

Habitat for Humanity of North Central CT
Board Meeting, April 9, 2025
5:30pm -7:30pm

AGENDA

- Devotion
- 990 and Audited Financials Presentation by CLA
- Consent Agenda
- Board Committee Updates
 - ReStore Task Force
 - Governance- Board Nomination
 - Development Committee
- Operations Updates (Karraine Moody)
 - Volunteer Appreciation
 - Burnside Dedication
 - Public Funds Update
- Executive Session

2025	Board of Directors Meetings	Finance & Exec	Development	Agenda/Comments
January		Tuesday, January 14	Thursday, January 23	
February	Tuesday, February 4	Tuesday, February 18		2025 Kickoff
March		Tuesday, March 18	Thursday, March 27	
April	Wednesday, April 9	Tuesday, April 15		ReStore Vote
May		Tuesday, May 20	Thursday, May 22	
June	Tuesday, June 3	Tuesday, June 17		Budget Review and Proposal for FY26
July		Tuesday, July 15	Thursday, July 24	
September	Tuesday, September 2	Tuesday, September 16	Thursday, September 25	
October	Tuesday, October 7	Tuesday, October 14		
November	Tuesday, November 11	Tuesday, November 18	Thursday, November 20	990 Audit Review and Vote
December	Tuesday, December 2	Tuesday, December 16		Year in Review

AUDIT REVIEW

**HABITAT FOR HUMANITY NORTH CENTRAL
CONNECTICUT, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
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YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity North Central Connecticut, Inc.
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Habitat for Humanity North Central Connecticut, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity North Central Connecticut, Inc., as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Financial Statements* section of our report. We are required to be independent of Habitat for Humanity North Central Connecticut, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1, during the year ended June 30, 2024, Habitat for Humanity North Central Connecticut, Inc. adopted new accounting guidance for current expected credit losses. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Board of Directors
Habitat for Humanity North Central Connecticut, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025, on our consideration of Habitat for Humanity North Central Connecticut, 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 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 Habitat for Humanity North Central Connecticut, Inc.'s 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 Habitat for Humanity North Central Connecticut, Inc.'s internal control over financial reporting and compliance.

Other Matter

The 2023 financial statements of Habitat for Humanity North Central Connecticut, Inc. were audited by other auditors whose report dated October 24, 2023 expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 18, 2025

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 457,651	\$ 2,299,114
Accounts Receivable	104,349	57,485
Grants Receivable	442,531	-
Current Portion of Mortgage Notes Receivable	580,912	588,725
Allowance for Credit Losses	(119,312)	-
Inventory	3,779,511	682,794
Prepaid Expenses	50,849	95,742
Total Current Assets	<u>5,296,491</u>	<u>3,723,860</u>
PROPERTY AND EQUIPMENT		
Land, Building, and Improvements	527,868	516,265
Furniture, Fixtures, and Equipment	1,331,453	1,331,453
Total	<u>1,859,321</u>	<u>1,847,718</u>
Less: Accumulated Depreciation	1,365,909	1,283,281
Property and Equipment, Net	<u>493,412</u>	<u>564,437</u>
OTHER ASSETS		
Mortgage Notes Receivable, Net	3,866,876	4,333,664
Operating Right-of-Use Asset	1,167,830	715,721
Security Deposits	6,000	14,500
Total Other Assets	<u>5,040,706</u>	<u>5,063,885</u>
Total Assets	<u><u>\$ 10,830,609</u></u>	<u><u>\$ 9,352,182</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 62,548	\$ 72,521
Accounts Payable and Accrued Expenses	266,505	604,594
Current Portion of Operating Lease Liabilities	184,283	121,292
Total Current Liabilities	<u>513,336</u>	<u>798,407</u>
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	458,135	538,194
Long-Term Portion of Operating Lease Liabilities	891,668	594,429
Total Long-Term Liabilities	<u>1,349,803</u>	<u>1,132,623</u>
Total Liabilities	1,863,139	1,931,030
NET ASSETS		
Without Donor Restrictions	8,852,687	7,379,055
With Donor Restrictions	114,783	42,097
Total Net Assets	<u>8,967,470</u>	<u>7,421,152</u>
Total Liabilities and Net Assets	<u><u>\$ 10,830,609</u></u>	<u><u>\$ 9,352,182</u></u>

See accompanying Notes to Financial Statements.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Grants	\$ 1,817,560	\$ -	\$ 1,817,560
Contributions	1,995,599	114,783	2,110,382
Imputed Interest on Mortgage Receivables	207,432	-	207,432
ReStore Income	1,370,793	-	1,370,793
Other Income	1,008	-	1,008
Interest Income	537	-	537
Net Assets Released from Restrictions	42,097	(42,097)	-
Total Revenue, Support, and Gains	<u>5,435,026</u>	<u>72,686</u>	<u>5,507,712</u>
EXPENSES			
Program Services:			
Affordable Housing Program	1,658,736	-	1,658,736
ReStore	1,462,149	-	1,462,149
Total Program Services	<u>3,120,885</u>	<u>-</u>	<u>3,120,885</u>
General and Administrative	359,728	-	359,728
Fundraising	480,781	-	480,781
Total Expenses	<u>3,961,394</u>	<u>-</u>	<u>3,961,394</u>
CHANGE IN NET ASSETS	1,473,632	72,686	1,546,318
Net Assets - Beginning of Year	<u>7,379,055</u>	<u>42,097</u>	<u>7,421,152</u>
NET ASSETS - END OF YEAR	<u><u>\$ 8,852,687</u></u>	<u><u>\$ 114,783</u></u>	<u><u>\$ 8,967,470</u></u>

See accompanying Notes to Financial Statements.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Property Transferred to Homeowners	\$ 2,192,055	\$ -	\$ 2,192,055
Grants	499,171	-	499,171
Contributions	1,410,488	35,000	1,445,488
Imputed Interest on Mortgage Receivables	312,587	-	312,587
ReStore Income	1,322,943	-	1,322,943
Other Income	9,204	-	9,204
Interest Income	541	-	541
Gain on Sale of Mortgages	52,341	-	52,341
Net Assets Released from Restrictions	10,800	(10,800)	-
Total Revenue, Support, and Gains	5,810,130	24,200	5,834,330
EXPENSES			
Program Services:			
Affordable Housing Program	4,220,578		4,220,578
ReStore	1,380,710	-	1,380,710
Total Program Services	5,601,288	-	5,601,288
General and Administrative	750,951	-	750,951
Fundraising	444,661	-	444,661
Total Expenses	6,796,900	-	6,796,900
CHANGE IN NET ASSETS	(986,770)	24,200	(962,570)
Net Assets - Beginning of Year	8,365,825	17,897	8,383,722
NET ASSETS - END OF YEAR	<u>\$ 7,379,055</u>	<u>\$ 42,097</u>	<u>\$ 7,421,152</u>

See accompanying Notes to Financial Statements.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services		Total Program Services	General and Administrative	Fundraising	Total Expenses
	Affordable Housing Program	ReStore				
Cost of Homes and Goods Sold	\$ 19,074	\$ 132,768	\$ 151,842	\$ -	\$ -	\$ 151,842
Other Expenses:						
Salaries	794,379	494,226	1,288,605	90,096	122,904	1,501,605
Payroll Taxes and Fringe Benefits	241,246	183,097	424,343	34,802	38,028	497,173
Occupancy Expenses	85,131	205,936	291,067	15,496	2,356	308,919
Special Events	3,968	197	4,165	5,547	235,491	245,203
Moving and Storage	-	233,143	233,143	-	-	233,143
Professional Fees	107,206	8,890	116,096	33,784	27,929	177,809
Office Administration	75,883	24,802	100,685	8,140	7,461	116,286
Miscellaneous	87,055	4,723	91,778	14,896	7,586	114,260
Insurance	35,417	18,986	54,403	8,839	6,519	69,761
Bank and Credit Card Fees	13,729	44,837	58,566	8,146	1,172	67,884
Utilities and Telephone	17,264	30,679	47,943	427	-	48,370
Auto and Travel	28,344	10,415	38,759	5,459	1,275	45,493
Advertising	5,130	1,361	6,491	1,927	29,349	37,767
Other Program Service Costs	25,412	-	25,412	-	-	25,412
Tithe and Donations to Affiliates	25,095	-	25,095	-	5	25,100
Warranty Costs	22,984	-	22,984	-	-	22,984
Interest	8,094	-	8,094	3,469	-	11,563
Training and Staff Development	5,562	1,987	7,549	1,125	706	9,380
Total Other Expenses	<u>1,581,899</u>	<u>1,263,279</u>	<u>2,845,178</u>	<u>232,153</u>	<u>480,781</u>	<u>3,558,112</u>
Total Expenses Before Provision for Mortgage Notes Receivable Losses Mortgage Discount and Depreciation/Amortization	1,600,973	1,396,047	2,997,020	232,153	480,781	3,709,954
Provision for Mortgage Notes Receivable Losses	-	-	-	119,312	-	119,312
Mortgage Discount	49,500	-	49,500	-	-	49,500
Depreciation/Amortization	<u>8,263</u>	<u>66,102</u>	<u>74,365</u>	<u>8,263</u>	<u>-</u>	<u>82,628</u>
Total Expenses	<u>\$ 1,658,736</u>	<u>\$ 1,462,149</u>	<u>\$ 3,120,885</u>	<u>\$ 359,728</u>	<u>\$ 480,781</u>	<u>\$ 3,961,394</u>

See accompanying Notes to Financial Statements.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services		Total Program Services	General and Administrative	Fundraising	Total Expenses
	Affordable Housing Program	ReStore				
Cost of Homes and Goods Sold	\$ 2,527,370	\$ 74,061	\$ 2,601,431	\$ -	\$ -	\$ 2,601,431
Other Expenses:						
Salaries	507,796	466,729	974,525	276,540	150,409	1,401,474
Payroll Taxes and Fringe Benefits	147,045	176,436	323,481	120,076	48,762	492,319
Occupancy Expenses	31,046	208,796	239,842	44,576	2,346	286,764
Special Events	5,823	-	5,823	5,567	151,861	163,251
Moving and Storage	-	243,112	243,112	-	-	243,112
Professional Fees	15,350	10,578	25,928	153,524	32,764	212,216
Office Administration	16,447	26,498	42,945	57,844	5,706	106,495
Miscellaneous	6,220	3,209	9,429	18,400	980	28,809
Insurance	32,247	18,317	50,564	6,613	6,396	63,573
Bank and Credit Card Fees	23	33,502	33,525	21,559	1,202	56,286
Utilities and Telephone	17,981	32,407	50,388	-	-	50,388
Auto and Travel	17,849	3,782	21,631	14,031	770	36,432
Advertising	16,524	5,034	21,558	5,440	42,681	69,679
Other Program Service Costs	13,892	-	13,892	28	506	14,426
Tithe and Donations to Affiliates	30,593	-	30,593	-	58	30,651
Warranty Costs	12,199	-	12,199	-	-	12,199
Interest	-	-	-	12,822	-	12,822
Training and Staff Development	6,066	9	6,075	4,177	220	10,472
Total Other Expenses	<u>877,101</u>	<u>1,228,409</u>	<u>2,105,510</u>	<u>741,197</u>	<u>444,661</u>	<u>3,291,368</u>
Total Expenses Before Mortgage Discount and Depreciation/Amortization	3,404,471	1,302,470	4,706,941	741,197	444,661	5,892,799
Mortgage Discount	804,667	-	804,667	-	-	804,667
Depreciation/Amortization	<u>11,440</u>	<u>78,240</u>	<u>89,680</u>	<u>9,754</u>	<u>-</u>	<u>99,434</u>
Total Expenses	<u>\$ 4,220,578</u>	<u>\$ 1,380,710</u>	<u>\$ 5,601,288</u>	<u>\$ 750,951</u>	<u>\$ 444,661</u>	<u>\$ 6,796,900</u>

