HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2021
(With Comparative Totals for June 30, 2020)

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Habitat for Humanity of Greater Greensboro, Inc.
Greensboro, North Carolina

We have audited the accompanying financial statements of Habitat for Humanity of Greater Greensboro, Inc. ("Habitat") (a nonprofit Habitat), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Habitat's preparation and fair presentation of the financial statements 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 the Habitat's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat as of June 30, 2021, 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.

Report on Summarized Comparative Information

We previously audited Habitat's 2020 financial statements, and our report dated December 3, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter – Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Cherry Bekaert LLP

Durham, North Carolina
December 2, 2021

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	2021	2020
ASSETS		
Current Assets:		
Cash	$ 891,814	$ 422,073
Cash - escrow for homeowners' taxes, insurance, and maintenance	93,524	60,201
Net pledges receivable	-	65,450
Construction in process	470,831	1,054,241
Current portion of mortgage receivables	769,350	792,015
ReStore inventory	262,983	213,906
Other receivables	161,094	117,617
Prepaid expenses	19,609	19,609
Total Current Assets	2,669,205	2,745,112
Net property, plant, and equipment	1,713,224	1,837,046
Noncurrent Assets:		
Real estate held for development or resale, at cost	480,597	520,464
Long-term mortgages receivable	4,894,004	4,990,513
Endowment funds	179,437	144,464
Total Noncurrent Assets	5,554,038	5,655,441
Total Assets	$ 9,936,467	$ 10,237,599
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of notes payable	$ 90,274	$ 265,467
Accounts payable and other liabilities	262,593	244,107
Escrow liability for homeowners' taxes, insurance, and maintenance	48,110	32,288
Total Current Liabilities	400,977	541,862
Noncurrent portion of notes payable	983,826	1,348,337
Total Liabilities	1,384,803	1,890,199
Net Assets:		
Without donor restrictions	7,939,060	7,631,892
With donor restrictions	612,604	715,508
Total Net Assets	8,551,664	8,347,400
Total Liabilities and Net Assets	$ 9,936,467	$ 10,237,599

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

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and Revenue:				
Public Support:				
Contributions	$ 711,859	$ 626,761	$ 1,338,620	$ 1,217,152
In-kind	35,218	-	35,218	107,543
Governmental and housing finance agency revenue	443,453	-	443,453	68,600
Mission trip donations	-	50	50	10,900
Total Public Support	1,190,530	626,811	1,817,341	1,404,195
Revenue:				
ReStore revenue	1,383,390	-	1,383,390	1,232,588
Home sales	613,225	-	613,225	805,977
Mortgage interest income	459,555	-	459,555	480,064
Other revenue	47,687	-	47,687	36,068
Net assets released from restriction	764,688	(764,688)	-	-
Total Revenue	3,268,545	(764,688)	2,503,857	2,554,697
Total Support and Revenue	4,459,075	(137,877)	4,321,198	3,958,892
Expenses:				
Program services	3,216,628	-	3,216,628	3,611,539
Supporting Services:				
General and administrative expenses	494,426	-	494,426	452,914
Fundraising	367,566	-	367,566	358,139
Total Expenses	4,078,620	-	4,078,620	4,422,592
Other Events:				
Pledges write-off	-	-	-	(45,499)
Loss on disposal of property	(73,287)	-	(73,287)	(45,459)
Investment loss on endowment funds	-	34,973	34,973	(16,504)
Total Other Events	(73,287)	34,973	(38,314)	(107,462)
Changes in net assets	307,168	(102,904)	204,264	(571,162)
Net assets, beginning	7,631,892	715,508	8,347,400	8,918,562
Net assets, ending	$ 7,939,060	$ 612,604	$ 8,551,664	$ 8,347,400

