

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

WARDLOW & CASH, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Est. 1976

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Citrus County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Citrus County, Inc. as of June 30, 2025 and 2024 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Citrus County, Inc. 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 Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Board of Directors
Habitat for Humanity of Citrus County, Inc.
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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and notes to schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2026, on our consideration of Habitat for Humanity of Citrus County, Inc.'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 to describe the scope of our testing of internal control over financial reporting and compliance and reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat for Humanity of Citrus County, Inc.'s internal control over financial reporting and compliance. We have also issued our report dated May 6, 2026 on our consideration of the Habitat for Humanity of Citrus County, Inc.'s report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

Mark J. Cook, P.A.

Inverness, Florida
May 6, 2026

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,739,046	\$ 3,184,117
Mortgages receivable - net, current portion	206,473	182,009
Accounts receivable	95,813	63,800
Prepaid expense	-	34,758
Land inventory	3,224,471	1,080,823
Homes under construction	<u>2,149,451</u>	<u>265,442</u>
 Total Current Assets	 8,415,254	 4,810,949
Property, Equipment and Other Assets		
Property and equipment, less accumulated depreciation	2,244,124	4,685,006
Mortgages receivable - net, non-current portion	7,692,968	6,931,544
Deposit	<u>700</u>	<u>700</u>
 Total property, equipment and other assets	 <u>9,937,792</u>	 <u>11,617,250</u>
 Total Assets	 <u>\$ 18,353,046</u>	 <u>\$ 16,428,199</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 18,428	\$ 232,843
Homeowner escrow	181,252	126,030
Deposits	6,503	47,037
Deferred revenue	-	10,700
Long-term debt, current portion	<u>149,797</u>	<u>143,280</u>
 Total Current Liabilities	 <u>355,980</u>	 <u>559,890</u>
Long-Term Liabilities:		
Long-term debt, non-current portion	<u>1,594,903</u>	<u>1,827,528</u>
 Total Liabilities	 1,950,883	 2,387,418
 Net Assets Without Donor Restrictions	 <u>16,402,163</u>	 <u>14,040,781</u>
 Total Liabilities and Net Assets	 <u>\$ 18,353,046</u>	 <u>\$ 16,428,199</u>

See accompanying notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
STATEMENTS OF ACTIVITIES

	FOR THE YEARS ENDED	
	JUNE 30,	
	<u>2025</u>	<u>2024</u>
Changes in net assets without donor restrictions		
Revenues and other support		
Contributions	\$ 1,179,448	\$ 1,025,515
Grants	2,353,398	2,603,416
Contributions in-kind	52,964	30,404
Sales of residences - net	2,433,559	2,439,918
Sales of foreclosed homes - net	7,735	69,686
Mortgage loan discount amortization	352,805	758,527
ReStore sales	1,992,683	1,996,212
Fundraising	55,604	1,100
Rental income - net	3,600	4,001
Interest income	52,463	55,721
Other income	110,801	28,879
	<u>8,595,060</u>	<u>9,013,379</u>
Total revenues and other support without donor restrictions		
Functional Expenses:		
Program services:		
Other program services	4,452,933	3,634,074
Home store	1,555,413	1,391,657
Fundraising	52,595	40,360
General and administrative	172,737	229,621
	<u>6,233,678</u>	<u>5,295,712</u>
Total functional expenses		
Change in net assets without donor restrictions	2,361,382	3,717,667
Net assets without donor restrictions at beginning of year	14,040,781	10,323,114
Net assets without donor restrictions at end of year	<u>\$ 16,402,163</u>	<u>\$ 14,040,781</u>