See accompanying Notes to Financial Statements.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,546,318	(962,570)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	82,628	99,434
Mortgage Discount	(207,432)	116,755
Amortization of Note Discounts	49,500	-
Provision for Mortgage Notes Receivable Losses	119,312	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(46,864)	(9,711)
Grants Receivable	(442,531)	-
Inventory	(3,096,717)	376,358
Security Deposits	8,500	-
Prepaid Expenses	44,893	(37,743)
Right of Use Asset	(91,879)	-
Accounts Payable and Accrued Expenses	(338,089)	294,925
Net Cash Used by Operating Activities	(2,372,361)	(122,552)
CASH FLOWS FROM INVESTING ACTIVITIES		
New Loans Originated	-	(329,731)
Loan Payments	682,033	652,483
Proceeds from Sale of Mortgages	-	525,135
Change in Other Real Estate Owned	-	141,352
Purchases of Land, Buildings, and Equipment	(11,603)	23,112
Net Cash Provided by Investing Activities	670,430	1,012,351
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	-	3,050
Payments on Note payable	(139,532)	(65,576)
Net Cash Used by Financing Activities	(139,532)	(62,526)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,841,463)	827,273
Cash and Cash Equivalents - Beginning of Year	2,299,114	1,471,841
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 457,651</u>	<u>\$ 2,299,114</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 11,563</u>	<u>\$ 12,822</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITY		
Mortgage Discount	\$ -	\$ 804,667
Imputed Interest on Mortgage Receivables	-	(312,587)
Total	<u>\$ -</u>	<u>\$ 492,080</u>

See accompanying Notes to Financial Statements.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Habitat for Humanity North Central Connecticut, Inc. (the Organization), a nonprofit organization, nonstock corporation organized under Connecticut law in 1988, is located in Hartford, Connecticut. The Organization, affiliated with Habitat for Humanity International (HFHI) based in Americus, Georgia, builds homes for low-income individuals in the Hartford and Tolland area. Purchasers, who have been approved and selected by the Organization, volunteer their labor in partnership with the Organization to build the house. The house is then sold to the individual at a predetermined cost which is reviewed annually by the Organization. Upon sale, the Organization takes back a noninterest-bearing mortgage for approximately 99% of the sales price. These mortgages are usually long term, ranging from 20 to 30 years.

Basis of Accounting and Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Organization reports information regarding its financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions – These net assets are defined as assets that are free of donor-imposed restrictions.

Net Assets With Donor Restrictions – These net assets include contributions, unconditional promises to give and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization. Other net assets with donor restrictions may be perpetual in nature. There are no net assets with restrictions in perpetuity as of June 30, 2024 and 2023.

Adoption of New Accounting Standards

At the beginning of the fiscal year, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard changed how the allowance for credit losses is determined.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include all highly liquid instruments with an original maturity of three months or less. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable arising from regular operations are stated net of an allowance for credit losses. Allowances are set based on assessments by management as to the collectability of individual accounts. There was no allowance for credit losses as of June 30, 2024 and 2023.

Mortgages Receivable

Mortgages receivable balances represent the amount charged to the homeowners for Habitat houses built and are to be paid back over an established and mutually agreed period of time. These mortgages are typically paid back on a monthly basis. At the same time the first mortgage is signed, a second lien mortgage is executed by the homeowner, reflecting the difference between the purchase price and the fair market value of the house. This second mortgage, also known as a "silent mortgage," is a legal document executed for protection against homeowners who may sell their house for a profit before the mortgage is paid off and to protect the homeowner by preventing predatory lenders from paying off the first mortgage and saddling the homeowners with an onerous new mortgage.

The Organization's mortgages are noninterest-bearing and have been discounted to present value based upon prevailing market rates for low-income housing at the inception of the mortgages. Habitat For Humanity International, Inc. (HFHI) develops a discount rate once a year on June 30. The difference between the face amount of the mortgage and its present value is accounted for as a discount that is recorded on the statement of financial position as a contra account to Mortgages Receivable and amortized over the life of the mortgage using the straight-line method. The effect of discounting on the financial statements results in Mortgages Receivable being reduced by the discount amount as the expense is increased. HFHI recommends that mortgage discounts be charged as a program services expense to a Mortgage Discount Expense account and each year a ratable amount of the discount be amortized to a Mortgage Discount Amortization revenue account. For practical purposes, delinquent or prepaid mortgage payments are not adjusted in the annual amortization. However, mortgage payoffs or foreclosures do result in the remaining Unamortized Discount balance being closed and recorded to a Mortgage Discount Revenue account.

The Organization's policy for determining when mortgages are past due or delinquent is based on how recently payments have been received. Mortgages are considered past due 15 days after the due date.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgages Receivable (Continued)

The opening and closing balances of the Organization's contract receivables, which are recognized within accounts receivable and mortgage notes receivable on the statements of financial position are as follows:

	Contract Balances	
	Accounts Receivable	Mortgage Notes Receivable
Opening (July 1, 2023)	\$ 57,485	\$ 4,922,389
Closing (June 30, 2024)	104,349	4,447,788
Increase (Decrease)	<u>\$ 46,864</u>	<u>\$ (474,601)</u>
Opening (July 1, 2022)	\$ 47,774	\$ 5,934,955
Closing (June 30, 2023)	57,485	4,922,389
Increase (Decrease)	<u>\$ 9,711</u>	<u>\$ (1,012,566)</u>

Allowance for Credit Losses on Mortgages

Effective, July 1, 2023, the allowance for credit losses on mortgages is a valuation account that is deducted from the amortized cost basis of mortgages to present the net amount expected to be collected. The allowance for credit losses on mortgages is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the balance sheet date. Mortgage losses are charged off against the allowance for credit losses on mortgages when the Organization determines the mortgage balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on mortgages.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, current information and events, probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreements, or delinquencies.

The allowance for credit losses on mortgages estimate incorporates a reasonable and supportable economic forecast through the use of historical losses adjusted for current factors.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses on Mortgages (Continued)

The Organization only has one portfolio segment. The risk characteristics of this segment are as follows:

The degree of risk in 1-4 family lending depends primarily on the note amount in relation to collateral value, the interest rate and the borrower's ability to repay in an orderly fashion. These notes generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these notes. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. On a yearly basis, the Organization reviews the adequacy of the allowance, including consideration of the relevant risks in the portfolio, current economic conditions and other factors. If management determines that changes are warranted based on those reviews, the allowance is adjusted. Prior to the adoption of ASC 326, the Organization used an incurred loss model to measure an allowance for loan losses.

Inventory

Inventory on properties constructed for sale is valued at lower of cost or market using specific identification.

Property and Equipment

All acquisitions or donations of property and equipment are recorded at cost or their fair market value at the date of the gift. Depreciation is provided for over the estimated useful lives of the assets on a straight-line basis. The respective estimated useful lives are 5 to 39 years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

Revenue and Revenue Recognition

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional contributions – that is, those with a measurable performance or other barrier and a right of return – are not recognized as revenue until the conditions on which they depend are substantially met.

Conditional government grants and contracts not recognized in the financial statements as receivables or revenues as of June 30, 2024 and 2023 totaled \$472,896 and \$-0-, respectively. Government grants and contracts are conditioned on incurring qualified program expenses.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Donated Materials, Services, and Property and Equipment

Donations of building materials and property and equipment are recorded as in-kind contributions at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent explicit donor stipulations about how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization receives donated services from a variety of unpaid volunteers who assist in building the houses. No amounts have been recognized in the accompanying statements of activities for these services because the criteria for recognition of such volunteer efforts under FASB ASC 958, have not been satisfied.

Property Transferred to Homeowners

Homes are sold to buyers that meet the Organization's qualification guidelines. The resulting mortgage are noninterest-bearing and have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. The property transferred to homeowners in the statements of activities are presented net of the applicable discount. The Organization recognizes the income from sales to homeowners on the completed contract method when home closings occur.

ReStore Income

The Organization sells donated inventory through its two ReStore locations in Bloomfield and Vernon, Connecticut. Donations to its ReStores are made by contractors and other businesses, organizations and individuals that have surplus or discontinued merchandise.

The purpose of the ReStores are to raise funds to support the Organization programs. Accordingly, expenses of operating ReStores are reported as program expenses in the statements of functional expenses. The amount of revenue reported from the ReStores includes cash receipts plus the fair market value of donated goods sold, net of the cost of purchased inventory sold. As most revenue earned by the ReStores are from the sale of donated goods, the ReStores revenue are classified as support in the statements of activities.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Revenue Recognition

Sales of inventory through its Restores and sales of homes to homeowners represent the majority of revenues. Revenues are recognized when performance obligations are satisfied at a point in time. Revenue from the Restores is recognized when control is transferred to the customer, in an amount that reflects the consideration the Organization receives in exchange for its Restore inventory. Customers may return certain items purchased from the Restores within a number of days. Restore sales are recognized net of expected returns, which are estimated using historical patterns. The Restores do not have any financing components as payment is received at the point of sale. Revenue from sales to homeowners is recognized on the completed contract method when home closings occur, net of the applicable mortgage discount. Homeowners cannot return homes purchased from the Organization.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to one or more supporting functions of the Organization. Personnel costs, including fringe benefits, have been allocated among the programs and supporting services benefited based on time and effort. All other expenses have been allocated by costs of specific functions served.

Tax Status

The Organization is a nonprofit organization as described under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not subject to federal or state income taxes. Therefore, no expense has been recognized for income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction as provided in Section 170 of the IRC.

Leases

The Organization determines if an arrangement is a lease at inception. Lease right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The 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 has lease agreements with lease and nonlease components, which are generally accounted for separately.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statement presentation.

Subsequent Events

The Organization has evaluated subsequent events through March 18, 2025, the date the financial statements were available to be issued.

NOTE 2 INVENTORY

The residential units in inventory consist of the following as of June 30,:

	2024	2023
Construction in Progress and Completed Units that are Unoccupied	\$ 3,532,266	\$ 545,766
Land	200,685	99,214
ReStore Purchased Inventory	46,560	37,814
Total Inventory	<u>\$ 3,779,511</u>	<u>\$ 682,794</u>

NOTE 3 LIQUIDITY

The Organization's financial assets available to meet general expenditures within one year of June 30, 2024 and 2023 are as follows, respectively:

	2024	2023
Financial Assets:		
Cash and Cash Equivalents	\$ 457,651	\$ 2,299,114
Accounts Receivable	104,349	57,485
Mortgage Notes Receivable, Current Portion	580,912	588,725
Total Financial Assets	1,142,912	2,945,324
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	114,783	42,097
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,028,129</u>	<u>\$ 2,903,227</u>

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations will continue to be met, ensuring the sustainability of the Organization.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable represent noninterest-bearing amounts due from individuals who have purchased homes constructed by the Organization. These amounts are to be paid over terms ranging from 20 to 30 years as follows:

	2024	2023
Mortgage Notes Receivable	\$ 9,727,935	\$ 10,469,968
Less: Unamortized Discount on Noninterest-Bearing Mortgage Notes Receivable	(5,160,835)	(5,547,579)
Subtotal	4,567,100	4,922,389
Less: Allowance for Credit Losses	(119,312)	-
Less: Current Portion of Mortgage Notes Receivable	(580,912)	(588,725)
Total	<u>\$ 3,866,876</u>	<u>\$ 4,333,664</u>

Since the above mortgage notes are noninterest-bearing, the net present value of each of these notes is less than face value. The net present value of these notes (at an imputed interest rate ranging from 7.23% to 8.48%) is \$4,567,100 and \$4,922,389 at June 30, 2024 and 2023, respectively. The servicing of these mortgages is performed by a bank. The scheduled estimated maturities of these notes are approximately:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 580,912
2026	577,505
2027	571,866
2028	567,790
2029	567,790
Thereafter	1,701,237
Total	<u>\$ 4,567,100</u>

Transactions in the allowance for credit losses during the year ended June 30, 2024 are summarized as follows. The Organization adopted CECL as of July 1, 2023.