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	Program Services					Support Services			
	Construction Services	Homeowner Services	Volunteer Services	ReStore Services	Total Program Services	Management and General	Fundraising	2021 Total	2020 Total
Salaries	$ 202,142	$ 135,977	$ -	$ 379,085	$ 717,204	$ 193,940	$ 240,524	$ 1,151,668	$ 1,436,579
Payroll taxes and employee benefits	66,729	32,165	-	129,576	228,470	56,279	44,700	329,449	426,622
Professional development	1,721	1,313	175	-	3,209	4,493	1,281	8,983	19,298
Meetings and conferences	524	1,036	-	1,151	2,711	2,138	11,947	16,796	11,220
Travel	396	293	-	1,797	2,486	281	-	2,767	4,965
AmeriCorps	27,662	-	-	-	27,662	-	-	27,662	10,868
Contract labor	11,310	-	-	47,584	58,894	2,501	-	61,395	64,259
Marketing	29	2,589	36	30,306	32,960	3,143	25,082	61,185	28,833
Events	-	-	-	-	-	-	18,142	18,142	11,795
Rental and maintenance	29,431	-	-	195,354	224,785	42,655	-	267,440	255,094
Office expenses	2,982	-	76	45,218	48,276	11,174	697	60,147	88,044
Utilities	1,903	845	-	73,443	76,191	-	625	76,816	84,644
Information technology	1,838	3,592	-	16,937	22,367	67,427	12,363	102,157	122,024
Insurance	6,453	-	2,916	5,090	14,459	30,449	-	44,908	46,853
Interest expense	-	-	-	26,351	26,351	14,825	-	41,176	55,667
Professional services	-	48,924	-	27,318	76,242	31,289	12,205	119,736	170,385
Vehicle expense	29,465	-	-	27,191	56,656	423	-	57,079	53,893
Depreciation	16,064	-	-	82,260	98,324	30,998	-	129,322	123,539
Miscellaneous	802	723	-	1,680	3,205	949	-	4,154	3,115
Cost of sales	1,332,861	-	-	-	1,332,861	-	-	1,332,861	1,234,580
Warranty and lot acquisition and maintenance	2,590	-	-	-	2,590	-	-	2,590	2,503
Habitat for Humanity International Tithe/ Stewardship & Organizational Sustainability Initiative & NC Stat Support Organization	36,000	-	-	-	36,000	1,462	-	37,462	28,169
Mission trips and outreach	-	13,953	-	-	13,953	-	-	13,953	23,587
Education and training	-	5,734	-	-	5,734	-	-	5,734	3,546
Volunteer appreciation	-	-	6,175	-	6,175	-	-	6,175	6,524
Cost of inventory	-	-	-	98,863	98,863	-	-	98,863	105,986
	$ 1,770,902	$ 247,144	$ 9,378	$ 1,189,204	$ 3,216,628	$ 494,426	$ 367,566	$ 4,078,620	$ 4,422,592

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	2021	2020
Cash flows from operating activities:		
Changes in net assets	$ 204,264	$ (571,162)
Adjustments to reconcile changes in net assets to cash from operating activities:		
Depreciation	129,322	123,539
Gain on debt settlement and extinguishment	(301,107)	-
(Increase) decrease in related assets:		
Net pledges receivable	65,450	87,459
Construction in process	583,410	(53,466)
Mortgages receivable	119,174	(2,273)
ReStore inventory	(49,077)	88,836
Other receivables	(43,477)	114,436
Prepaid expenses	-	-
Real estate held for development or resale	39,867	197,800
Contributions and gains to endowment funds	(34,973)	28,604
Increase (decrease) in related liabilities:		
Accounts payable and other liabilities	18,486	5,280
Escrow liability for homeowners' taxes, insurance, and maintenance	15,822	8,865
Net cash from operating activities	747,161	27,918
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(5,500)	(47,638)
Proceeds on disposal of property, plant, and equipment	-	15,084
Net cash from investing activities	(5,500)	(32,554)
Cash flows from financing activities:		
Proceeds from notes payable	3,074,162	5,047,404
Payments on notes payable	(3,312,759)	(4,714,421)
Net cash from financing activities	(238,597)	332,983
Net change in cash	503,064	328,347
Cash, cash in escrow, and cash equivalents, beginning of year	482,274	153,927
Cash, cash in escrow, and cash equivalents, end of year	$ 985,338	$ 482,274
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 45,619	$ 28,258

Note 1—Nature of operations

Habitat for Humanity of Greater Greensboro, Inc. ("Habitat") was incorporated on October 12, 1987 as a nonprofit Habitat which works with donors, volunteers, contractors, and homeowners to create affordable housing for those in need in Greensboro, North Carolina. Habitat also promotes self-reliance through home ownership, providing affordable mortgages and preparing its applicant families for home ownership through the provision of family support services, credit counseling, and resource management training.

