

HABITAT FOR HUMANITY  
GREATER BOSTON, INC.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2021 AND 2020

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
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# CAIN, BOURRET, JARRY & CRESSMAN LLC

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Habitat for Humanity Greater Boston, Inc.  
Boston, Massachusetts

We have audited the accompanying financial statements of HABITAT FOR HUMANITY GREATER BOSTON, INC. (a Massachusetts not-for-profit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 the entity'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 entity'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 FOR HUMANITY GREATER BOSTON, INC. as of June 30, 2021 and 2020, changes in its net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Cain, Bourret, Jarry & Cressman LLC*

Dracut, Massachusetts  
February 9, 2022

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,947,474	\$ 876,602
Cash - New Markets Tax Credit (NMTC)	2,257	2,110
Promises to give	158,583	249,208
Housing - land and construction in progress	1,512,085	1,954,313
Inventory - Restore	289,763	225,047
Current portion of mortgages receivable	299,053	117,782
<b>Total Current Assets</b>	<b>4,209,215</b>	<b>3,425,062</b>
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold improvements	49,714	49,714
Office equipment	35,831	35,831
Furniture and fixtures	23,070	23,070
Vehicles	22,500	22,500
Less: accumulated depreciation	(105,922)	(98,163)
<b>Net Property and Equipment</b>	<b>25,193</b>	<b>32,952</b>
<b>OTHER ASSETS</b>		
Loan receivable	7,743	-
Mortgages receivable, net of current portion	4,878,736	5,303,475
Investment in NMTC	-	1,925,054
Closing costs and fees, net of accumulated amortization of \$0 in 2021 and \$89,626 in 2020 - NMTC (Note 2)	-	101,007
Security deposits	60,628	60,628
Audit and tax fee reserve fund - NMTC (Note 12)	-	4,069
Flexcap Note reserve	-	13,720
<b>Total Other Assets</b>	<b>4,947,107</b>	<b>7,407,953</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,181,515</b>	<b>\$ 10,865,967</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 228,050	\$ 342,260
Accounts payable and accrued expenses	235,051	293,372
Agency accounts	4,861	9,589
Citibank NMTC Loan - NMTC (Note 12)	-	2,660,790
FlexCap Note Payable, current portion	-	26,996
Massachusetts Housing Finance Authority loan, current portion	51,830	50,652
Payroll Protection Program Loan (PPP)	229,610	250,857
<b>Total Current Liabilities</b>	<b>749,402</b>	<b>3,634,416</b>
<b>LONG-TERM LIABILITIES</b>		
Economic Injury Disaster (EIDL) Loan	149,900	149,900
Massachusetts Housing Finance Authority loan, net of current portion	103,099	104,377
<b>Total Long-Term Liabilities</b>	<b>252,999</b>	<b>254,277</b>
<b>TOTAL LIABILITIES</b>	<b>1,002,401</b>	<b>3,888,693</b>
<b>NET ASSETS</b>		
Unrestricted	8,179,114	6,713,821
Temporarily restricted	-	263,453
<b>Total Net Assets</b>	<b>8,179,114</b>	<b>6,977,274</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,181,515</b>	<b>\$ 10,865,967</b>

See Independent auditors' report and notes to financial statements

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(With Summarized Financial Information for the Year Ended June 30, 2020)