Allowance for Credit Losses:

Beginning Balance	\$ -
Adoption of ASC 326	-
Provision	119,312
Mortgages Charged Off	-
Ending Balance	<u>\$ 119,312</u>

No amount was recorded for the year ended June 30, 2023 as management believed the mortgages receivable to be fully collectible.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 MORTGAGE NOTES RECEIVABLE (CONTINUED)

The following tables show an aging analysis of loan portfolio by time past due as of June 30:

	2024	2023
<u>Past Due Loans</u>		
15-29 Days Past Due	\$ 8,244,948	\$ 9,576,954
30-59 Days Past Due	509,611	490,859
60-89 Days Past Due	379,475	-
>90 Days Past Due	593,901	402,155
Total	<u>\$ 9,727,935</u>	<u>\$ 10,469,968</u>

The Organization sells homes based on its predetermined cost, which is reviewed annually by HFHI, and concurrently, the Organization also holds a second and third mortgage on the difference between the fair market value and the selling price. The purpose of the second and third mortgage is to insure that the purchaser retains possession of the property for a given period of time and does not sell to personally benefit from the difference between the purchased price and the fair market value. The second and third mortgages are forgiven ratably between six and thirty years after the purchase of the homes. If the homeowner sells prior to the time period of the second and/or third mortgage being ratably forgiven, the balance of the mortgage will be repaid from the sales price. It is anticipated that none of these mortgages will be required to be repaid. As a result, these mortgages have not been recorded in the financial statements as of June 30, 2024 and 2023.

NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following as of June 30,:

	2024	2023
SHOP/HUD Notes with stated rates of 0% payable through June 2029	\$ 22,251	\$ 39,855
Windsor Federal Savings Notes with stated rates of 4% payable through July 1, 2032.	272,685	304,836
Connecticut Housing Finance Authority (CHFA) Notes payable with stated rate of 0% payable through August 2034.	108,438	231,968
U.S. Small Business Administration (SBA) note payable with interest of 2.75% through May 16, 2050	134,244	141,936
SBA Economic Injury Disaster Loan Advance with stated rate of 2.75% payable through 2050	10,000	10,000
Peoples Bank Note with stated rate of 7.75%	-	92,014
Total Long-Term Debt	547,618	820,609
Less: Mortgage Discount on Loans	(26,935)	(209,894)
Less: Current Portion of Long-Term Debt	(62,548)	(72,521)
Total Loan-Term Debt, Net of Current Portion and Discounts	<u>\$ 458,135</u>	<u>\$ 538,194</u>

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 LONG-TERM DEBT (CONTINUED)

As the above CHFA notes are noninterest-bearing and are for the purpose of providing the funds needed for home construction, the net present value of each of these notes is less than face value. The net present value of these notes (at an imputed interest rate of 5.00%) is \$108,438 and \$231,968 at June 30, 2024 and 2023, respectively.

All notes, except for the Habitat for Humanity International SHOP/HUD and SBA notes, are secured by certain pledged mortgage receivable payments.

The expected maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 62,548
2026	58,579
2027	57,590
2028	54,195
2029	55,249
Thereafter	259,457
Total	<u>\$ 547,618</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were subject to the following purpose restrictions as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Housing Construction	\$ 114,783	\$ 24,200
Education	-	17,897
Total Net Assets With Donor Restrictions	<u>\$ 114,783</u>	<u>\$ 42,097</u>

Net assets with donor restrictions of \$42,097 and \$10,800 were released for housing construction and education during the years ended June 30, 2024 and 2023, respectively.

NOTE 7 IN-KIND DONATIONS

The Organization received in-kind contributions of unrestricted construction services totaling approximately \$25,000 that were utilized during each of the years ended June 30, 2024 and 2023, respectively. Contributed services are reported at the estimated fair value based on current rates for similar services in the principal market. In-kind contributions are recorded in contributions in the statements of activities for the years ended June 30, 2024 and 2023.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 PENSION PLAN

The Organization provides a 401(k) plan for its employees. Eligible participants can elect to contribute salary deferrals up to the IRS maximum. The Organization will match 100% of the employee's contribution up to 4% of the employee's compensation at the plan year-end. For the years ended June 30, 2024 and 2023, the Organization's contributions totaled \$44,457 and \$40,699, respectively.

NOTE 9 LEASES

The Organization leases buildings under various operating lease agreements expiring in various years through 2031. Rent expense for the years ended June 30, 2024 and 2023 totaled \$236,349 and \$222,866, respectively.

The following table provides quantitative information concerning the Organization's leases.

	<u>2024</u>	<u>2023</u>
Lease Costs		
Operating Lease Costs	\$ 134,215	\$ 157,243
Total Lease Costs	<u>\$ 134,215</u>	<u>\$ 157,243</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 122,415	\$ 146,879
Right-of-Use Assets Obtained in Exchange for		
New Operating Lease Liabilities	\$ 496,710	\$ 1,141,692
Weighted-Average Remaining Lease Term -		
Operating Leases	6.1 Years	7.5 Years
Weighted-Average Discount Rate - Operating Leases	3.84%	3.84%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 221,930
2026	192,731
2027	192,252
2028	194,720
2029	178,928
Thereafter	<u>229,425</u>
Total Future Undiscounted Lease Payments	1,209,986
Less: Discount	<u>(134,035)</u>
Total Lease Liability	<u>\$ 1,075,951</u>

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Organization is from time to time subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Organization.



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HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
FEDERAL SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2024



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HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Habitat for Humanity North Central Connecticut, Inc.
Hartford, Connecticut

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Habitat for Humanity North Central Connecticut, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Habitat for Humanity North Central Connecticut, Inc.'s major federal program for the year ended June 30, 2024. Habitat for Humanity North Central Connecticut, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Habitat for Humanity North Central Connecticut, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Habitat for Humanity North Central Connecticut, 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 the major federal program. Our audit does not provide a legal determination of Habitat for Humanity North Central Connecticut, 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 North Central Connecticut, Inc.'s federal programs.

Auditors' 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 North Central Connecticut, 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 GAAS, *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 North Central Connecticut, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 North Central Connecticut, 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 North Central Connecticut, 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 North Central Connecticut, 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 *Auditors' 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Habitat for Humanity North Central Connecticut, Inc., as of and for the year ended June 30, 2024 and have issued our report thereon dated March 18, 2025, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Board of Directors
Habitat for Humanity North Central Connecticut, Inc.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 18, 2025

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Entity/Program Title	Grant Period Ending	Pass-Through Entity Grant Number	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Treasury				
<i>Passed-Through the City of Hartford:</i>				
COVID-19 ARPA Local Fiscal Recovery	11/2024		21.027	\$ 1,527,104
Total Federal Awards				\$ 1,527,104

See Notes to Schedule of Expenditures of Federal Awards.

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Habitat for Humanity North Central Connecticut, Inc., under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Habitat for Humanity North Central Connecticut, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Habitat for Humanity North Central Connecticut, Inc.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

NOTE 2 INDIRECT COST RECOVERY

Habitat for Humanity North Central Connecticut, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

Board of Directors
Habitat for Humanity North Central Connecticut, Inc.
Hartford, Connecticut

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 North Central Connecticut, Inc., which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alliance for Community Empowerment, 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 North Central Connecticut, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat for Humanity North Central Connecticut, 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 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.

Board of Directors
Habitat for Humanity North Central Connecticut, Inc.

Report on Compliance and Other Matters

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 18, 2025

**HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTICUT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

No matters were reported.



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Board of Directors
Habitat for Humanity North Central Connecticut, Inc.
New Haven, Connecticut

We have audited the financial statements of Habitat for Humanity North Central Connecticut, Inc. (the Organization) as of and for the year ended June 30, 2024, and have issued our report thereon dated March 18, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our planning communication dated August 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements.

As described in Note 1, the Organization changed accounting policies related to current expected credit losses by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments*, in 2023. Accordingly, the accounting change has been applied using the modified-retrospective approach.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

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

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated March 18, 2025.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (the Schedule) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the Schedule to determine that the Schedule complies with the requirements of the Uniform Guidance, the method of preparing them has not changed from the prior period or the reasons for such changes, and the Schedule is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the Schedule to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 18, 2025.

This communication is intended solely for the information and use of the board of directors and management of Habitat for Humanity North Central Connecticut, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 18, 2025

CONSENT AGENDA

MINUTES OF THE BOARD OF DIRECTORS
HABITAT FOR HUMANITY
OF NORTH CENTRAL CONNECTICUT
FEBURARY 4TH 5:30 PM

PRESENT IN PERSON: BELOW, ELLIOT, FARQUHARSON, FLOYD,
SCHILKE

PRESENT VIRTUAL: BATES, BLANCO, BLAKE, *BURNHAM(GUIDRY),
COHEN

STAFF IN PERSON: MOODY, MCKELVIE, HANSLEY

DEVOTION: Offered by Crystal –

- Emphasis on the importance of intentional service on the Habitat Board.
- Highlighted how every action contributes to Habitat's mission of providing affordable housing.
- Encouraged board members to leverage their skills and networks for fundraising and awareness.
- Question posed to members: *How can you be more intentional in your service on the Habitat Board to make a real difference in the lives of the families we serve?*

Consent Agenda

- Reviewed follow-up edits to the meeting minutes, including name spellings and grammatical corrections.
- Requested board members to review and provide feedback on the minutes.
- Acknowledged the need for an official vote on the 2024 cumulative minutes.
- **Action Items:**
 - Nakisha to resend the updated minutes for final approval.

Board Introductions and New Nominations

- Introduced existing and new board members nominees.
 - **Ian & Max Cohen** from The Pinnacle Company, a three-year sponsor and title sponsor for the golf tournament.

- **TBD representative from the People's Bank**, a long-term partner focused on Community Reinvestment Act credits and mortgage leveraging.
 - Karraine to Follow up with Roma regarding the placeholder for People's Bank nominee.

JENNIFER BURNHAM(GUIDRDY) MADE A MOTION TO NOMINATE IAN & MAX COHEN AND A PLACEHOLDER BOARD SEAT FOR PEOPLE'S BANK MEMEBER, AND ELLEN BELOW SECCONED THE MOTION TO APPROVE NEW MEMEBERS. VOTE WAS UNAMOIOUSLY PASSED.

- Jennifer Burnham - Announced departure from the board and the need for volunteer to step up to take on Governance Committee lead.
- Her strong contributions since December 2019 acknowledged.
- Discussed the importance of maintaining governance and a strong board pipeline.
- Jennifer offered support for the transition of the Governance Chair role.

Challenge Proposed:

- Each board member to provide at least one referral to Suzanne by end of March.