See accompanying notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED	
	JUNE 30,	
	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,361,382	\$ 3,717,667
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	101,475	96,572
Amortization of mortgage discount	(352,805)	(758,527)
New mortgages transferred to owners - net	2,143,648	(1,598,691)
Donated land	(37,250)	(48,217)
Land used in construction of homes	(2,418,910)	408,217
Decrease (increase) in other receivables	(32,013)	351,295
Decrease (increase) in prepaid expenses	34,758	(34,663)
Decrease (increase) in homes under construction	(1,884,009)	128,657
Increase (decrease) in accounts payable and accrued expenses	(214,415)	106,991
Increase (decrease) in homeowner escrow	55,222	22,906
Increase (decrease) in deposits	(40,534)	12,882
Increase (decrease) in deferred revenue	(10,700)	10,700
Net cash provided by (used in) operating activities	<u>(294,151)</u>	<u>2,415,789</u>
Cash flows from investing activities:		
Purchase of property and equipment	(150,265)	(1,974,242)
Payments received on mortgages	<u>225,453</u>	<u>666,011</u>
Net cash provided by (used in) investing activities	<u>75,188</u>	<u>(1,308,231)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	<u>(226,108)</u>	<u>(197,415)</u>
Net cash used in financing activities	<u>(226,108)</u>	<u>(197,415)</u>
Net increase in cash and cash equivalents	(445,071)	910,143
Cash and cash equivalents - Beginning of year	<u>3,184,117</u>	<u>2,273,974</u>
Cash and cash equivalents - End of year	<u>\$ 2,739,046</u>	<u>\$ 3,184,117</u>
Supplemental disclosures of noncash activities		
Non-interest bearing mortgage notes:		
Issuance of non-interest bearing mortgage notes	\$ 2,359,686	\$ 1,372,728
Discounts on newly issued non-interest bearing mortgage notes	<u>(1,005,507)</u>	<u>(621,046)</u>
Net non-interest bearing mortgage notes	<u>\$ 1,354,179</u>	<u>\$ 751,682</u>
Interest paid	<u>\$ 20,384</u>	<u>\$ 113,416</u>

See accompanying notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2025 and 2024

	Program Services		General and Administrative	Fundraising	Total Expenses
	Other	Home Services			2025
Advertising and promotional	\$ 2,135	\$ 8,935	\$ -	\$ -	\$ 11,070
Auto and truck	14,730	53,355	-	-	68,085
Annual audit expense	3,259	-	12,920	-	16,179
Bank charges	3,092	34,400	-	-	37,492
Computer	20,434	-	-	-	20,434
Construction costs	3,017,570	-	-	-	3,017,570
Dues and subscriptions	10,519	-	-	-	10,519
Fundraising	-	-	-	52,595	52,595
Insurance	70,960	109,040	8,075	-	188,075
Interest expense	44,514	66,734	-	-	111,248
Licenses and permits	-	-	-	-	-
Miscellaneous expense	312,978	-	328	-	313,306
Office expense	32,893	48,576	-	-	81,469
Postage and freight	3,204	-	-	-	3,204
Professional fees	5,163	-	20,065	-	25,228
Public relations	4,812	-	-	-	4,812
Repairs and maintenance	7,727	50,969	-	-	58,696
Salaries and wages	724,011	1,137,631	66,250	-	1,927,892
Telephone	21,828	7,793	-	-	29,621
Tithe - Habitat International	-	-	65,099	-	65,099
Travel	6,272	5,250	-	-	11,522
Training	13,643	-	-	-	13,643
Utilities	7,910	28,086	-	-	35,996
Volunteer recognition	23,804	4,644	-	-	28,448
Total functional expenses before depreciator	4,351,458	1,555,413	172,737	52,595	6,132,203
Depreciation	101,475	-	-	-	101,475
Total Functional Expenses	\$ 4,452,933	\$ 1,555,413	\$ 172,737	\$ 52,595	\$ 6,233,678

