

# **HABITAT FOR HUMANITY - POWHATAN, INC.**

## **Financial Statements**

**For the years ended  
June 30, 2023 and 2022**

# HABITAT FOR HUMANITY - POWHATAN, INC.

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# **Frank Barcalow CPA, P.L.L.C.**

## **Independent Auditor's Report**

The Board of Directors  
Habitat for Humanity - Powhatan, Inc.  
Powhatan, Virginia

### **Opinion**

We have audited the accompanying financial statements of Habitat for Humanity - Powhatan, Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity - Powhatan, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity - Powhatan, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 - Powhatan, Inc. 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to

fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity - Powhatan, 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 - Powhatan, 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.

*Frank Barcalow CPA, PLLC*

Richmond, Virginia  
April 1, 2024

# Habitat for Humanity - Powhatan, Inc.

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## Statements of Financial Position As of June 30, 2023 and 2022

### Assets

	2023	2022
<b>Current assets</b>		
Cash and cash equivalents	\$ 841,429	424,004
Contributions and grants receivable	120,872	225,576
Inventory	331,015	258,205
Mortgages receivable - current portion	28,882	32,823
Certificate of deposit	250,000	-
Other current assets	5,841	4,314
<b>Total current assets</b>	<u>1,578,039</u>	<u>944,922</u>
<b>Property and equipment, net</b>	<u>6,262</u>	<u>10,029</u>
<b>Other assets</b>		
Mortgages receivable, net	302,498	392,513
	<u>302,498</u>	<u>392,513</u>
<b>Total assets</b>	<u>\$ 1,886,799</u>	<u>1,347,464</u>

### Liabilities and net assets

#### Current liabilities

Accounts payable	\$ 7,465	11,954
Accrued expenses	3,911	7,596
Deferred revenue	579,539	379,111
Note payable	-	3,401
<b>Total current liabilities</b>	<u>590,915</u>	<u>402,062</u>
Note payable	-	-
<b>Total liabilities</b>	<u>590,915</u>	<u>402,062</u>

#### Net assets

Without donor restrictions	1,295,884	945,402
With donor restrictions	-	-
<b>Total net assets</b>	<u>1,295,884</u>	<u>945,402</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,886,799</u>	<u>1,347,464</u>

See notes to financial statements.

# Habitat for Humanity - Powhatan, Inc.

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## Statements of Activities For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue</b>						
<b>Support</b>						
Corporations	\$ 20,920	\$ -	\$ 20,920	\$ 9,713	\$ -	\$ 9,713
Individuals	57,169	-	57,169	45,032	-	45,032
Grants and contributions	20,838	271,498	292,336	30,650	156,302	186,952
Donations - in-kind gifts	28,446	-	28,446	26,446	-	26,446
Special events	90,618	-	90,618	84,002	-	84,002
All other	-	-	-	-	-	-
<b>Total public support</b>	<u>217,991</u>	<u>271,498</u>	<u>489,489</u>	<u>195,843</u>	<u>156,302</u>	<u>352,145</u>
<b>Revenue</b>						
Interest income	77	-	77	70	-	70
Interest - mortgage discount amortization	37,265	-	37,265	14,984	-	14,984
Store Sales	117,617	-	117,617	79,290	-	79,290
Transfers to owners/sales of home	167,624	-	167,624	147,525	-	147,525
<b>Total revenue</b>	<u>322,583</u>	<u>-</u>	<u>322,583</u>	<u>241,869</u>	<u>-</u>	<u>241,869</u>
<b>Net assets released from restrictions</b>	<u>271,498</u>	<u>(271,498)</u>	<u>-</u>	<u>186,852</u>	<u>(186,852)</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>812,072</u>	<u>-</u>	<u>812,072</u>	<u>624,564</u>	<u>(30,550)</u>	<u>594,014</u>
<b>Expenditures</b>						
Program services	360,906	-	360,906	455,614	-	455,614
Supporting services						
Management and general	53,846	-	53,846	46,538	-	46,538
Fundraising	46,839	-	46,839	28,615	-	28,615
<b>Total supporting services</b>	<u>100,685</u>	<u>-</u>	<u>100,685</u>	<u>75,153</u>	<u>-</u>	<u>75,153</u>
<b>Total expenditures</b>	<u>461,590</u>	<u>-</u>	<u>461,590</u>	<u>530,767</u>	<u>-</u>	<u>530,767</u>
<b>Change in net assets</b>	350,482	-	350,482	93,797	(30,550)	63,247
<b>Net assets at beginning of year</b>	<u>945,402</u>	<u>-</u>	<u>945,402</u>	<u>851,605</u>	<u>30,550</u>	<u>882,155</u>
<b>Net assets at end of year</b>	<u>\$ 1,295,884</u>	<u>\$ -</u>	<u>\$ 1,295,884</u>	<u>\$ 945,402</u>	<u>\$ -</u>	<u>\$ 945,402</u>