	<u>Without Donor</u>	<u>With Donor</u>		
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2021</u>	<u>2020</u>
<b>SUPPORT AND REVENUES</b>				
Support				
Contributions	\$ 994,942	\$ 59,895	\$ 1,054,837	\$ 810,767
Grants	29,922	210,037	239,959	-
Donated services and materials	1,219,790	-	1,219,790	914,604
Special events, net	309,413	-	309,413	406,399
ReStore revenue	1,092,569	-	1,092,569	849,004
Net assets released from restrictions				
Satisfaction of program/donor restrictions	533,385	(533,385)	-	-
Total support	4,180,021	(263,453)	3,916,568	2,980,774
Revenues				
Sale of homes	1,435,100	-	1,435,100	363,600
Gain on foreclosed home	92,467	-	92,467	-
Mortgage discount amortization	229,884	-	229,884	115,500
Miscellaneous income	9,812	-	9,812	10,994
Other income (POB debt forgiveness)	736,129	-	736,129	-
Other income (PPP forgiveness)	250,857	-	250,857	-
Other income (EIDL Advance)	-	-	-	10,000
Interest income	9,997	-	9,997	20,247
Total revenues	2,764,246	-	2,764,246	520,341
<b>TOTAL SUPPORT AND REVENUES</b>	6,944,267	(263,453)	6,680,814	3,501,115
<b>FUNCTIONAL EXPENSES</b>				
Program service expenses - family services	398,453	-	398,453	283,550
Program service expenses - pre/post conveyance	2,418,422	-	2,418,422	962,720
Program service expenses - ReStore	2,007,416	-	2,007,416	1,799,744
General and administrative	173,087	-	173,087	177,151
Fundraising expenses	481,597	-	481,597	381,073
<b>TOTAL FUNCTIONAL EXPENSES</b>	5,478,974	-	5,478,974	3,604,238
<b>CHANGES IN NET ASSETS</b>	1,465,293	(263,453)	1,201,840	(103,123)
<b>NET ASSETS, BEGINNING OF YEAR</b>	6,713,821	263,453	6,977,274	7,080,397
<b>NET ASSETS, END OF YEAR</b>	\$ 8,179,114	\$ -	\$ 8,179,114	\$ 6,977,274

See independent auditors' report and notes to financial statements

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021						
	Program Services				Supporting Services		Totals
	Family Services	Cost of Homes Sold and Program Support	ReStore	Total Program Expenses	General and Administrative Expenses	Fundraising Expenses	
Salaries	\$ 129,051	\$ 380,550	\$ 359,291	\$ 868,892	\$ 93,881	\$ 329,480	\$ 1,292,253
Payroll taxes	13,153	35,693	33,734	82,580	8,967	29,860	121,407
Benefits	23,290	60,439	57,562	141,291	12,113	28,779	182,183
Salaries and related expenses	165,494	476,682	450,587	1,092,763	114,961	388,119	1,595,843
Advertising	-	-	1,022	1,022	336	72	1,430
Americorps	-	23,764	-	23,764	-	-	23,764
Amortization closing costs	-	101,007	-	101,007	-	-	101,007
Applicant costs	26,109	-	-	26,109	-	-	26,109
Bank charges	-	-	28,345	28,345	7,282	-	35,627
Conferences	1,588	-	-	1,588	-	-	1,588
Consultants	-	76,166	-	76,166	407	30,601	107,174
Cost of goods sold	-	-	15,048	15,048	-	-	15,048
Cost of homes sold	-	1,163,598	-	1,163,598	-	-	1,163,598
Depreciation	-	7,759	-	7,759	-	-	7,759
Dues, fees and subscriptions	-	31,089	-	31,089	-	-	31,089
Equipment rental	-	11,696	7,851	19,547	-	-	19,547
Insurance	-	17,678	-	17,678	-	-	17,678
Interest	13,699	11,847	-	25,546	-	-	25,546
Mortgage discount expense	-	247,912	-	247,912	-	-	247,912
Office expenses and supplies	3,713	2,985	6,144	12,842	4,659	2,650	20,151
Postage	385	362	-	747	472	3,673	4,892
Printing	-	375	-	375	-	7,498	7,873
Professional fees	23,379	23,379	23,379	70,136	23,379	-	93,515
Real estate taxes	-	6,940	-	6,940	-	-	6,940
Rent	23,696	28,594	342,974	395,264	13,818	32,637	441,719
Repairs and maintenance	-	37,057	297	37,354	-	-	37,354
Site cleaning and disposal	-	37,891	41,186	79,077	-	-	79,077
Tithe expenses	-	87,211	-	87,211	-	-	87,211
Truck expenses	-	-	15,272	15,272	-	-	15,272
Telephone and Information technology	5,580	12,195	8,453	26,228	5,629	13,153	45,010
Travel	2,034	10,606	2,293	14,933	981	247	16,161
Utilities	5,555	1,629	36,711	43,895	1,163	2,947	48,005
	<u>\$ 271,232</u>	<u>\$ 2,418,422</u>	<u>\$ 979,562</u>	<u>\$ 3,669,215</u>	<u>\$ 173,087</u>	<u>\$ 481,597</u>	<u>\$ 4,323,899</u>
Donated services and goods:							
ReStore gifts in-kind	-	-	1,027,854	1,027,854	-	-	1,027,854
Professional fees	127,221	-	-	127,221	-	-	127,221
	<u>127,221</u>	<u>-</u>	<u>1,027,854</u>	<u>1,155,075</u>	<u>-</u>	<u>-</u>	<u>1,155,075</u>
Total	<u>\$ 398,453</u>	<u>\$ 2,418,422</u>	<u>\$ 2,007,416</u>	<u>\$ 4,824,290</u>	<u>\$ 173,087</u>	<u>\$ 481,597</u>	<u>\$ 5,478,974</u>