	Program Services		General and Administrative	Fundraising	Total Expenses
	Other	Home Services			2024
Advertising and promotional	\$ 4,273	\$ 24,427	\$ -	\$ -	\$ 28,700
Auto and truck	7,813	49,411	-	-	57,224
Annual audit expense	476	-	12,988	-	13,464
Bank charges	1,322	26,236	-	-	27,558
Computer	24,542	-	-	-	24,542
Construction costs	2,640,822	-	-	-	2,640,822
Dues and subscriptions	5,176	119	-	-	5,295
Fundraising	-	-	-	40,360	40,360
Insurance	55,504	81,924	11,967	-	149,395
Interest expense	48,233	66,035	-	-	114,268
Licenses and permits	100	-	-	-	100
Miscellaneous expense	2,871	-	739	-	3,610
Office expense	35,799	37,170	-	-	72,969
Postage and freight	2,409	-	-	-	2,409
Professional fees	9,707	-	3,030	-	12,737
Public relations	1,642	-	-	-	1,642
Repairs and maintenance	3,095	16,110	-	-	19,205
Salaries and wages	639,875	1,045,668	142,178	-	1,827,721
Telephone	13,365	12,924	-	-	26,289
Tithe - Habitat International	-	-	58,719	-	58,719
Travel	4,358	5,504	-	-	9,862
Training	15,783	195	-	-	15,978
Utilities	6,118	22,693	-	-	28,811
Volunteer recognition	14,219	3,241	-	-	17,460
Total functional expenses before depreciator	3,537,502	1,391,657	229,621	40,360	5,199,140
Depreciation	96,572	-	-	-	96,572
Total Functional Expenses	\$ 3,634,074	\$ 1,391,657	\$ 229,621	\$ 40,360	\$ 5,295,712

See accompanying notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Liquidity

Habitat for Humanity of Citrus County, Inc. (“Habitat”) is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), an ecumenical Christian not-for-profit organization, whose goal is to eliminate poverty housing and homelessness worldwide. Habitat is primarily and directly responsible for its own operations.

To help finance its operations, Habitat operates two home stores which sell household items including appliances, furnishings, and building materials to the general public. The stores are located in Citrus County, Florida.

Habitat’s financial asset available within one year of the date of the statement of financial position for general expenditure is cash of approximately \$3,100,000.

Income Tax Status

Habitat is a Florida not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC) that is funded through donations, federal and state grants, corporate sponsorship, and other not-for-profit corporations. Under these provisions, no taxes are paid on income received as long as Habitat maintains its tax exempt status. Accordingly, no provision for income taxes is provided in the accompanying financial statements. Although Habitat is exempt from income tax, it may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded under the IRC. As of June 30, 2025, Habitat determined that there are no significant, uncertain tax positions within its financial statements.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), using the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

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

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Basis of Presentation (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the organization's actions or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

There are no net assets with donor restrictions as of June 30, 2025 or 2024.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Club considers all highly liquid instruments with a maturity date of three months or less at the date of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at their net uncollected balance at year end. There were outstanding accounts receivable of \$95,813 and \$63,800 as of June 30, 2025 and 2024.

Concentrations of Credit Risk

All of Habitat's mortgage loans are to low income individuals and are secured by real estate located in Citrus County, Florida.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Mortgages Receivable

Mortgages receivable consist of non-interest bearing mortgages that are secured by real estate and are payable in monthly installments. The mortgages have original maturities of twenty to thirty years and arose in connection with Habitat's homebuilding initiatives in Citrus County, Florida. These receivables have been discounted at rates of 5%. Mortgage loan discount amortization income is recorded using the straight-line method of amortization. These mortgages are secured by the underlying real estate that is located primarily in Citrus County, Florida. Past due and delinquent mortgage loans are assessed at the discretion of the Board of Directors.

Management considers a loan to be delinquent or past due if a borrower fails to make a contractually scheduled principal payment that is over 120 days past due. Habitat's management periodically reviews mortgage balances to determine whether an allowance for bad debts should be established for any amounts determined to be unrecoverable. Factors considered by management include principal, collections experience, collateral value, borrowers' financial conditions, and other factors.

Habitat considers a loan to be impaired when it is "probable" that repayment obligations due according to the contractual terms will not be met. The term "probable" is used consistent with its use in Accounting Standards Codification (ASC) 450. In this instance, the mortgage carrying value is written down, if deemed necessary by management, based on review of collateral and other considerations by management. The receivables are collateralized by mortgage liens on the underlying housing units.

Land Inventory

Inventory consists of residential lots for use in building Habitat homes. Residential lots donated are recorded at assessed value for county tax purposes at time of gift; purchased lots are recorded at cost. Because of the inherent uncertainties of real estate valuation, market value may differ significantly.