See notes to financial statements.

**Statements of Functional Expenses  
For the Years Ended June 30, 2023 and 2022**

	June 30, 2023		Management and General		2023 Total
	Program Services		General and		
	Programs	Fundraising	Administrative	Total	
Salaries	\$ 115,336	\$ 18,084	\$ 27,286	\$ 45,369	\$ 160,705
Benefits and payroll taxes	8,781	1,383	2,087	3,471	12,252
<b>Total salaries and benefits</b>	124,117	19,467	29,373	48,840	172,957
Costs of goods sold - store	46,066	-	-	-	46,066
Construction costs	-	-	-	-	-
Repairs to existing homes	90,293	-	-	-	90,293
Occupancy	28,632	4,490	6,774	11,263	39,895
Insurance	13,946	-	-	-	13,946
Events	-	17,381	-	17,381	17,381
Professional fees	-	-	8,506	8,506	8,506
Other	19,866	3,115	4,700	7,814	27,680
Depreciation	6,492	-	1,425	1,425	7,917
Office supplies	11,592	2,387	3,068	5,455	17,047
Habitat for Humanity International Tithe	19,902	-	-	-	19,902
<b>Total functional expenses</b>	<u>\$ 360,906</u>	<u>\$ 46,839</u>	<u>\$ 53,846</u>	<u>\$ 100,685</u>	<u>\$ 461,590</u>
	June 30, 2022		Management and General		2022 Total
	Program Services		General and		
	Programs	Fundraising	Administrative	Total	
Salaries	\$ 74,990	\$ 9,177	\$ 18,028	\$ 27,206	\$ 102,196
Benefits and payroll taxes	6,005	702	1,379	2,081	8,086
<b>Total salaries and benefits</b>	80,995	9,880	19,407	29,287	110,282
Costs of goods sold - store	27,850	-	-	-	27,850
Construction costs	146,611	-	-	-	146,611
Repairs to existing homes	93,936	-	-	-	93,936
Occupancy	28,624	3,503	6,881	10,384	39,008
Insurance	12,590	-	-	-	12,590
Events	-	13,415	-	13,415	13,415
Professional fees	-	-	13,189	13,189	13,189
Other	31,341	-	2,520	2,520	33,861
Depreciation	10,038	-	2,203	2,203	12,241
Office supplies	8,828	1,818	2,337	4,155	12,983
Habitat for Humanity International Tithe	14,801	-	-	-	14,801
<b>Total functional expenses</b>	<u>\$ 455,614</u>	<u>\$ 28,615</u>	<u>\$ 46,538</u>	<u>\$ 75,153</u>	<u>\$ 530,767</u>

See notes to the financial statements.