Program services provided by Habitat are as follows:

Construction Services – This program constructs or rehabilitates modest housing for sale to low-income residents.

Homeowner Services – This program recruits and selects eligible homeowners, recruits, and trains volunteers who provide family support and services. Additionally, it provides affordable mortgage financing for low-income residents.

Volunteer Services – This program recruits and trains volunteers to assist in the construction of homes, retail services, and administrative work.

ReStore Services – This program sells donated household and salvaged building materials to the general public at below market prices, with the net proceeds going towards the support of Habitat's mission.

Note 2—Summary of significant accounting policies

Basis of Presentation – As required by generally accepted accounting principles in the United States of America ("U.S. GAAP"), Habitat is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Habitat. These net assets may be used at the discretion of Habitat's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Habitat or by passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Basis of Accounting – The financial statements of Habitat are prepared on the accrual basis of accounting, whereby, revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to U.S. GAAP.

Financial Statement Presentation – As required by U.S. GAAP, Habitat reports 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.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Note 2—Summary of significant accounting policies (continued)

Cash – Habitat maintains its cash in several North Carolina financial institutions. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. Habitat from time to time may have amounts on deposit in excess of the insured limits. Habitat considers all highly liquid investments to be cash equivalents.

Restricted and Unrestricted Revenues and Support – Grants and contributions of cash and other assets are reported as without donor restriction and with donor restriction. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions received with donor restrictions that are satisfied in the same year as received are classified as without donor restriction in the statement of activities and changes in net assets.

Cost-reimbursement type grant revenues are recorded when the costs are incurred.

In-Kind Donated Materials, Services, and Facilities – A substantial number of volunteers have made significant contributions of their time to Habitat, principally in the areas of house construction, administration, and fundraising. The value of non-professional contributed time is not reflected in the accompanying financial statements. However, donated materials, specialized services, and facilities received by Habitat are reflected as both contributions and expenses in the accompanying statements at their estimated fair market value at the time of receipt.

Net Pledges Receivable – Net pledges receivable represent valid pledges and are reported at their estimated net realizable value. Pledges receivable due in more than one year are recorded at the present value of estimated future cash flows using current prime interest rates. If amounts are deemed uncollectible after periodic review by management, they will be charged to activities when the determination is made. Long-term pledges receivable due in more than one year are recorded at the present value of estimated future cash flows. Habitat uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give. An allowance for uncollectible pledges of $-0- has been provided based on management's evaluation of potential uncollectible pledges receivable as of June 30, 2021.

Real Estate Held for Development or Resale – Real estate, including acquisition and building materials, are recorded at cost when the assets are acquired. Foreclosed homes purchased by Habitat are recorded at fair market value when the homes are acquired.

Mortgages Receivable – Mortgages receivable are reported at their outstanding principal balances discounted to their present value. Habitat has established an allowance for uncollectible accounts of $39,503 as of June 30, 2021 to cover the principal balance for delinquent monthly payments that are uncollectible. Mortgages receivable are generally considered delinquent when payment is 30 days past due; however, delinquency status may be mitigated by other qualitative factors.

Other Receivables – Other receivables are stated at unpaid balances less an allowance for doubtful accounts. Habitat provides for losses on receivables using the allowance method. The allowance method is based on experience, third party contracts, and other circumstances which may affect the ability of debtors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is Habitat's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Note 2—Summary of significant accounting policies (continued)

Property, Plant, and Equipment – Property, plant, and equipment are recorded at cost, and if donated, are recorded at the approximate fair value at the date of donation. The resale store ("ReStore") building is depreciated using the straight-line basis over an estimated useful life of 50 years and equipment, vehicles, leasehold improvements, building improvements, and rental property are depreciated over estimated useful lives of 5 to 25 years for the respective assets using the straight-line basis. Maintenance, repair costs, and minor replacements are charged to expense as incurred.

ReStore Inventory – ReStore inventory is purchased at cost or donated and valued at fair value which due to the quick turnover of inventory, is typically subsequent sales.

ReStore Services – Habitat operates ReStore to raise additional funds for programs. Donations of building materials, supplies, equipment, household, and other items by businesses and individuals are maintained in inventory. Due to the nature of the donated items, the value of the inventory is not recognized until sold.