Homes Under Construction

Homes under construction consist of building materials and construction costs, excluding labor. Purchased items are recorded at cost; donated items are recorded at fair market value. Costs incurred in conjunction with home construction, excluding labor, are expensed when the home is occupied by the homeowner and title is transferred to the homeowner.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of receipt. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expense as incurred, while renewals and betterments are capitalized. Gains and losses on sales are credited or charged to operations in the year of sale. Depreciation expense is calculated using the straight line method over estimated useful lives, ranging from five to seven years on equipment and thirty-nine years on commercial real estate and leasehold improvements.

Homeowner Escrow

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

Deposits

Deposits consist of down payments made by future homeowners. The deposits are held until the date of closing, at which time they are applied to the closing costs of the home. Deposits are refunded if the Habitat program is not successfully completed.

Contributed Goods and Services

Habitat records the fair value of donated goods when there is an objective basis available to measure their value as contributions in-kind in the accompanying statements of activities. Habitat does not record the fair value of donated building supplies and materials that are subsequently sold in the home store. These items are recorded as revenue as the items are sold to the public.

A substantial number of volunteers have made significant contributions of their time to Habitat's program and supporting services. The value of this contributed time is not reflected in the financial statements, since it does not require a specialized skill.

However, other contributed services that require specialized skills, provided by individuals possessing those skills, which would otherwise need to be purchased if not provided by donations, are recognized as revenue and expense.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Sales of Residences

Sales of residences represent the sale of houses built by Habitat. The resulting mortgages are non-interest bearing and have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. The discount used for mortgages closed during the years ended June 30, 2025 and 2024 was 5%. The sales to homeowners presented in the statements of activities are net of this discount for the years ended June 30, 2025 and 2024. The discount was \$1,005,507 and \$621,046, respectively.

Construction Costs

Construction costs include the cost of land sold, construction materials for homes sold, supplies, title search costs, and recording fees.

Revenue Recognition

Contributions and unconditional promises to give are recorded as revenue when received. Conditional contributions and promises to give are recorded as revenue when the conditions on which they depend have been substantially met. Other unrestricted revenue, support, and gains are recorded as income when earned or realized.

Contributions that are restricted by a donor for a specific purpose or specified time period are recorded upon receipt as “with donor restrictions” and reclassified to “without donor restrictions” upon expenditure of the funds, based on the restricted purpose and/or the lapsing of the specified time period.

Contributions that are permanently restricted by donors for use as endowments are invested in perpetuity. The income is used for operating purposes when expenditures satisfy the donor’s restrictions, if any, and such amounts are appropriated for expenditure. Income amounts that exceed related expenditures and appropriations remain classified as with donor restrictions.

Expense Allocations

The costs of various programs and activities have been summarized on a functional basis in the statements of activities. Within each group, transactions are recorded in specific expense categories and apportioned, when applicable, among the programs and supporting services benefited.

Fair Value of Financial Instruments

Habitat’s financial instruments include cash, mortgages receivable, accounts payable, line of credit, and notes payable. The carrying values of these financial instruments approximate their fair values as of June 30, 2025 and 2024.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

Advertising Costs

It is the policy of the Organization to expense advertising costs when incurred. For the years ended June 30, 2025 and 2024, advertising costs were \$11,070 and \$28,700, respectively.

Reclassifications

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

NOTE B – MORTGAGES RECEIVABLE - NET

Mortgages receivable consist of the following:

	As of June 30,	
	2025	2024
Mortgages receivable at face value	\$ 12,002,319	\$ 10,328,460
Less: Unamortized discount	<u>(4,102,878)</u>	<u>(3,214,907)</u>
Mortgages receivable, net	<u>\$ 7,899,441</u>	<u>\$ 7,113,553</u>
Current portion of mortgages receivable	\$ 206,473	\$ 182,009
Non-current portion of mortgages receivable	<u>7,692,968</u>	<u>6,931,544</u>
Total	<u>\$ 7,899,441</u>	<u>\$ 7,113,553</u>

Habitat holds a “silent second” mortgage on some completed homes. The second mortgage notes will become payable if, prior to the expiration of twenty to thirty years from the date of their making, the maker transfers, sells, refinances or assigns the maker’s right, title, or interest in and to the real property securing the second mortgage or ceases to occupy the real property as the maker’s principal residence. In that case, the second mortgage will become immediately due and payable, without notice. No value has been recorded in these financial statements for these notes. For the years ended June 30, 2025 and 2024, the value of the silent mortgages was \$2,042,347 net of accumulated forgiveness of \$557,955 and \$2,147,113 net of accumulated forgiveness of \$539,452, respectively.