# Habitat for Humanity - Powhatan, Inc.

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## Statements of Cash Flows For the Years. Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 350,482	\$ 63,247
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:		
Loss on disposal	1,075	-
Depreciation and amortization	7,917	12,241
Gain from sale of property	(141,406)	-
Contributions in-kind income	(28,446)	(26,446)
Contributions in-kind expense	25,446	25,446
Mortgages discount amortization	(37,265)	(14,984)
Proceeds from mortgages	25,626	31,690
Donated asset	(3,000)	-
Changes in operating assets and liabilities:		
(Increase) Decrease in contributions and grants receivables	104,704	(218,187)
(Increase) Decrease in inventory	(72,810)	(67,762)
(Increase) Decrease in other assets	(1,527)	(903)
Increase (Decrease) in accounts payable	(4,489)	(6,198)
Increase (Decrease) in accrued expenses	(3,685)	2,977
Increase (Decrease) in deferred revenue	200,428	280,500
	<u>423,050</u>	<u>81,621</u>
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchases of certificate of deposit	(250,000)	-
Purchases of equipment	(2,224)	(862)
	<u>(252,224)</u>	<u>(862)</u>
<b>Net cash (used in) provided by investing activities</b>		
<b>Cash flows from financing activities</b>		
Principal payments on note payable - payroll protection program	-	(10,257)
Principal payments on notes payable	(3,401)	(4,023)
Principal payments on line of credit	-	(52,103)
	<u>(3,401)</u>	<u>(66,383)</u>
<b>Net cash (used in) provided by financing activities</b>		
<b>Net (decrease) increase in cash and cash equivalents</b>	417,425	14,376
<b>Cash at beginning of year</b>	<u>424,004</u>	<u>409,628</u>
<b>Cash at end of year</b>	<u>\$ 841,429</u>	<u>\$ 424,004</u>

See notes to financial statements.



## Notes to Financial Statements June 30, 2023 and 2022

### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Habitat for Humanity - Powhatan, Inc. (“the Organization”) is a non-stock, non-profit corporation formed under the Code of the Commonwealth of Virginia. Its mission is to bring people together to build homes, communities, and hope, by seeking to put God’s love in action. The Organization is an affiliate of Habitat for Humanity International, Inc., a nondenominational Christian nonprofit organization. Although Habitat for Humanity International assists with information resources, training, publications, and in many other ways, the Organization is primarily and directly responsible for its own operations, which are conducted from Powhatan, Virginia.

Volunteers provide most of the labor, and individual and corporate donors provide money and materials to build Habitat homes. Partner families themselves invest hundreds of hours of labor into building their homes and the homes of others. Their mortgage payments go into a revolving fund for the Organization that is used to build more homes.

The Organization also operates a retail store. The Restore operates like a thrift store, open to the public, selling primarily donated goods. The donated goods are diverted from the area’s landfills and provide gently used items at a lower cost. The funds raised from the operation of the store are used to support the Organization's mission of seeking to put God’s love into action; Habitat for Humanity brings people together to build homes, communities and hope.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements of Not-for-Profit Organizations.

Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are not subject to or are no longer subject to donor-imposed stipulations.

## Notes to Financial Statements June 30, 2023 and 2022

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on prior write-off history, overall economic conditions, and the current aging status, the Organization establishes an allowance for doubtful accounts at a level considered adequate to cover anticipated credit losses on outstanding accounts receivable. The Organization determined that no allowance for doubtful accounts was necessary at June 30, 2023 and 2022.

#### Certificate of deposits

Certificates of deposit are valued at cost, plus accrued interest which approximates fair market value.

#### Contributions

Contributions, including unconditional pledges and beneficial interests in trusts, are recognized as revenue when donors' commitments are received. Conditional pledges become unconditional and are recognized as revenue when the conditions are substantially met. Unconditional pledges are recognized at the net present value, net of an allowance for uncollectible amounts and are classified as either net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### Income Tax Status

The Internal Revenue Service has determined that the Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as defined by Section 170 of the Internal Revenue Code. The thrift store is not considered unrelated trade or business income for Federal purposes, as substantially all of the merchandise it sells consists of gifts or donations. Sales of the thrift store inventory are therefore exempt from tax according to section 513(a)(3) of the Internal Revenue Code.