Advertising – Advertising costs for the year ended June 30, 2021 were $46,953.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – Habitat is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Habitat and recognize a tax liability or asset if Habitat has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Habitat is not currently under examination for any tax periods. Habitat, by expiration of the statute of limitations, is generally no longer subject to examination by taxing authorities for the fiscal year ended June 30, 2017 or earlier.

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

Retirement Plan – Habitat has a 403(b) tax deferred annuity plan (the "Plan") available to qualified employees. Habitat offers their employees the opportunity to make a voluntary contribution and Habitat contributes 2% of compensation after completion of 1,000 hours and a year of service. Habitat contributed $19,898 for the year ended June 30, 2021 to the Plan.

Future Pronouncements – In February 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard, Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which says lessees will be required to recognize a lease liability and a right-of-use asset for all leases, operating and capital, at the commencement date. The new standard will be effective for Habitat on July 1, 2022. Early adoption is permitted. Habitat is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

Note 2—Summary of significant accounting policies (continued)

In July 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for Habitat for the year ended June 30, 2022. Management is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Note 3—Liquidity and availability

Financial assets available for general expenditures consisting of expenses for program, fundraising, and management and general expenses that are without donor or other restrictions, limiting their use within one year of the statement of financial position date, are comprised of the following as of June 30, 2021:

Financial assets:	
Cash	$ 891,814
Other receivables	161,094
Current portion of long-term receivable	769,350
Endowment funds	179,437
Total financial assets	2,001,695
Less those unavailable for general expenditures within one year:	
Contributions with donor restrictions	(612,604)
Financial assets available to meet cash needs to general expenditures within one year	$ 1,389,091

Note 4—Valuation of investments

Fair Value Hierarchy – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. U.S. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilites.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In accordance with FASB Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are not classified within a fair value hierarchy. All of Habitat's investments at June 30, 2021, $179,437, consist of a mutual funds actively traded on an open market and are classified as Level 1 investments.

Note 5—Pledges receivable

The following is a reconciliation of the activity in net pledges receivable:

Net pledges receivable, beginning of year	$	65,450
Current year pledges and donations (not including in-kind)		12,700
Less cash received for pledges and donations		(78,150)
Total net pledges receivable, end of year	$	-

Note 6—Mortgages receivable

It is Habitat's policy to sell homes to selected families through the issuance of noninterest bearing mortgages. Mortgages receivable consists of amounts due from home sales to first time homeowners who complete Habitat's program for home ownership. Mortgages are discounted to their present value and adjusted annually, based on the interest rate applicable in the year of issuance of each mortgage, ranging from 7.23% to 9.00%. Gross mortgages receivable of $13,444,885 were outstanding as of June 30, 2021. The mortgages receivable are secured by their respective homes.

Habitat participates in a program sponsored by the North Carolina Housing Finance Agency ("NCHFA"), whereby NCHFA provides a co-first to Habitat's homeowners. Habitat also receives grants from the city of Greensboro that provide a second mortgage to homeowners. These programs allow Habitat to recover those funds immediately and Habitat is paid a nominal servicing fee by NCHFA. Habitat has the contingency to continue payments, if a homeowner is not paying co-first or second mortgage.

At June 30, 2021, mortgages receivable consisted of the following:

Gross mortgages receivable	$	13,444,885
Mortgage discount		(4,136,390)
Mortgage allowance		(39,503)
NCHFA mortgage liability		(3,394,941)
City of Greensboro mortgage liability		(210,697)
Net mortgages receivable		5,663,354
Less current portion		(769,350)
Noncurrent portion of mortgages receivable	$	4,894,004

These mortgages do not earn interest and are secured by deeds of trust on the houses. As of June 30, 2021, the total discount was $4,136,390.

U.S. GAAP requires that receivables that are contractual rights to receive money in the future at a fixed or determinable date be recorded at the present value of the consideration given in the exchange.

Prior to the fiscal year ended June 30, 2001, homebuyers purchased houses from Habitat at less than fair value with the equity amount determined as the difference between the purchase price and the fair value. Beginning with the fiscal year ended June 30, 2001, homebuyers purchased houses at fair value and Habitat discounts the mortgages receivable. Under both methods, homebuyers pay the equity over the life of their mortgages, typically between 20 and 30 years (not to exceed 40 years) or as the mortgages are repaid. If the homebuyers default on their mortgages, Habitat retains all or a portion of the equity in the house. If homebuyers wish to dispose of their property, Habitat retains the right of first refusal.