There was no gain from the write-off of mortgage discounts from foreclosed homes for the years ended June 30, 2025 and 2024.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	As of June 30,	
	2025	2024
Vehicles, home store	\$ 366,812	\$ 299,490
Equipment, home store	55,876	55,876
Improvements, home store	229,224	229,224
Improvements, administrative offices	236,642	236,642
Building, home store	352,790	352,790
Building, home store 2	926,814	926,814
Land, home store	758,782	758,782
Land, development	-	2,418,909
Building, office	137,025	137,025
Vehicles, construction	97,853	85,673
Equipment	119,794	119,794
	<u>3,281,612</u>	<u>5,621,019</u>
Total	3,281,612	5,621,019
Less: accumulated depreciation	<u>(1,037,488)</u>	<u>(936,013)</u>
Total	<u>\$2,244,124</u>	<u>\$4,685,006</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$101,475 and \$96,572, respectively.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE D - LONG-TERM DEBT

Long-term debt was comprised of the following:

	As of June 30,	
	<u>2025</u>	<u>2024</u>
1) Mortgage payable to a bank, secured by real property and mortgages receivable, 4.5% interest, monthly payments of \$15,069, matures March 13, 2034	\$ 762,264	\$ 913,653
2) Note payable to a bank, secured by real property and mortgages receivable, 5.95% interest, monthly payments of \$3,866 (principal and interest), matures March 13, 2034	343,010	374,945
3) Capital City Bank, construction loan agreement converted to mortgage, maximum \$895,000, due in 240 installments of \$6,617. 5.95% interest	<u>639,426</u>	<u>682,210</u>
Total	1,744,700	1,970,808
Less current portion	<u>(149,797)</u>	<u>(143,280)</u>
Long-term debt, net of current portion	<u>\$ 1,594,903</u>	<u>\$ 1,827,528</u>

Current maturities of long-term debt for each of the next five years and thereafter are as follows:

2026	\$ 149,797
2027	156,610
2028	396,956
2029	133,977
2030	140,153
Thereafter	<u>767,207</u>
Total long-term debt	<u>\$ 1,744,700</u>

Interest expense associated with long-term debt for the years ended June 30, 2025 and 2024 was \$20,384 and \$114,268, respectively.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE E - GRANTS

Habitat earned the following grant monies during the years ended:

	June 30,	
	2025	2024
Citrus County SHIP Grant	\$ 390,000	\$ 324,000
Florida Housing Finance (HOP)	520,000	530,000
State of Florida DEO Grant Funds	1,000,313	1,276,916
Federal Home Loan Bank AHP Funds	345,000	390,000
Arthur B. Fairman Charity Trust	15,000	10,000
Publix	50,000	45,000
Capital City Bank Foundation	5,000	-
PNC Financial Services Group	5,000	5,000
Fidelity	-	-
Bank of America Foundation	5,000	5,000
American Endowment Foundation	-	1,000
Cadence	-	1,500
Duke Energy	-	5,000
Insight Community Foundation	1,000	-
State Farm	-	10,000
Community Foundation of Tampa Bay	17,085	-
	<u>17,085</u>	<u>-</u>
Total	<u>\$ 2,353,398</u>	<u>\$ 2,603,416</u>

Grants are subject to certain conditions (Note G).