## Notes to Financial Statements June 30, 2023 and 2022

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Donated Land, Services, Furnishings and Equipment

Donated land, equipment, materials, and/or services are included in contributions, at fair market value as of the date of donation. A substantial number of unpaid volunteers have made significant contributions of their time in the Organization's administrative and operating activities. In accordance with accounting standards, the value of this donated time is not reflected in the financial statements.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Functional expenses

The financial statements report certain categories of expenses in the statement of activities that are attributed to more than one program or supporting function. Therefore, expenses may require allocation on a reasonable basis that is consistently applied. The expenses that may be allocated include personnel costs and other expenses, which are allocated on time spent or usage basis. Any expenses that can be identified to a program or administrative function are directly charged to the appropriate class.

#### Advertising

Advertising costs of \$2,606 and \$1,570 for 2023 and 2022, respectively were charged to expense as incurred. There was also advertising costs included in Restore costs of goods sold totaling \$336 and \$0 in 2023 and 2022, respectively.

#### Reclassifications

Certain prior year balances may have been reclassified to conform to current year presentation.

#### Mortgages receivable

Mortgages receivable consist of non-interest bearing mortgages which are collateralized by real estate and which have been discounted based on prevailing market interest rates for affordable housing at the time of issuance. These discounts are amortized and recognized as amortization revenue over the term of the mortgage. Payable in monthly installments, the mortgages have an original maturity of twenty or thirty years.

If a mortgager fails to pay, the Organization may foreclose on the property to prevent further losses. As the property will revert back to the Organization, and mortgages are below market value at inception, there is no estimate for loan loss reserve given management's belief that the property retained will retain a reasonable value compared to the default mortgage amount.

The Organization evaluates loans for impairment on an individual receivable basis.

## Notes to Financial Statements June 30, 2023 and 2022

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

#### Revenue and Cost Recognition

The Organization recognizes revenue from all homebuilding activities at the closing of the sale. During construction, all direct material and labor costs and those indirect costs related to acquisition and construction are capitalized as inventory, and all customer deposits are treated as liabilities. The Board of Directors approves house sale prices based on size. The cost of the houses is reflected in program services expenses as "building materials, supplies and land" in the year the mortgage is closed. The sale prices are concurrently reflected in the financial statements as "transfers to homeowners." Revenue is also recognized for any payments received for repairs to houses.

#### Property and equipment

Property and equipment are stated as cost. Depreciation of property is computed on the straight-line method over the estimated useful life of three to ten years for office furniture and equipment. Leasehold improvements are depreciated over the initial five year term of the lease agreement. The costs of major improvements over \$1,000 are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently.

#### Land held for Building Sites

The Organization purchases land held for the purpose of development and resale. Purchased land is recorded at the lower of specific acquisition and carrying costs, or net estimated value. Donated land is recorded at the estimated fair market value of the property at the time of receipt, as determined by an appraisal. If permanent impairment of value occurs, the value is adjusted to fair value.

#### Deferred Revenue

Deferred revenue consists of unexpended grant funds received for the next year's housing construction costs or funds received in advance.

### NOTE 2. MORTGAGE RECEIVABLES

The Organization does not charge interest on mortgages or loans. As such, each transaction is discounted to its present value at the date it occurs. As monthly payments are received this discount is amortized and recognized to revenue. At June 30, 2023, unamortized discounts were \$127,393.

**Notes to Financial Statements  
June 30, 2023 and 2022**

**NOTE 3. SUBORDINATE MORTGAGE RECEIVABLES**

When the Organization sells homes, two non-interest bearing mortgages may be extended to the buyer. The first mortgage is given for the sales price of the home. A second or third mortgage is given for the difference between the sale price and the fair market value established by the appraiser. Forgiveness will begin over the loan period.

In the event the buyer sells the home prior to the full forgiveness of the second or third mortgage, the Organization, whose policy is not to recognize the discounted present value of these mortgages, at the time they are given, recognizes as current revenue the amount received. The Organization generally has the option to repurchase the home or receive a portion of the realized gain from sale of home during the mortgage period. As of June 30, 2023, the Organization held eight second or third mortgages, whose net face values total \$286,962, for which is fully allowed as a doubtful account and is not presented on the statement of financial position.