4. Committee Updates

a. Development Committee – Don Bates

- Reengaged development meeting series, requesting additional financial information.
- Plans to connect with Karraine for ongoing reporting.
- Focus on building out the development committee to drive additional revenue.
- **Action Items:**
- Enhance development committee structure and explore revenue strategies/opportunities.

b. Strategic Plan- Jennifer Burnham

- No updates; strategic plan is in place.
- Final strategic plan document to be beautified and published on web.

c. RESTORE Task Force – Monica Blanco

- Conducted sessions to reassess current information on land surveys and remediation options.
- Evaluated benefits and risks of purchasing vs. retaining leases.
- Plan to present findings to the Board in April after discussions in March with HFHNCC staff.

d. Operations Updates – Karraine Moody and Kris McKelvie

- **Staff Changes:**
 - Kris promoted to COO as of February 4th. Announce Kris's promotion officially on February 11th staff meeting, will also discuss other staff transitions.
 - Diana promoted to Director of Construction.
 - Tom to retire at the end of the year; positions posted and seeking replacements.
 - Vacancy due to Nikki moving to Colorado; Marissa hired as temporary assistant site supervisor.
- **Construction Projects:**
 - Burnside Avenue:
 - First five houses nearing completion with final touches underway.
 - Next phases include drywalling, flooring, and electrical work.
 - Target completion by May-July for inspections and November 7th dedication.
- **Financial Updates/Audit:**
 - Collaboration with the accounting team on the 990 form.
 - Updates on trial balances and journal entries.
 - Emphasis on accurate functional expenses for Charity Navigator and GuideStar ratings.
- **Volunteer Services:**
 - Cairo left in October; Marissa hired as a temporary replacement.
 - Volunteer projections reduced from 30 to approximately 20 for current builds.
 - Focus on virtual training and ambassador roles.
- **Office Space Transition:**
 - Moving back to 780 Windsor Street by May 1st.
 - IT assessment completed; cost savings expected from consolidated location.

- **Habitat 2.0:**
 - Discussion on financial contributions and value received.
 - Challenges with Habitat International's sponsorship agreements.
 - Proposal to run financial reports and seek board decision by email.

The meeting concluded at 6:54 pm.

Respectively submitted
Nakisha Farquharson
Board Secretary

Habitat for Humanity North Central CT, Board Resolution

Corporate Resolution to approve Nakisha Farquharson as Chair of the governance committee.

Crystal Floyd, President

Don Bates, Vice President

Dates:

HFH - Conference Call Notes for 3/17/25

From Heather Higgins <heather.higgins@AccountingDepartment.com>

Date Mon 3/17/2025 5:00 PM

To April Hansley <april@hfhnc.org>; Karraine Moody <karraine@hfhnc.org>; Kris McKelvie <coo@hfhnc.org>

Cc Finance Department <finance@hfhnc.org>; Jana Conner <jana.conner@AccountingDepartment.com>;
Accounting Department <hfhnc@accountingdepartment.com>

Hi **April, Kris, Karraine & Finance Team,**

Thank you for joining our call 3/17/25. I have provided a summary of our call below. Please let me know if you have any questions or additional comments.

Call Notes:

Attendees: Heather, Jana, Karraine, Kris, April
Conference Call Notes

- Financial Statement Review
 - Reports are issued in draft due to not receiving the mortgage sales before the closing deadline
 - Balance Sheet
 - Accounts Receivable is ABWK invoices
 - Deposits in Transit are debit/credit card sales from ReStore
 - Prepaid reports are included in the QBO report package monthly
 - Several items on the Balance Sheet are adjusted by the auditors
 - Accrual accounts are just to make sure all expenses are included in the correct month
 - Retained Earnings is an accumulation of prior year's earnings
 - Net Income is the current profit or loss
 - Profit and Loss
 - Donations come from Neon
 - P&L YTD compares the same time period in the current and prior fiscal years
 - P&L by Department – Unassigned is Volunteer
 - P&L BvA Annual – the budget includes the full year's budget
 - We can remove the General Ledger from the QBO report package if no one uses it
- Jana will be leaving ADC at the end of March. The new controller will be introduced as soon as one is assigned.

Thanks,

Heather Higgins

Senior Accountant

Client Services Team

heather.higgins@accountingdepartment.com

(888) 858-9919 Ext. 306

<https://link.edgепilot.com/s/07c19606/SgdzсPVAбUITNDsOXyQGUG?>

u=<https://zoom.us/my/Heather.Higgins>

HFH - Conference Call Notes for 3/24/25

From Heather Higgins <heather.higgins@AccountingDepartment.com>

Date Mon 3/24/2025 2:37 PM

To April Hansley <april@hfhnc.org>; Karraine Moody <karraine@hfhnc.org>; Kris McKelvie <coo@hfhnc.org>

Cc Finance Department <finance@hfhnc.org>; Jana Conner <jana.conner@AccountingDepartment.com>; John Wojnarowski <john.wojnarowski@AccountingDepartment.com>; Accounting Department <hfhnc@accountingdepartment.com>

Hi **April, Kris, Karraine & Finance Team,**

Thank you for joining our call 3/24/25. I have provided a summary of our call below. Please let me know if you have any questions or additional comments.

Call Notes:

Attendees: Heather, Jana, John, Karraine, Kris, April, Nicole (CLA)

Conference Call Notes

- Jana introduced John Wojnarowski as the new Controller
- Statement of Functional Expense
 - In previous years, Finance was broken out between development and admin
 - Jana's thought process was that Finance was not a program as it holds all administrative expenses
 - Heather will send Kris the breakdown of Auto Expense, Dues, and IT to see what should be included in programs
 - Nicole noted that typically 80% goes to programs and 20% goes to admin and fundraising combined
 - ADC will reallocate the functional expenses and send to Nicole by Wednesday
- Budget
 - Utility/Office Expenses – going forward, a monthly journal entry will be posted to split between Construction, Family Services, Volunteer, and Development

Thanks,

Heather Higgins

Senior Accountant

Client Services Team

heather.higgins@accountingdepartment.com

(888) 858-9919 Ext. 306

[https://link.edgepilot.com/s/3bee9c57/GWs9urS34UWIUE9B3aLGcg?](https://link.edgepilot.com/s/3bee9c57/GWs9urS34UWIUE9B3aLGcg?u=https://zoom.us/my/Heather.Higgins)

[u=https://zoom.us/my/Heather.Higgins](https://zoom.us/my/Heather.Higgins)

Available Cash	
Checking/Savings 10100 Windsor Federal #74373186 \$158,702.60 10101 Windsor Federal Sweep #74373194 \$371,024.16 10102 Windsor Federal HUD/SHOP #74630429 \$300.00 10103 Windsor Federal 2168 \$500,000.00 10104 Peoples Bank 8593 \$20,391.13 10105 M&T Bank 4224 \$27,589.35 10106 Northwest Community Bank \$411,619.81 10201 Liberty Bank #1833645 \$122,347.50 10202 Cash Register \$1,739.11 Total Checking/Savings <u>\$1,613,713.66</u>	Cash Needs
Other Current Assets 14999 Undeposited Funds	Accounts Payable 20000 Current \$54,469.18 1-30 Days Past Due \$45,398.80 31-60 Days Past Due \$0.00 61-90 Days Past Due (\$410.12) 91+ Days Past Due (\$1,474.47) Total Accounts Payable <u>\$97,983.39</u>
Total Current Assets 14999	Credit Cards 22000 Webster Credit Card #5734 \$9,252.34 Total Credit Cards <u>\$9,252.34</u>
Total Current Assets 12000	Long Term Liabilities 29010 Assigned Mortgages WFS \$247,714.75 29100 Assigned Mortgages CHFA \$199,247.69 29160 Assigned Mortgages Peoples Bank \$92,014.24 29175 Notes Payable SHOP/HUD \$13,693.19 29200 Note Payable SBA \$128,475.00 Total Long Term Liabilities <u>\$681,144.87</u>
Total Accounts Receivable 12000	Payroll & Taxes Next Pay Date 04/02/25 Payroll & Taxes <u>\$64,958.84</u> *Estimated based on average
Total Accounts Receivable	Total Cash Needs <u>\$853,339.44</u>
Total Available Cash	Total Available Cash \$1,701,330.41 Estimated Payroll Cost \$64,958.84 Available Cash for Payables <u>\$1,636,371.58</u>

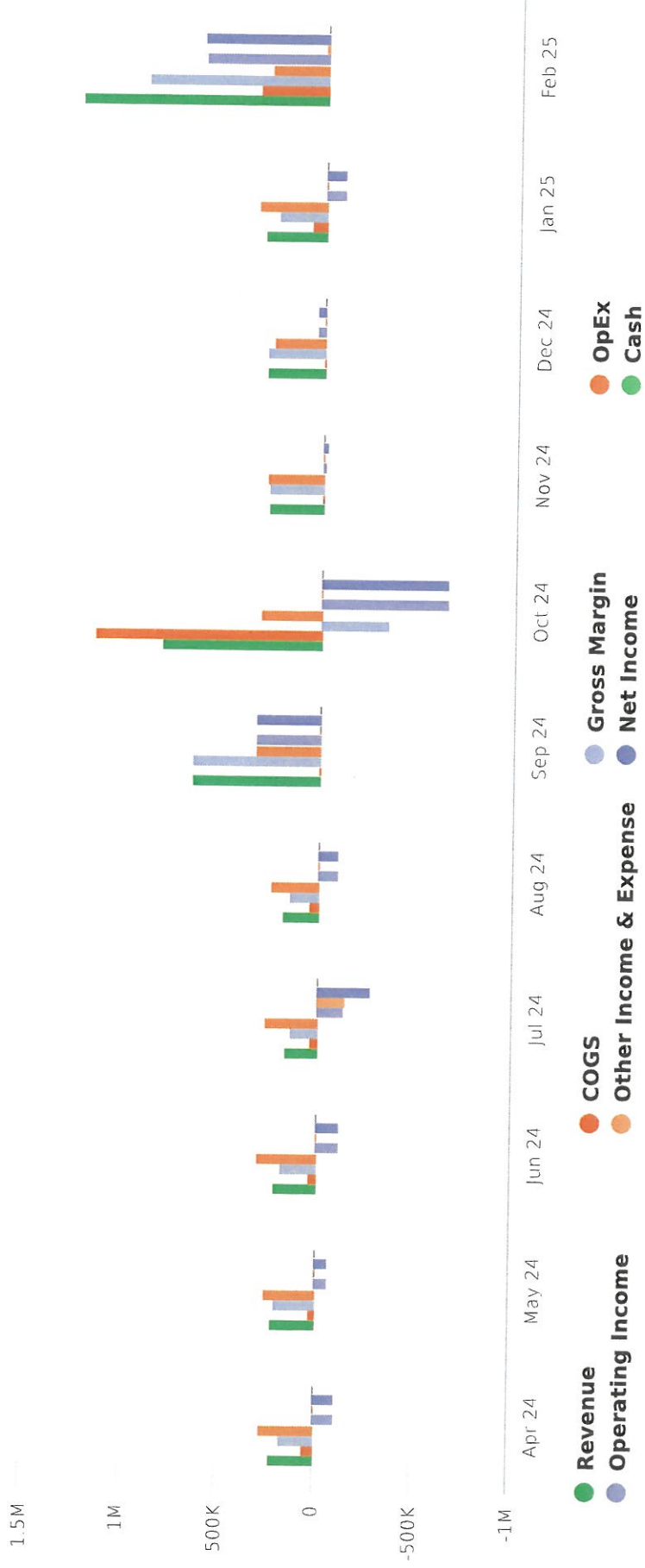


Habitat[®] for Humanity[®]

North Central Connecticut

Monthly Financial Reports
February 28, 2025

Habitat for Humanity North Central Connecticut Executive Summary



Name	Actuals							
	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Summary Overview								
Cash On Hand	\$1,408,483	\$1,190,963	\$884,106	\$441,775	\$338,807	\$889,297	\$1,094,832	\$802,429
Change in Cash	\$(220,183)	\$(217,520)	\$(306,857)	\$(442,331)	\$(102,967)	\$550,490	\$205,535	\$(292,403)

Income Statement Summary

For management use only. No CPA provides any assurance on these financial statements.