NOTE F - COMMUNITY CONTRIBUTION TAX CREDITS

Florida Statute 220.183 allows business entities that make contributions to programs, or organizations that support projects to provide home ownership to low income households, to use a community contribution credit to offset tax due in any one year. This contribution must be either 1) cash or other liquid assets, 2) real property, 3) goods or inventory, or 4) other physical resources as identified by the Florida Department of Revenue. These contributions must be verified by the sponsoring organization in an application that verifies receipt of the contribution, and this verification must accompany the application for tax credit.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE G - CONTINGENCIES

Habitat receives grant money from Citrus County under the State Housing Initiative Program (“SHIP”) for eligible homeowners. Use of funds is restricted to infrastructure only and is credited towards the down payment on the home at closing. A lien is placed on the property at closing by Citrus County and is forgiven after a period of twenty years. In the event of homeowner default, Habitat would be required to repay these funds from the proceeds of the sale of foreclosed homes. The lien is subordinate to Habitat’s position as first and second mortgage holder.

NOTE H - IN-KIND CONTRIBUTIONS

The value of donated goods and services included in the financial statements for the years ended is summarized as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Construction costs	<u>\$ 52,964</u>	<u>\$ 30,404</u>

NOTE I - TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat for Humanity International on an annual basis. These funds are used to construct homes in economically depressed areas around the world.

For the years ended June 30, 2025 and 2024, Habitat made contributions of \$65,099 and \$58,719, respectively, amounts which have been included in program services expense in the statements of activities.

NOTE J - UNRELATED BUSINESS INCOME

Habitat leases space on one of its properties for an advertising sign. The accompanying statements of activities include rental income, net of related expense. There was no unrelated business income tax for the years ended June 30, 2025 and 2024.

NOTE K - LOSS OF INVENTORY

For the years ended June 30, 2025 and 2024, Habitat adjusted all properties held in inventory to the 2024 certified tax roll, which was the most currently available certified tax roll. There was no write-down of land inventory for the years ended June 30, 2025 and 2024.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 6, 2026, the date on which financial statements were available for issue, and has concluded that no events or transactions took place, which require disclosure herein.

ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH THE *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE
UNITED STATES; AND THE PROVISIONS OF OFFICE OF
MANANGEMNT AND BUDGET (OMB) UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Habitat for Humanity of Citrus County, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity of Citrus County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity of Citrus County, Inc.'s 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 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wall & Cash P.A.

Inverness, Florida
May 6, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Habitat for Humanity of Citrus County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Habitat for Humanity of Citrus County, Inc.'s major federal programs for the year ended June 30, 2025. Habitat for Humanity of Citrus County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Habitat for Humanity of Citrus County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Habitat for Humanity of Citrus County, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Habitat for Humanity of Citrus County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Habitat for Humanity of Citrus County, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Habitat for Humanity of Citrus County, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Habitat for Humanity of Citrus County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Habitat for Humanity of Citrus County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Habitat for Humanity of Citrus County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Citrus County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wade : Cook (P.A.)

Inverness, Florida
May 6, 2026

Habitat for Humanity of Citrus County, Inc.
 Schedule of Expenditures of State Awards
 for the Year Ended June 30, 2025

<u>State Grantor Program Title</u>	<u>CSFA Number</u>	<u>Total Expenditures</u>
Department of Economic Opportunity		
<i>Direct Program:</i>		
Division of Community Development	40.038	\$ 1,000,313
Total Expenditures of State Awards		<u><u>\$ 1,000,313</u></u>

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of Habitat for Humanity of Citrus County, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2025

Section I – Summary of Audit Reports

Financial Statements

Type of Audit Report Issued:	Unmodified Opinion
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?	No

State Awards and State Projects

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Audit Report Issued on Compliance for Major Programs:	Unmodified Opinion
Any audit findings disclosed that are required to be Reported in accordance with the Uniform Guidance And Chapter 10.650 for non-profit and for-profit organizations?	No
Identification of Major Programs:	
State Program	CSFA No.
Division of Community Development	40.038
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

There were no findings that were required to be reported to those charged with governance.

Section III – State Award Findings and Questioned Costs

There were no findings that were required to be reported to those charged with governance.

Section IV – Other Issues

- A. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.
- B. No management letter has been included in the report because no findings or comments were noted pursuant to Chapter 10.650, *Rules of the Auditor General*.