, 2024

State Grantor/ Pass-through Grantor/Program Title	Grantor's Number	State Account Number	Grant Period	Award Amount	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received
NJ Department of Community Affairs							
Division of Housing and Community Resources							
Neighborhood Preservation Balanced Housing Program							
146 Morris Ave Summit Affordable Homeownership Project	2020-02361-0526-00	N/A	1/1/2022-1/1/2025	$ 1,261,782	$ 1,135,604	$ 283,901	$ 283,901
Total Expenditures				$ 1,261,782	$ 1,135,604	$ 283,901	$ 283,901

See Accompanying Notes to the Consolidated Schedules of Expenditures of Federal and State Awards

1. General

The accompanying consolidated schedules of expenditures of federal and state awards present the activity of all financial assistance programs of the Organization. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the consolidated schedules of expenditures of federal and state awards. Because the schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

2. Basis of Accounting

The accompanying consolidated schedules of expenditures of federal and state awards are presented using the accrual basis of accounting which is described in Note 2 to the consolidated financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

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

4. Sub-recipients

No federal or state awards were provided to sub-recipients.

5. Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying consolidated schedules of expenditures of federal and state awards, which are prepared on the accrual basis explained in Note 2.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Directors of
Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Randolph, NJ 07869

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Morris Habitat For Humanity, Inc. and Subsidiaries d/b/a Greater Middlesex & Morris Habitat for Humanity, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated April 24, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors of
Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

Nisivoccia LLP
Mt. Arlington, New Jersey
April 24, 2025

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Schedule of Findings and Responses
December 31, 2024

Summary of Auditors' Results:

- An unmodified report was issued on Morris Habitat For Humanity, Inc. and Subsidiaries' d/b/a Greater Middlesex & Morris Habitat for Humanity consolidated financial statements.

- The audit did not disclose any material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements of Morris Habitat For Humanity, Inc. and Subsidiaries d/b/a Greater Middlesex & Morris Habitat for Humanity.

- The audit did not disclose any noncompliance which is material in relation to the consolidated financial statements of Morris Habitat For Humanity, Inc. and Subsidiaries d/b/a Greater Middlesex & Morris Habitat for Humanity.

Findings Relating to the Consolidated Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Response for Federal and State Awards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Morris Habitat For Humanity, Inc. and Subsidiaries
d/b/a Greater Middlesex & Morris Habitat for Humanity
Consolidated Schedule of Prior Year Audit Findings
December 31, 2024

Status of Prior Year Findings

There were no audit findings in the prior year.