Name	Actuals									
	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24		
Revenue										
Total Donations & Grants	\$27,999	\$58,559	\$39,139	\$(64,141)	\$72,649	\$458,142	\$35,391	\$31,249		
Non-Home Revenue	\$25,630	\$31,550	\$39,270	\$105,241	\$7,016	\$67,912	\$33,400	\$107,420		
Other Income	\$162,391	\$132,344	\$136,781	\$121,196	\$99,592	\$119,727	\$102,012	\$129,819		
Home Sales	-	-	-	-	-	-	\$636,000	-		
Subtotal Revenue	\$216,020	\$222,453	\$215,190	\$162,297	\$179,257	\$645,781	\$806,803	\$268,488		
COGS										
Cost of Home Sales	-	-	-	-	-	-	\$1,151,210	\$6		
ABWK Costs	\$14,179	\$13,661	\$33,836	\$8,154	-	-	\$5,648	\$313		
Cost of Goods Sold - ReStore	\$34,501	\$9,525	-	\$22,295	\$39,821	\$629	\$(6,166)	-		
Subtotal COGS	\$48,680	\$23,186	\$33,836	\$30,449	\$39,821	\$629	\$1,150,693	\$319		
Gross Margin	\$167,340	\$199,267	\$181,354	\$131,848	\$139,436	\$645,152	\$(343,890)	\$268,169		
Gross Margin %	77.5%	89.6%	84.3%	81.2%	77.8%	99.9%	(42.6)%	99.9%		
OpEx by Acct										
Advertising & Promotion	\$2,126	\$3,700	\$4,873	-	\$81	\$191	\$7,805	\$2,269		
Americorp & Vista	\$2,090	\$3,047	\$2,090	\$2,090	\$2,090	\$1,525	\$960	\$960		
Auto/Travel/Mileage Reimb.	\$5,840	\$750	\$2,084	\$6,086	\$1,987	\$2,724	\$2,216	\$2,657		
Bank and Credit Card Fees	\$6,063	\$9,495	\$5,974	\$5,864	\$5,251	\$5,615	\$6,027	\$6,083		
Charitable Contributions	-	-	-	-	-	\$25,000	-	-		
Construction Site Supplies	\$15	\$928	\$2,044	\$773	\$826	\$1,853	\$436	\$1,152		
Dues & Subscriptions	\$1,709	\$1,106	\$813	\$523	\$577	\$3,597	\$1,835	\$699		
Employee Benefits	\$26,594	\$18,839	\$21,534	\$21,742	\$21,775	\$17,663	\$14,662	\$20,009		
Fundraising Expenses	\$214	\$6,294	\$4,876	\$230	\$479	\$15,489	\$50,692	\$1,939		
Home Related Costs	\$870	\$343	\$2,993	\$305	\$120	\$120	\$120	\$1,693		
Information Technology	\$4,677	\$5,797	\$5,069	\$4,952	\$7,509	\$5,538	\$4,544	\$5,141		
Insurance	\$13,785	\$13,525	\$16,480	\$13,525	\$13,525	\$13,525	\$13,525	\$17,555		
Legal & Professional Fees	\$10,141	\$12,659	\$11,589	\$11,760	\$11,467	\$8,333	\$21,726	\$26,237		
Meals & Entertainment	\$8	-	-	\$29	\$142	\$998	\$214	\$3,384		
Merchant Service Fees	\$455	\$460	\$653	\$595	\$644	\$578	\$1,160	\$952		

For management use only. No CPA provides any assurance on these financial statements.

Name	Actuals							
	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Moving & Storage	\$19,098	\$21,415	\$20,628	\$28,163	\$13,859	\$30,800	\$9,673	\$28,988
Office Expenses	\$3,688	\$2,628	\$3,423	\$2,751	\$2,481	\$2,869	\$3,041	\$4,749
Wages & Salaries & Temp Employee...	\$118,856	\$107,304	\$138,702	\$114,088	\$108,977	\$130,739	\$110,096	\$106,318
Payroll Taxes	\$11,611	\$10,722	\$12,627	\$9,622	\$9,140	\$10,485	\$8,687	\$8,336
Postage	\$334	\$93	\$205	\$1,101	\$111	\$282	\$301	\$1,021
Office Rent	\$17,833	\$16,313	\$16,313	\$16,313	\$16,313	\$15,754	\$28,963	\$22,094
Office Repairs & Maint.	\$3,357	\$2,472	\$3,173	\$5,267	\$5,294	\$9,416	\$3,109	\$3,959
Small Tools Expense	\$196	\$1,950	\$707	\$716	-	\$581	\$130	-
Staff Training	\$1,496	\$1,084	\$1,025	\$104	\$(726)	\$1,304	\$147	\$(766)
Telecommunications	\$471	\$471	\$465	\$419	\$414	\$419	\$419	\$419
Tithe	-	-	-	-	-	\$4,505	-	\$3,876
Trash & Recycling	\$2,710	\$3,639	\$3,311	\$1,658	\$1,707	\$2,240	\$2,215	\$3,030
Utilities	\$3,775	\$3,365	\$1,883	\$2,191	\$4,373	\$3,433	\$4,996	\$150
Interest on Loans	\$941	\$932	\$923	\$914	\$905	\$896	\$887	\$878
Depreciation Expense	\$8,286	\$8,286	\$8,286	\$8,286	\$8,286	\$8,286	\$8,286	\$8,286
Payroll Expenses	-	-	\$-	-	-	-	-	-
Subtotal OpEx by Acct	\$267,239	\$257,616	\$292,741	\$260,066	\$237,605	\$324,756	\$306,871	\$282,067
Operating Income	\$(99,899)	\$(58,349)	\$(111,388)	\$(128,218)	\$(98,169)	\$320,396	\$(650,762)	\$(13,897)
Operating Income %	(46.2)%	(26.2)%	(51.8)%	(79.0)%	(54.8)%	49.6%	(80.7)%	(5.2)%
Other Income & Expense	\$1	\$1	\$1	\$(137,629)	\$1	\$1	\$211	\$(683)
Net Income	\$(99,898)	\$(58,348)	\$(111,387)	\$(265,847)	\$(98,168)	\$320,398	\$(650,551)	\$(14,581)
Net Income %	(46.2)%	(26.2)%	(51.8)%	(163.8)%	(54.8)%	49.6%	(80.6)%	(5.4)%
Headcount								
Headcount								
Unassigned	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Subtotal Headcount	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0

For management use only. No CPA provides any assurance on these financial statements.

Name	Actuals			
	Nov-24	Dec-24	Jan-25	Feb-25
Summary Overview				
Cash On Hand	\$673,454	\$677,287	\$1,624,886	\$1,733,342
Change in Cash	\$(128,976)	\$3,833	\$947,599	\$108,457

Income Statement Summary

Name	Actuals			
	Nov-24	Dec-24	Jan-25	Feb-25
Revenue				
Total Donations & Grants	\$158,323	\$198,083	\$835,744	\$108,356
Non-Home Revenue	\$24,100	\$18,700	\$30,250	\$33,500
Other Income	\$106,587	\$76,530	\$159,107	\$132,222
Home Sales	-	\$9,021	\$222,009	-
Subtotal Revenue	\$289,009	\$302,335	\$1,247,110	\$274,077
COGS				
Cost of Home Sales	-	-	\$337,274	-
ABWK Costs	-	-	-	\$11,921
Cost of Goods Sold - ReStore	-	\$62,981	\$2,193	\$28,508
Subtotal COGS	-	\$62,981	\$339,467	\$40,428
Gross Margin	\$289,009	\$239,355	\$907,643	\$233,649
Gross Margin %	100.0%	79.2%	72.8%	85.2%
OpEx by Acct				
Advertising & Promotion	\$1,205	\$8,235	\$7,700	\$8,835
Americorp & Vista	\$480	\$1,695	\$1,130	\$1,130
Auto/Travel/Mileage Reimb.	\$617	\$1,399	\$2,911	\$1,095
Bank and Credit Card Fees	\$6,660	\$6,465	\$5,039	\$5,469
Charitable Contributions	-	-	-	\$100
Construction Site Supplies	\$371	\$1,544	\$874	\$72
Dues & Subscriptions	\$568	\$549	\$4,705	\$1,271
Employee Benefits	\$20,386	\$22,546	\$19,652	\$29,862
Fundraising Expenses	\$2,089	\$4,174	\$237	\$1,155
Home Related Costs	\$120	\$120	\$6,840	\$870
Information Technology	\$5,317	\$3,319	\$4,066	\$5,461
Insurance	\$15,018	\$13,525	\$14,524	\$14,599
Legal & Professional Fees	\$16,917	\$14,681	\$14,309	\$10,534
Meals & Entertainment	\$2,523	\$375	-	-
Merchant Service Fees	\$1,080	\$550	\$550	\$400

For management use only. No CPA provides any assurance on these financial statements.

Actuals

Name	Nov-24	Dec-24	Jan-25	Feb-25
Moving & Storage	\$28,512	\$41,087	\$18,186	\$28,612
Office Expenses	\$907	\$4,601	\$1,260	\$1,951
Wages & Salaries & Temp Employee...	\$105,059	\$150,651	\$122,837	\$116,179
Payroll Taxes	\$8,275	\$13,195	\$13,259	\$12,370
Postage	\$249	\$644	\$73	\$94
Office Rent	\$21,961	\$22,177	\$22,177	\$22,177
Office Repairs & Maint.	\$2,644	\$5,640	\$4,229	\$19,597
Small Tools Expense	\$199	\$2,272	\$704	\$1,452
Staff Training	\$160	\$80	\$477	\$450
Telecommunications	\$608	\$425	\$425	\$423
Tithe	-	-	-	-
Trash & Recycling	\$3,305	\$4,292	\$2,019	\$1,761
Utilities	\$1,885	\$3,328	\$5,105	\$4,583
Interest on Loans	\$869	\$461	\$850	\$841
Depreciation Expense	\$8,286	\$8,286	\$8,286	\$8,286
Payroll Expenses	-	-	-	-
Subtotal OpEx by Acct	\$256,270	\$336,317	\$282,424	\$299,627
Operating Income	\$32,739	\$(96,962)	\$625,220	\$(65,978)
Operating Income %	11.3%	(32.1)%	50.1%	(24.1)%
Other Income & Expense	\$1	\$1,205	\$4,816	\$382
Net Income	\$32,740	\$(95,758)	\$630,036	\$(65,597)
Net Income %	11.3%	(31.7)%	50.5%	(23.9)%
Headcount				
Headcount				
Unassigned	26.0	26.0	26.0	26.0
Subtotal Headcount	26.0	26.0	26.0	26.0

For management use only. No CPA provides any assurance on these financial statements.