See independent auditors' report and notes to financial statements

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020						
	Program Services				Supporting Services		Totals
	Family Services	Cost of Homes Sold and Program Support	ReStore	Total Program Expenses	General and Administrative Expenses	Fundraising Expenses	
Salaries	\$ 114,076	\$ 348,206	\$ 393,364	\$ 855,646	\$ 82,550	\$ 203,651	\$ 1,141,847
Payroll taxes	9,475	29,431	33,533	72,439	6,711	17,219	96,369
Benefits	12,382	44,501	36,219	93,102	7,281	17,397	117,780
Salaries and related expenses	135,933	422,138	463,116	1,021,187	96,542	238,267	1,355,996
Advertising	-	570	2,265	2,835	773	750	4,358
AmeriCorps	-	25,596	-	25,596	-	-	25,596
Amortization closing costs	-	13,789	-	13,789	-	-	13,789
Applicant costs	6,204	-	-	6,204	-	-	6,204
Bad debt expense	17,217	-	-	17,217	-	-	17,217
Bank charges	-	-	18,748	18,748	4,937	-	23,685
Conferences	367	-	-	367	-	-	367
Consultants	-	29,017	-	29,017	-	88,422	117,439
Cost of goods sold	-	-	8,382	8,382	-	-	8,382
Cost of homes sold	-	150,924	-	150,924	-	-	150,924
Depreciation	-	7,545	-	7,545	-	-	7,545
Dues, fees and subscriptions	-	39,193	2,400	41,593	-	-	41,593
Equipment rental	-	10,837	386	11,223	-	-	11,223
Insurance	-	20,846	-	20,846	-	-	20,846
Interest	27,398	22,729	-	50,127	-	-	50,127
Mortgage discount expense	-	97,245	-	97,245	-	-	97,245
Office expenses and supplies	9,530	4,739	7,110	21,379	7,773	4,703	33,855
Payroll services	501	1,330	1,046	2,877	261	663	3,791
Postage	618	1,226	-	1,844	380	5,113	7,337
Printing	-	1,272	-	1,272	-	8,506	9,778
Professional fees	-	-	-	-	46,928	-	46,928
Real estate taxes	-	1,950	-	1,950	-	-	1,950
Rent	18,096	21,866	328,911	368,873	10,556	24,882	404,311
Repairs and maintenance	-	20,116	1,124	21,240	-	-	21,240
Site cleaning and disposal	-	40,589	34,643	75,232	-	-	75,232
Tithe expenses	-	6,631	-	6,631	-	-	6,631
Truck expenses	-	1,495	24,273	25,768	-	-	25,768
Telephone and information technology	3,029	4,147	4,347	11,523	2,299	5,258	19,080
Travel	2,034	14,222	3,375	19,631	5,814	2,425	27,870
Utilities	1,523	2,708	26,865	31,096	888	2,094	34,078
	<u>\$ 222,450</u>	<u>\$ 962,720</u>	<u>\$ 926,991</u>	<u>\$ 2,112,161</u>	<u>\$ 177,151</u>	<u>\$ 381,073</u>	<u>\$ 2,670,385</u>
Donated services and goods:							
ReStore gifts in-kind	-	-	872,753	872,753	-	-	872,753
Professional fees	61,100	-	-	61,100	-	-	61,100
	<u>61,100</u>	<u>-</u>	<u>872,753</u>	<u>933,853</u>	<u>-</u>	<u>-</u>	<u>933,853</u>
Total	<u>\$ 283,550</u>	<u>\$ 962,720</u>	<u>\$ 1,799,744</u>	<u>\$ 3,046,014</u>	<u>\$ 177,151</u>	<u>\$ 381,073</u>	<u>\$ 3,604,238</u>