**NOTE 4. CERTIFICATE OF DEPOSIT**

The Organization has a certificate of deposit valued at \$250,000; with terms of maturity March 2024, interest rate 5.30%. The certificate is valued at cost which approximates fair value.

**NOTE 5. SUPPLEMENT CASH FLOW INFORMATION**

Total interest paid for the years ended June 30, 2023 and 2022 totaled \$1,272 and \$557, respectively.

**NOTE 6. NOTE PAYABLE**

The Organization had a note payable in the amount of \$11,523 as of June 30, 2022. There was no balance as of June 30, 2023. The note, secured by a mortgage payable, was payable in monthly installments of \$366 including interest of 3%.

**NOTE 7. NET ASSET BALANCES**

Net asset with donor restrictions balances may be available for programs as designated by the donors for building and selling homes and are included in cash and cash equivalents. There were no net assets with donor restrictions as of June 30, 2023 or 2022, respectively.

Total net assets released from restrictions totaled \$271,498 in 2023 for purpose restrictions.

Total net assets released from restrictions totaled \$186,852 in 2022 for purpose restrictions.

**NOTE 8 - PAYROLL PROTECTION PROGRAM**

The Organization received as part of the federal government's assistance during the COVID-19 viral epidemic a payroll protection loan. Total loan proceeds received in August 2021, amounted to \$10,257, due August 2025, interest rate 1.0%. The loan was repaid January 2022, as funds were not required for payroll.

**Notes to Financial Statements  
June 30, 2023 and 2022****NOTE 9 - CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and invested cash deposited in large regional banks and with an international brokerage firm. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 for balances carried in member banks. The bank balance may exceed the insured amount from time to time but management believes that the risk is minimal. Mortgages are collateralized by deeds of trust on the property and are not considered to be a credit risk.

**NOTE 10 - COMMITMENTS**

On December 14, 2017, the Organization entered into a lease agreement with Economic Development Authority of Powhatan, Virginia for office and warehouse space for a term of five years beginning on January 1, 2018. The annual lease payment is \$1. The value of the rent is reflected as contribution revenue and occupancy in the amount of \$25,446 for the years ended June 30, 2023 and 2022. After the term of five years the lessor may terminate lease with 120 days notice, and the lessee may extend the term one additional year after the end of the initial term.

**NOTE 11 - DONATED MATERIALS, SERVICES, AND FACILITIES**

Significant services, materials, and facilities are donated to the Organizations by various individuals and organizations. Donated services, materials, equipment, and facilities were \$28,446 and were recorded at fair market value at the date of the donation and have been included in revenue in the statement of activities for 2023 and \$26,446 for 2022.

**NOTE 12 - FAIR VALUE MEASUREMENTS**

The Organization adopted FASB (Accounting Standards Codification) ASC 820-10-50-2A, "Fair Value Measurements", to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. This standard clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy under this standard based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market. Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

Cash and cash equivalents and liabilities were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value. Inventory was measured by level one as comparable assets have active markets for valuation.

**Notes to Financial Statements  
June 30, 2023 and 2022**

**NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2023</u>	<u>2022</u>
Total financial assets	\$ 1 212 301	\$ 649 580
Less those available for general expenditures within one year due to:		
Purpose and time restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1 212 301</u>	\$ <u>649 580</u>

**NOTE 14 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 1, 2024, the date the financial statements, were issued.

**NOTE 15 - LINE OF CREDIT**

The Organization has a \$100,000 line of credit with a financial institution for the year ended June 30, 2023. The interest rate is Prime (currently 8.5%) plus 2.0%, with a maturity of November 2023. Interest is payable monthly. Interest rate will not be less than 5.75%. The Organization must hold a primary operating account at the financial institution. The balance as of June 30, 2023 was \$0. The balance as of June 30, 2022 was \$0.