Note 6—Mortgages receivable (continued)

At June 30, 2021, the delinquencies in Habitat's mortgages receivables consisted of the following:

	0-29 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Total Past Due	Current	Total Mortgages Receivable
Mortgages receivable	$ 17,949	$ 10,928	$ 7,701	$ 56,291	$ 92,869	$ 5,570,485	$ 5,663,354

A loan is defined as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due under the contractual terms of the loan agreement. Habitat considers single family mortgage loans and consumer installment loans to be homogeneous and, therefore, does not generally evaluate them for impairment, unless they are considered troubled debt restructurings. All other loans are evaluated for impairment on an individual basis. AmeriNat services all of these mortgages.

Current changes in the mortgages receivable accounts are summarized as follows:

Beginning balance, June 30, 2020	$ 5,782,528
New loans	507,195
Write-offs	(703)
Payments received	(625,666)
Ending balance, June 30, 2021	$ 5,663,354

Note 7—Property, plant, and equipment

Property, plant, and equipment consisted of the following as of June 30, 2021:

ReStore:	
Land	$ 750,000
Building	457,247
Building roof	275,706
Leasehold improvements	363,533
Office equipment	57,205
Vehicles	149,255
Equipment	84,697
Total ReStore	2,137,643
Office equipment	76,398
Vehicles	41,235
Leasehold improvements	257,086
Construction equipment	77,508
Total property, plant, and equipment	452,227
Less accumulated depreciation	(876,646)
Net property, plant, and equipment	$ 1,713,224

Note 8—Notes payable and line of credit

Notes payable consisted of the following:

Note payable to a bank secured by specific real estate; interest is variable between 5.00 to 5.75%. Accrued interest on the note is payable in monthly payments beginning May 2018. Principal is to be paid in full along with any unpaid interest on May 13, 2023.	$	175,000
Note payable to a bank secured by specific real estate; interest accrues at a rate of 4.25%. Note is payable in 119 equal and consecutive monthly payments of principal and interest, with a single balloon payment of the unpaid balance due June 5, 2030.		579,761
Paycheck Protection Program loan granted by the Small Business Administration and serviced through Self-Help Federal Credit Union. The loan will accrue interest at 1% per year. See Note 18 for terms and forgiveness status.		304,285
Various unsecured noninterest bearing notes payable to Habitat for Humanity International; monthly principal payments of approximately $2,400 through June 2020, $1,630 through June 2020, $888 through June 2021, and $216 through June 2023.		15,054
Total long-term notes payable		1,074,100
Less current portion		(90,274)
Long-term portion of notes payable	$	983,826

Estimated future maturities of notes payable are as follows:

Years Ending June 30:		
2022	$	90,274
2023		443,000
2024		24,410
2025		23,016
2026		24,359
Thereafter		469,041
Total	$	1,074,100

The terms of the notes payable to Habitat for Humanity International contain financial reporting requirements. At June 30, 2021, Habitat was in compliance with these requirements.

Note 9—In-kind donations

For the year ended June 30, 2021, Habitat received in-kind donations totaling $35,218. The donations are valued using estimated current market values for the items donated and have been included in both revenues and expenses.

Note 10—Leases

Habitat entered into a new lease for its administrative offices effective August 2017, with monthly payments due beginning December 2018 through November 2028, ranging from $5,109 to $6,074 over that period.

Habitat entered into a lease for its second ReStore location effective January 2018, with monthly payments of $14,500 due through April 2023.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2021 are as follows:

Fiscal Years Ending June 30:		
2022	$	263,835
2023		228,667
2024		71,236
2025		73,295
2026		72,883
Thereafter		176,134
	$	886,050

Total rent expense for the year ended June 30, 2021 was $263,247.

Note 11—Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2021 consisted of the following:

Net Assets With Donor Restrictions:		
Home sponsorship	$	339,753
Net donations for specific sponsored homes		1,000
Endowment funds		179,437
Mission trips & Scholarships		52,414
Grants restricted for time		40,000
	$	612,604

Note 12—Related party transactions

Habitat, as an affiliate of Habitat for Humanity International (“International”), made contributions to International of $37,900 for the year ended June 30, 2021. These contributions represent a portion of unrestricted donations received, plus additional amounts approved by Habitat’s Board of Directors and are used to support International’s programs in Honduras and Kenya.