Here are the notes for **February**:

- 10106 Northwest Community Bank - 2 mortgages were sold
- 14000/14100 Mortgages Receivable/Mortgage Discount - 2 mortgages were sold to Northwest Community Bank
- 63220 Liability Insurance - property coverage refund of \$1,633 received
- 67100 Rent - \$22,177 was paid - \$19,500 was budgeted for ReStore - see Permanent Note
- 67200 Office Repairs and Maintenance - upgrades to 2nd floor offices and snow removal services
- 85100 Other Revenue - sale of office furniture

Budget Notes

- YTD Revenue is 14% or \$560k over the budget
- YTD OpEx is 3% or \$60k under budget
- Net income is under budget. YTD budget is \$58K vs \$955K

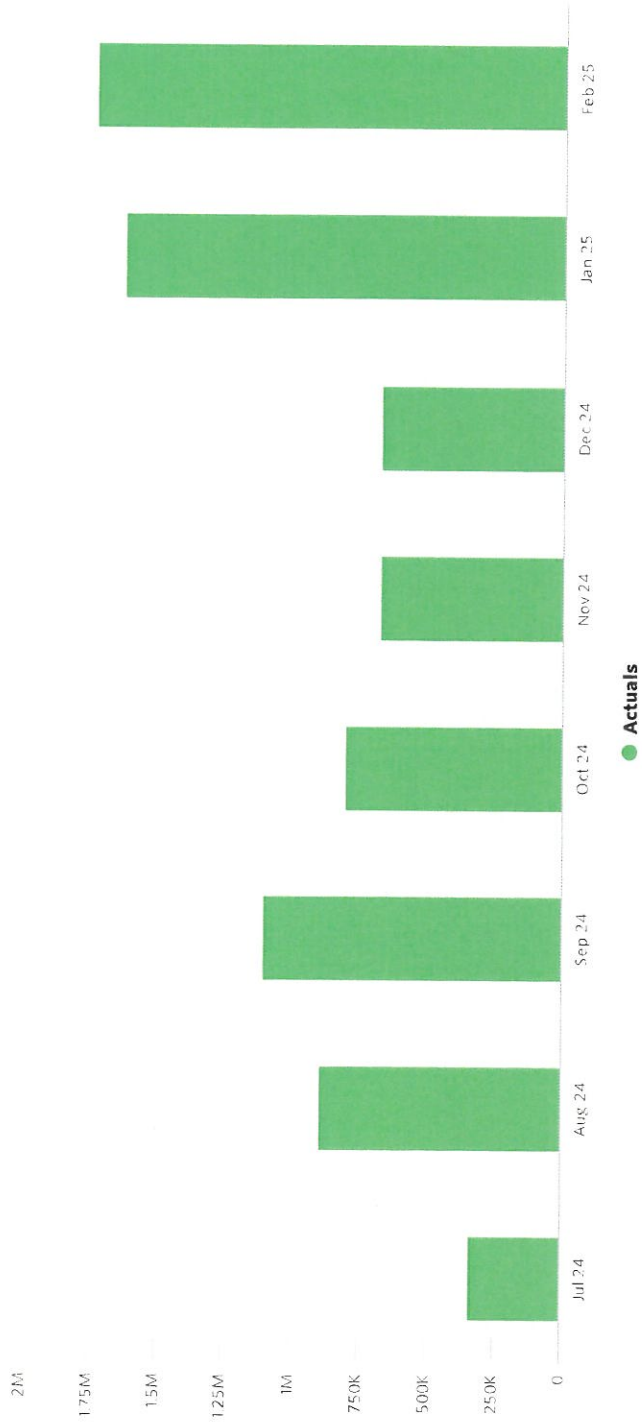
Permanent Notes

- Budgeted ReStore Rent was \$19,500 but did not include taxes and insurance. The ReStore has always paid rent, but the increase in yearly taxes was not passed along for several years. Therefore, when rent was calculated for the current year with the addition of the higher taxes, it put the ReStore significantly over what was budgeted. We will continue to see this deficit over the remainder of the fiscal year.

Cash

Name	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Windsor Federal #74373186	\$ 189,015	\$ 164,208	\$ 159,175	\$ 159,175	\$ 156,557	\$ 160,000
Windsor Federal Sweep #74373194	\$ 14,383	\$ 233,925	\$ 269,278	\$ 101,992	\$ 411,757	\$ 343,784
Windsor Federal HUD/SHOP #74630429	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Windsor Federal 2168	\$ -	\$ 500	\$ 498	\$ 500	\$ 500,500	\$ 500,000
Peoples Bank 8593	\$ 103,881	\$ 28,881	\$ 28,881	\$ 297,037	\$ 245,695	\$ 187,222
M&T Bank 4224	\$ 40,388	\$ 18,120	\$ 19,750	\$ 21,913	\$ 25,432	\$ 27,589
Northwest Community Bank #36821	\$ 622,265	\$ 236,030	\$ 36,025	\$ 36,025	\$ 241,293	\$ 411,620
Liberty Bank #1833645	\$ 122,860	\$ 118,726	\$ 157,808	\$ 58,606	\$ 41,613	\$ 101,088
Cash Register	\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739
Total Bank Accounts	\$ 1,094,832	\$ 802,429	\$ 673,454	\$ 677,287	\$ 1,624,886	\$ 1,733,342

Cash

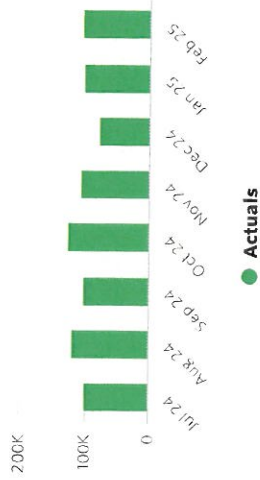


Cash Reserve

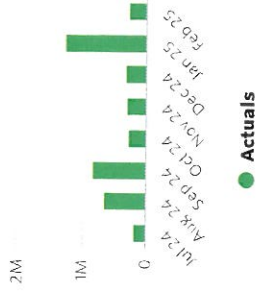
Name	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Windsor Federal	\$ 221,308	\$ 656,988	\$ 203,399	\$ 398,634	\$ 428,951	\$ 261,668	\$ 1,068,815	\$ 1,003,785
Peoples United Bank	\$ 33,097	\$ 36,955	\$ 40,388	\$ 18,120	\$ 19,750	\$ 21,913	\$ 25,432	\$ 27,589
Windsor Federal HUD/SHOP	\$ 301	\$ 301	\$ 301	\$ 301	\$ 301	\$ 301	\$ 301	\$ 301
ReStore Operating Cash	\$ 76,103	\$ 91,134	\$ 124,599	\$ 120,465	\$ 159,547	\$ 60,345	\$ 43,352	\$ 102,827
Total Cash	\$ 330,809	\$ 785,378	\$ 368,688	\$ 537,520	\$ 608,549	\$ 344,227	\$ 1,137,900	\$ 1,134,503
3 months Construction Hard Costs Budget	\$ (462,300)	\$ (462,300)	\$ (462,300)	\$ (462,300)	\$ (462,300)	\$ (462,300)	\$ (462,300)	\$ (462,300)
3 months General Operations Budget	\$ (538,283)	\$ (538,283)	\$ (538,283)	\$ (538,283)	\$ (538,283)	\$ (538,283)	\$ (538,283)	\$ (538,283)
Additional Cash Reserve	\$ (669,774)	\$ (215,205)	\$ (641,895)	\$ (463,063)	\$ (292,034)	\$ (656,356)	\$ 137,317	\$ 133,920

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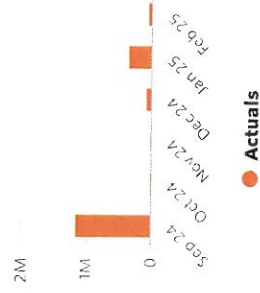
ReStore Revenue



Development Revenue



COGS



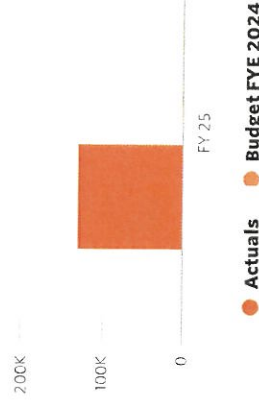
Cash vs Last Month



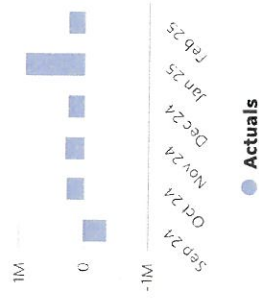
OpEx



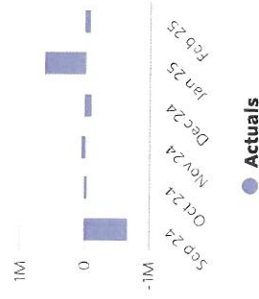
ReStore COGS YTD



Gross Margin



Operating Income



Habitat
for Humanity®
North Central Connecticut

Your QB file is closed and locked through February 2025. We emailed you a link to access your reports via Jirav. A copy of the report can also be accessed by clicking the Reports icon in the left-hand menu.

We look forward to reviewing the monthly results on our scheduled financial review call.



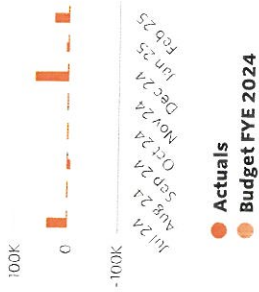
Our future-focused accounting services fuel the dashboards that help drive your business. The goal: To provide the information you need so you can make the decisions that grow your business.

<https://www.accountingdepartment.com/en/budgeting-forecasting-services>

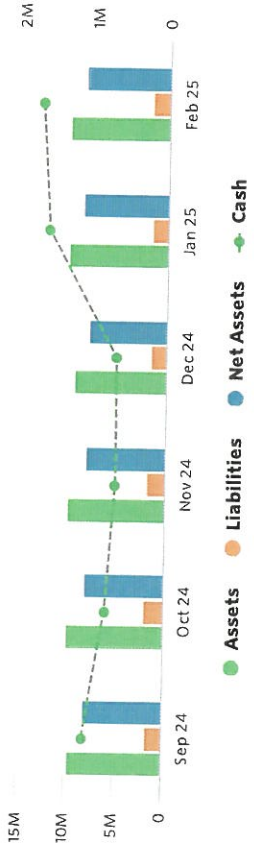
Financial Ratios

Name	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Current Ratio	15.4	11.0	12.1	25.8	23.3	17.5
Quick Ratio	-	-	-	-	-	-

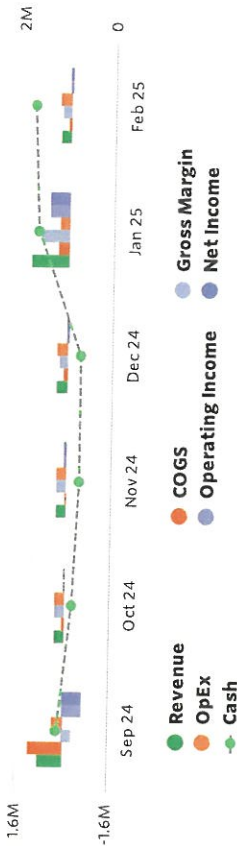
ReStore COGS



Cash Trend



Income Statement



SECRETARY'S CERTIFICATE

I, Nakisha Farquharson, do hereby certify that I am the Secretary of Habitat for Humanity North Central Connecticut, Inc., a Connecticut corporation (the "Company"), that I have been duly elected, appointed and qualified and am presently serving in the capacity of Secretary of the Company in accordance with the Company of Secretary of the Company in accordance with the Company's articles of incorporation and by-laws, and that, as such. I am authorized to execute and deliver this Certificate on behalf of the Company. I hereby certify as follows:

1. Attached here to as **EXHIBIT A** is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Company, which resolutions have not been amended, modified, superseded or rescinded, and remain in full force and effect on the date hereof.
2. The person named below is now and has been duly qualified as an acting officer of the Company, duly elected and/or appointed to the office as set forth opposite his respective name and the signature set forth opposite his name an office is his respective genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Crystal Floyd	President, Board of Directors	_____
Ellen Below	Treasurer, Board of Directors	_____
Karraine Moody	Chief Executive Officer	_____
Kris McKelvie	Chief Operating Officer	_____

In Witness Whereof the undersigned has executed this Certificate on behalf of the Company in her capacity as Secretary as of the 4th day of June, 2024.

Nakisha Farquharson, Secretary

The Undersigned, Crystal Floyd. President, Board of Director of the Company, does hereby certify that Nakisha Farquharson is a duly elected, qualified and acting Secretary of the Company as of the date set forth below and that the signature set forth above is her genuine signature.

In Witness Whereof the undersigned has executed this Certificate on behalf of the Company in her capacity as Board President of the Company as of the 4th day June, 2024.

Name: Crystal Floyd
Title: President, Board of Directors

EXHIBIT A

RESOLUTIONS

HABITAT FOR HUMANITY NORTH CENTRAL CONNECTIUT, INC.

Certificate of Adoption of Corporate Resolution

I, Nakisha Farquharson, Secretary of Habitat for Humanity North Central Connecticut, Inc. ("Habitat")
A Corporation duly organized and existing under the laws of the State of Connecticut, do hereby certify that at a meeting of the Board of Directors of Habitat, duly held on 4th day of June, 2024, at which a quorum for the transaction of business was present and acting throughout, the following resolution was duly adopted, has not been amended or repealed and is still in full force and effect:

RESOLVED, that the following officer of Habitat, Crystal Floyd, Nakisha Farquharson, Kris McKelvie, Karraine V. Moody, Individually is authorized to do the following:

1. Establish checking, savings, trusts or investment accounts in any national or state bank in the State of Connecticut, or with any investment manager or advisor, duly registered in the State of Connecticut.
2. Execute Checks, wire transfers, drafts or withdrawals on any savings or checking of investment account.
3. Execute any and all contracts for the purchase, lease, assignment, transfer, or options to acquire or lease equipment, furniture, fixtures, motor vehicles, and any other tangible personal property.
4. Execute any and all contracts for the purchase, lease, sale, assignment, and/or transfer of real estate or real property.
5. Execute any contract creating a mortgage, or any other form of indebtedness related to the purchase, assignment, and or transfer of real estate.
6. Perform any other acts or activities, execute and deliver any and all documents, pay all fees, costs and expenses that may in the opinion of the officers so acting, be necessary, desirable or expedient to effectuate the purposes of this resolution, including, without limitation, reasonable costs of transactions, safeguarding and safekeeping, and advice, such necessity desirability or expediency to be conclusively evidenced by the taking of such action, the execution of documents, or the payment of fees, cost and/or expenses.
7. Prepare, execute, manage, and monitor any and all grant applications, funding requests and investment relationships, including but not limited to EQ2s (Equity Equivalents), for the purpose of promoting the mission and programs of Habitat.

RESOLVED, That April Hansley, acting individually are authorized to do the following:

1. Execute any and all contracts for the purchase, lease, sale, assignment, and/or transfer of real estate or real property. There is a \$15,000 limit for this authorization.

IN WITNESS WHEREOF, I have hereunto set my hand this the 4th day of June, 2024.

By: Nakisha Farquharson
Title: Secretary

MINUTES OF DEVELOPMENT COMMITTEE
HABITAT FOR HUMANITY
OF NORTH CENTRAL CONNECTICUT
FEBRUARY 13, 2025

ATTENDANCE: DON BATES, CRYSTAL FLYOD, KARRAINE MOODY, KRIS MCKELVIE, DAN SCHILKE

DISCUSSION TOPICS:

- Share Corporate Donor list with the Board of Directors which shows year-over-year donations
- Drive Board Member participation in local networking events such as Metro Hartford Alliance, CBIA, etc. type of events. Share a list of events where we are participating and seek board participation in all events
- Look for ways for Board Members to drive social media participation, develop materials that Board members can share with their contacts, encourage reposts and likes of the Habitat posts

RESTORE ACTION PLAN



ReStore

500 Cottage Road Bloomfield, CT

PURCHASE VS LEASE ASSESMENT - 2025

	Considerations: Positive vs Negative Implications or Risk
Financial Investment & Cost	<p>Tenant Investments: Habitat expenses and investments – approximately \$80K</p> <p>Equity Building: You can build equity in the property over time as its value appreciates, creating a long-term asset.</p> <p>Tax Benefits: Deductions for depreciation and mortgage interest can be significant tax advantages.</p> <p>Greater Control: You have full control over modifications, and property management decisions.</p> <p>Predictable/Fixed Mortgage Costs: Payments are usually fixed for the mortgage term (vs lease term expiration window of 2034.)</p> <p>High Upfront Costs: Requires a large down payment and closing costs.</p> <p>Maintenance Responsibility: Full responsibility for repairs and maintenance, including major issues (vs landlord today), building age is 72 yrs.</p> <ul style="list-style-type: none"> • Investments & Upkeep: Roof updates in 2024, Habitat investment of \$800K in upkeep • Land Environmental Risks & Remediation cost: Unknown ultimate cost. <p>Minimal Flexibility: Cannot move to a new location without selling a property.</p> <p>Market Volatility: Property value can fluctuate based on economic conditions.</p> <p>Profitability: Across the past two years, Bloomfield Restore has had revenue, expense, and net profit challenges. Additionally, payments associated with purchase (down payment, closing costs, etc.) could create a cash strain.</p> <ul style="list-style-type: none"> • For the 8M from July 2024 to February 2025, Bloomfield Restore has incurred a \$187k loss. • For the 8M to February 2025, total ReStore net income is \$324k below plan – total losses, including Tolland, are \$279k, compared to a \$44k budgeted net income. • Annual Bloomfield expenses of ~\$43k, primarily taxes and insurance, are paid by Habitat in addition to the \$110k annual lease payment.
Long Term Security & Community	<p>Long Term Placement: Alleviate potential for lease renewal Issues: May face difficulties renewing the lease or finding a suitable replacement space in Bloomfield, CT when transfer of ownership occurs.</p> <p>Mission & Community: Secures long term presence/space to Bloomfield community.</p>

Other Considerations	<p>Precedent: Habitat Philosophy, cautious of full purchase "Restore".</p> <p>Land Environmental Risks: Regulatory monitoring or changes in environmental regulatory environment may create risk.</p> <p>Liability: Increase in exposure as primary ownership of property/land.</p> <p>Limited Flexibility: Purchase of the property creates challenges with relocation or change of Restore strategy.</p> <div data-bbox="618 541 1131 596"> <p>Red Font = negative implication or risk</p> </div>

Term 1: Signed in April 2014 (up to 2044)

<u>Time Period</u>	<u>Monthly Fixed Rent</u>	<u>Annual Fixed Rent</u>
Lease Year 1 through Lease Year 10	\$3,666.67	\$44,000.00
★ Lease Year 11 through Lease Year 15 (First Renewal Term)	To be determined in accordance with Section 50 below	
Lease Year 16 through Lease Year 20 (Second Renewal Term)	To be determined in accordance with Section 50 below	
Lease Year 21 through Lease Year 25 (Third Renewal Term)	To be determined in accordance with Section 50 below	
Lease Year 26 through Lease Year 30 (Fourth Renewal Term)	To be determined in accordance with Section 50 below	

50. RENEWAL OPTIONS

(a) Provided this Lease remains in full force and effect through and including then current expiration date and Tenant is not in default under the terms of this Lease (beyond any and all applicable notice and cure periods) at the time of the exercise of each of the options herein described or as of the expiration date, Tenant shall have options to extend the Term for four (4) consecutive terms of five (5) years each (each a "**Renewal Term**," and, respectively, the "**First Renewal Term**," the "**Second Renewal Term**," the "**Third Renewal Term**" and the "**Fourth Renewal Term**"), under the same terms, covenants and conditions contained in this Lease other than with respect to Fixed Rent, which shall be determined as set forth below.

★ (b) Annual Fixed Rent for the first Renewal Term shall be equal to the lesser of (i) \$110,000.00 (i.e., \$5.00 per rentable square foot of the Building per annum), or (ii) an amount equal to \$88,000.00 (i.e., \$4.00 per rentable square foot of the Building per annum), increased by the percentage increase in the Consumer Price Index for the period commencing on the Commencement Date and ending thirty (30) days prior to the Extension Notice Date (as

Market Value Assessment (2023)

	Indicated Market Value	Weighting	Weighted Indication of Market Value
Sales Comparison Approach	\$1,300,000	50%	\$650,000
Income Capitalization Approach	\$1,100,000	50%	<u>\$550,000</u>
Summed to: Reconciled Market Value Estimate			\$1,200,000
		Rounded To:	\$1,200,000

The analysis of the data contained within this appraisal report indicates that the market value of the *leased fee interest* in the subject property, as of July 25, 2023, is:

NINE HUNDRED TEN THOUSAND DOLLARS
(\$910,000)

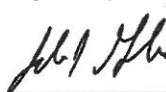
The analysis of the data contained within this appraisal report indicates that the market value of the *fee simple interest* in the subject property, as of July 25, 2023, is:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$1,200,000)

Please note that we have previously appraised the property for the Estate of Jean Gundersen. The client was Dr. Charles A. Gundersen, who is a member of the ownership entity of the subject. The report was transmitted on October 15, 2019, with a retrospective value date of June 10, 2019. The value as of June 10, 2019 was estimated to be \$725,000 with the property rights appraised only being those of just the leased fee interest. At that time, the deferred maintenance was estimated to be \$13,750. This was deducted from the analysis to equate the \$725,000 value estimate.

The data that was gathered, the analysis conducted, and the valuation conclusions are summarized in the attached report of 71 pages. The estimate of value is predicated on an exposure period of 6-12 months. The subject is not under contract for sale or listed for sale, and there have been no sales of the subject within the past three years that warrant consideration, as required by USPAP.

Respectfully submitted,


Digitally signed by John J.
Galvin, MAI
DN: cn=John J. Galvin, MAI,
o=Galvin Appraisal Services, LLC,
ou, email=john@agvalues.com,
c=US

Total Monthly Cost

New Lease 2024

per year

Rent per lease	\$ 110,000.00
Taxes	\$ 27,776.55
Insurance	\$ 10,582.00
Easement	\$ 2,000.00
Cintas	\$ 2,400.00
Water	

Per the lease agreement this is the lessor of the two value
 Tax bill attached
 Last years Bill still out for new quotes
 Savin rock easement (this was put into the amended leas
 This tends to vary maybe a little low
 To be paid directly by Habitat

Total/year \$ 152,758.55

Total/month **\$ 12,729.88**

yearly doctor easement \$ 250.00

Paid in April

Transfer of Ownership: Attorney evaluation

From: Lauren Lyngholm <LLyngholm@fpllp.com>
Sent: Thursday, January 16, 2025 10:29 AM
To: Karraine Moody <karraine@hfhnc.org>
Cc: Dale Clayton <DClayton@fpllp.com>
Subject: RE: Commercial Lease Question: Habitat for Humanity

Hi Karraine,

Reviewed the lease. Here are some thoughts:

Generally, yes. The new owner inherits the lease. While the lease doesn't explicitly go over sales of the property, Section 47 provides that the lease is binding upon the parties, their heirs, administrators, executors, successors and assigns.

I do want to call your attention to the term and renewal periods. It looks like the initial lease term began in 2014 for a period of 10 years with renewal periods. The process to renew is in Section 50. Did Habitat exercise its option to extend the term 6 months prior to the first term's expiration date? If not, it appears the Landlord is supposed to provide notice informing Habitat of its renewal option and Habitat has to respond within 10 days to renew. It looks like no additional documentation is required (other than the exchanged notices – which you should ensure are kept in your records with your copy of the lease). If that exchange did not occur, it's in Habitat's best interest to ensure it does before a sale of the property.

As an aside, there is an option in the lease under Section 44 to record a notice of lease on the land records. Recording a notice benefits the tenant because it provides a public notice on the land records to any future property owner that the tenant has a leasehold interest in the property. Habitat may also want to consider recording a notice before the sale, as well.

Keep in mind, as it appears there is a substantial renewal option in the lease, I wouldn't be surprised if the new owner attempts to negotiate a new lease with you.

Let us know if you have any other questions. Thanks!

Lauren E. Lyngholm, Esq.

Associate

Phone: 860-527-0400

Direct: 860-808-4229

Email: llyngholm@fpllp.com

280 Trumbull Street

Suite 2200

Hartford, CT 06103

https://link.edgcpilot.com/s/d7a7eebb/1JD7NNT_gEOaCZtV7UM23Q?u=http://www.fpllp.com/

Ford&Paulekas, LLP
ATTORNEYS AT LAW

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From: Karraine Moody <karraine@hfhnc.org>
Sent: Thursday, January 16, 2025 8:00 AM
To: Dale Clayton <DClayton@fpllp.com>; Lauren Lyngholm <LLyngholm@fpllp.com>
Cc: Monica Blanco <mblanco@travelers.com>
Subject: Commercial Lease Question: Habitat for Humanity

Dale and Lauren:

See comment below. Biggest question is if the warehouse decides to sell the property; is the new owner required to honor our lease? Here is the original lease for reference.