Note 13—Endowment funds

Habitat follows the Uniform Prudent Management of Institutional Funds Act of 2006 as enacted by the state of North Carolina on March 19, 2009 ("UPMIFA") and its own governing documents.

The Board of Directors of Habitat has interpreted the enacted versions of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Habitat classifies as permanently or temporarily restricted net assets as (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, or (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in the endowment funds for the year ended June 30, 2021 were as follows:

	With Donor Restrictions
Endowment funds, June 30, 2020	$ 144,464
Investment returns:	
Interest and dividends	5,238
Net realized and unrealized gains	29,735
Total investment returns	34,973
Contributions	-
Distributions	-
Endowment funds, June 30, 2021	$ 179,437

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Habitat to retain as a fund of perpetual duration. These deficiencies result primarily from unfavorable market fluctuations that occur during the year.

The value, liquidity, and related income of the securities held by the endowment funds is sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Note 14—Escrow funds

Habitat held $93,524, which had been collected from homebuyers by Habitat for payment of deposits towards closing costs as of June 30, 2021. This amount was held in a separate escrow account by Habitat.

Note 15—Grant audits

Habitat receives grant funds at times from various federal, state, and local governments. Such costs are subject to final approval by the grantor agencies and deficiencies, if any, are the responsibility of Habitat.

Note 16—Construction in process

During the year ended June 30, 2021, Habitat had 9 houses under construction which were still in progress at year-end. Houses under construction totaled $470,831 as of June 30, 2021.

Note 17—Home sales

During the current year, Habitat sold 8 homes at a net income of the following:

Home sales	$	613,225
Contributions and in-kind related to home sales		723,030
Cost of construction		(1,332,861)
Net home sales	$	3,394

Note 18—COVID-19 pandemic

During the year ended June 30, 2020, the World Health Organization declared the coronavirus "COVID-19" outbreak a public health emergency and pandemic. Actions were taken around the world to help mitigate the spread of COVID-19 and are still ongoing as of June 30, 2021. While it is unknown how long these conditions will last and what the complete financial impact will be to the Organization, they continue to closely monitor the impact of the COVID-19 pandemic on all aspects of business in current and future periods. To date, there have been no major lasting impacts on the Organization as a result of COVID-19.

On April 29, 2020, the Habitat received a Paycheck Protection Program ("PPP") loan for $301,107 from the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). This loan was funded by Self-Help Federal Credit Union. The application for the PPP Loan requires the Habitat to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Habitat. This certification further requires the Habitat to take into account our current business activity and our ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP Loans and the forgiveness of the PPP Loans is dependent on the Habitat having initially qualified for the PPP Loans and qualifying for the forgiveness of such PPP Loans based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP Loans. There is no assurance that the Habitat's obligation under the PPP Loans will be forgiven. If the PPP Loans are not forgiven, the Habitat will need to repay the PPP Loans over the applicable repayment period, commencing after the applicable deferral period. Habitat requested forgiveness and received approval on March 8, 2021 and as result recognized $301,107 in revenue in the year ended June 30, 2021.

On March 3, 2021, the Habitat received a second PPP loan for $304,825 from the SBA under the CARES Act. This loan was funded by Self-Help Federal Credit Union. The Habitat recognized $304,825 as long-term debt for the year ended June 30, 2021 representing funds received. As of June 30, 2021, the Habitat was still in the process of applying for full loan forgiveness.

Note 19—Subsequent events

Habitat has evaluated subsequent events through December 2, 2021, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
RESTORE SERVICES SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Revenues and Support:		
Revenues	$	1,372,689
Cash donations		10,701
Total Revenues and Support		1,383,390
Operating Expenses:		
Cost of inventory		98,863
Salaries and wages		379,085
Insurance		5,090
Volunteer appreciation		-
Interest expense		26,351
Utilities		73,443
Professional services		27,318
Depreciation and amortization		82,260
Marketing		30,306
Vehicle expense		27,191
Payroll taxes and benefits		129,576
Office expenses		45,218
Professional development		-
Information technology		16,937
Miscellaneous		4,628
Contract labor		47,584
Rent and maintenance		195,354
Total Operating Expenses		1,189,204
Revenues in Excess of Expenses	$	194,186