Lease: Although the lease does not explicitly state it, the assumption is that if there were transfer of ownership (property is sold), the new owner must honor the terms of the lease with the current tenant unless the lease specifically states otherwise? Essentially, the new owner becomes the landlord and is responsible for upholding the lease terms until its expiration date?

Any guidance would be greatly appreciated!

In partnership,

Karraine Moody | Chief Executive Officer

Habitat for Humanity North Central Connecticut

Office: 860.541.2209

Mobile: 860.712.9880

[Karraine@hfhnc.org](mailto:karraine@hfhnc.org)

Nest Steps:

- **Karraine to provide investment details and Bloomfield Location Research/Rationale.**
- **Pursue lease renewal and obtain an updated legal binding lease document.**



VIA E-Mail

July 15, 2024

GEI Enterprises, LLC
8 Ashley Lane
Wallingford, CT, 06492

Attn: Diane Bergan

RE: Environmental Representation Update
500 Cottage Grove Road, Bloomfield, CT
Commission Number: 032GE3.03

Dear Ms. Bergan:

We have prepared this letter to provide an updated representation of environmental conditions at the former Hartford Tool & Die Company facility located at 500 Cottage Grove Road in Bloomfield, Connecticut (hereinafter referred to as "the Site"). The Site is currently leased to Habitat for Humanity and we understand that the tenants are interested in purchasing the property and wish to understand the environmental condition of the Site and potential future obligations. A previous environmental representation letter was provided in June 2013, before the property was leased.

The Site is comprised of a 10.46-acre industrially-zoned property located in the southeast portion of Bloomfield, Connecticut. The Site presently contains a single 22,050 square foot, two-story, steel-frame building that was constructed in 1952 and expanded in 1977. The building formerly housed a tool and die manufacturing facility from the time of its construction until cessation of operations in 2005. Prior to 1952, the Site was undeveloped.

During the period from 1997 to 2011 the Site was the subject of numerous soil and groundwater characterization investigations and remedial actions. The results of the investigations indicated that releases of petroleum hydrocarbons (oils), chlorinated hydrocarbons (degreasing solutions), and inorganic constituents (metals) have occurred at various locations beneath and in close proximity to the building. Remedial actions were designed and implemented to address the presence of soil and groundwater contamination present at the Site. In January 2013, Loureiro Engineering Associates, Inc. (Loureiro) was retained to develop an approach to bring closure to remaining environmental conditions at the Site. These conditions included the presence of chlorinated hydrocarbons in soil and groundwater at concentrations that exceed regulatory thresholds.

Loureiro Engineering Associates, Inc.

455 Massachusetts Avenue, NW #338 • Washington, D.C. 20001 • 202.251.8181 • www.Loureiro.com

AN EMPLOYEE-OWNED COMPANY

Affirmative Action / Equal Opportunity Employer



At that time, Loureiro reviewed the data from all prior characterization investigations and remedial actions and conducted physical sampling and analysis of soil and groundwater at various locations at the Site including those in close proximity to the building and soil vapor beneath the building. Based on a review of the universe of data for the Site extant in 2013 we concluded that none of the conditions present in soil, groundwater or soil vapor precluded the continued use and occupancy of the building and that users of the building could be assured that there were no safety concerns resulting from the environmental conditions of the Site. In November 2014, Loureiro submitted a Form III Interim Verification which demonstrated that soil at the Site complied with applicable soil criteria. At that time, groundwater had not achieved compliance with applicable groundwater criteria and natural attenuation was selected to address residual groundwater impacts.

In 2023, Loureiro conducted groundwater sampling to evaluate whether groundwater conditions supported compliance with regulatory requirements. The results of that sampling indicated that groundwater concentrations in one area of the Site were higher in comparison to data last collected in 2013. As a result, Loureiro conducted additional groundwater and sub-slab soil vapor sampling to confirm there were no conditions that warranted mitigation. Although concentrations in groundwater proximal to one portion of the building were above regulatory criteria, the sub-slab soil vapor samples collected within the building were well below applicable regulatory criteria. Based on these results, we conclude that none of the identified conditions require mitigation and the continued use and occupancy of the building without modification is appropriate and there are no safety concerns resulting from the environmental conditions of the Site under the current use.

Although none of the existing conditions pose a safety concern or preclude the purchase and/or sale of the Site, final verification of the Site cannot be completed at this time. Based on the concentrations of chlorinated hydrocarbons in groundwater, we believe achieving compliance with two of the three groundwater criteria applicable to the Site within a reasonable timeframe is unlikely. However, final verification of the Site may be possible by utilizing certain administrative and institutional controls. One of the criteria can be addressed by having the groundwater beneath the Site reclassified from GA (presumed to be suitable for drinking or other domestic purposes without treatment) to GB (may not be suitable for human consumption without treatment). Loureiro submitted a Groundwater Reclassification Application in March 2024. The second criteria can be addressed by recording an environmental use restriction (EUR) on a portion of the property (see attached figure for approximate area), which would prohibit construction of a building without appropriate vapor mitigation measures. Additional groundwater monitoring will be needed to demonstrate compliance with groundwater criteria protective of surface water. Cooling season sub-slab soil vapor samples will also be needed. Loureiro estimates that the Site could be fully verified within 12-15 months of approval of the Groundwater Reclassification Application.

Following verification, the owner will be responsible for completing an annual EUR inspection and retaining a licensed environmental professional (LEP) to complete EUR inspections every five years. The 5-year LEP inspection reports are submitted to CT DEEP to document that the



conditions of the EUR have been met, namely, that no buildings have been constructed in the EUR area.

Should GEI Enterprises, LLC or the tenant have any questions regarding property transfer under the Transfer Act, verification of the property, or any of the environmental conditions at the property, please feel free to contact us.

Sincerely,

LOUREIRO ENGINEERING ASSOCIATES, INC.

A handwritten signature in cursive script, appearing to read "Sarah Burkhalter-Sweeney".

Sarah Burkhalter-Sweeney
Project Manager
860-410-2966

A handwritten signature in cursive script, appearing to read "Karen A. Goldenberg".

Karen A. Goldenberg, L.E.P.
Senior Technical Associate
860-410-3043

Attachment

Loureiro
Engineering & Construction • CHES • ERM
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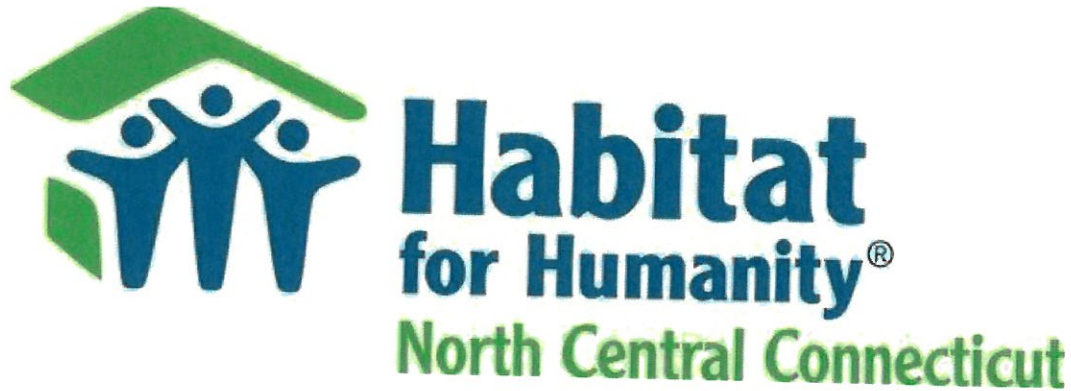
DATE	03/29/2024
COM. NO.	032GE3.03
AS SHOWN	SCALE

FORMER HARTFORD TOOL & DIE
500 COTTAGE GROVE ROAD, BLOOMFIELD, CONNECTICUT
PREPARED FOR:
GEI COTTAGE GROVE, LLC

FIGURE 5



BOARD NOMINATION



Brian Summers Board Nomination Outline

Brian started CNC Mastercam at the age of 22. He was the Chairman and Founder of Mastercam until 2023 when he sold the company. Brian currently sits on the Board as President, until 2026.

Brian and his wife Heather live at 74 Barington Way in Glastonbury.

Brian's cell phone number is 860 463-6499

DEVELOPMENT



GOLF OUTING SUPPORT NEEDED 2025

To help support the October 20, 2025 golf outing the following is needed:

- Sponsorship referrals
- Invite your company to be a sponsor
- Donation of Gift Cards of \$50 or more for giveaways
- If you play, it would be great if you had a foursome

OPERATIONS UPDATE

550 Burnside Ave, East Hartford, CT Build Schedule

Planning/Acquisition

Site Preparation/Infrastructure

Subcontractors

Building (Habitat Staff & Volunteers)

Completion of Construction/Dedication

2022

FY2022						FY2023					
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec

Spring 2022 - Finalize sale of property to Habitat, attend Council Meetings and Public Hearings
 Summer/Fall 2022 - Site plans & engineering details created, P&Z approval

2023

FY2023						FY2024					
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec

Winter 2023 - Submission of Foundation permit applications. Review by Town engineering, zoning, and building departments.
 Spring 2023 - Brush cleared, trees marked for saving, nonviable trees removed, houses staked out, temp fence installed.
 June 15th Groundbreaking/35th Anniversary Celebration
 Summer 2023 - Excavation & Foundation work begins, under slab plumbing installed, Storm system started.
 Fall 2023 - All 10 foundation footings, walls, slabs completed & covered for the Winter, Storm water system completed.

2024

FY2024						FY2025					
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Winter hold - no work											

Winter 2024 - Site work on hold through Winter. No work completed.

Spring 2024 - Lumber deliveries and preparations for Women Build in April
 In May, Women Build kicks off framing, focusing on units 5, 6, +7

Summer 2024 - Site work begins on infrastructure - water/sewer main extensions into property, Underground electric into property

Corporate volunteers continue framing moving on to units 2, 3, + 4

Subcontractors install roofs, rough plumbing, rough electric, rough HVAC in units 5, 6, + 7

Siding crew installs siding and insulators spray inside on units 5, 6, + 7

Fall 2024 - Site work continues on laterals from mains to houses and underground electric service continued.

Volunteers continue work framing moving on to units 1, 8, 9, +10, Goal is to finish all framing before Winter

Subcontractors install drywall, tape and paint interiors of units 5, 6, + 7

Subcontractors install roofs, rough plumbing, rough electric, rough HVAC in units 2, 3, + 4.

Siding crew installs siding and insulators spray inside on units 2, 3, + 4

2025											
FY2025						FY2026					
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec

Winter 2025 - Volunteers begin interior finish work, installing flooring, cabinets, interior doors and trim packs, painting, and all hardware in units 5, 6, + 7

Subcontractors install roofs, rough plumbing, rough electric, rough HVAC in units 1, 8, 9, + 10 - as weather permits

Siding crew installs siding and insulators spray inside on units 1, 8, 9, + 10 - as weather permits

Subcontractors install drywall, tape and paint interiors of units 2, 3, + 4

Site work on hold through Winter

Spring 2025 - Any remaining water/sewer/electrical underground work is completed, finish grading is set, and private driveway sub-base installed

Volunteers continue finish work in units 2, 3, + 4

Subcontractors install drywall, tape and paint interiors of units 1, 8, 9, + 10

Summer 2025 - Site work completes final landscaping details

Volunteers continue finish work in units 1, 8, 9 + 10

Fall 2025 - Volunteers Finish any remaining work, assist with landscaping, and final wrap up

Paving of private driveway, installation of all signage, and final touches

Final inspections (Building, Electrical, Plumbing, Mechanical, Energy, Zoning)

Dedication Ceremony

2026					
FY2026					
Jan	Feb	Mar	Apr	May	June

Winter 2026 - Homeowners close and move-in!