See independent auditors' report and notes to financial statements

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,201,840	\$ (103,123)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	-	17,217
Depreciation	7,759	7,545
Amortization	101,007	13,789
Donated furniture and fixtures	-	(4,500)
Mortgage amortization income	(229,884)	(115,500)
Imputed interest expense	247,912	97,245
POB debt forgiven	(736,129)	(19,248)
Payroll Protection Plan (PPP) Loan Forgiven	(250,857)	-
Sale of mortgages	799,619	-
Sale of housing and property financed with mortgage receivable, net of cost	(133,002)	(363,600)
Decrease (increase) in assets:		
Promises to give	90,625	157,339
Inventory - Restore	(64,716)	23,749
Flexcap Note reserve	13,720	-
Loan receivable	(7,743)	17,216
Audit and tax fee reserve fund	4,069	8,146
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(56,321)	34,487
Agency accounts	(4,726)	5,747
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>981,171</u>	<u>(223,491)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction of housing and improvements	(567,237)	(384,617)
Cash received from mortgage notes receivable	568,534	455,387
(Increase) decrease in cash required for NMTC	-	11,630
<b>Net Cash Provided (Used) in Investing Activities</b>	<u>1,297</u>	<u>82,400</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(141,206)	(246,823)
Proceeds from Payroll Protection Plan (PPP) Loan	229,610	250,857
Proceeds from Economic Injury Disaster (EIDL) Loan	-	149,900
<b>Net Cash Provided by Financing Activities</b>	<u>88,404</u>	<u>153,934</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>1,070,872</u>	<u>12,843</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>876,602</u>	<u>863,759</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 1,947,474</u>	<u>\$ 876,602</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 25,546</u>	<u>\$ 50,127</u>



**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1. ORGANIZATION AND PURPOSE**

Habitat for Humanity Greater Boston, Inc. (the Organization) is a charitable nonprofit Massachusetts corporation organized in December 1987. It is an affiliate of Habitat for Humanity International (HFHI), an organization with a grassroots structure which is dedicated to eliminating poverty housing from the earth and making poverty housing and homelessness socially and politically unacceptable in the world. The Organization's mission is to help low-income families become homeowners in the Greater Boston area using the Habitat model of volunteer labor, donated materials and charitable contributions to construct housing. Each Habitat family helps build their home by providing at least 300 hours of "sweat equity". When the home is complete, Habitat sells it to the family for an affordable price and provides the family with a no-interest mortgage loan. The Organization is responsible for raising funds for all of its projects, its annual operating budget and for "tithing" 10% of its unrestricted revenues to HFHI projects overseas.

The Organization's program divisions are as follows:

Family services: The Family Service division interacts with applicants for the Habitat homeowner program and assists the Family Selection Committee with the family selection process. It also monitors the "sweat equity" program and conducts a series of education classes on topics relating to homeownership, including budgeting, credit and financial management, condominium associations, home repairs and legal matters. Existing Habitat families with financial problems receive credit counseling and, when appropriate, referrals to other social service programs. The Organization also helps families living in condominium associations communicate effectively with each other so they can manage the association's finances. In addition, the Organization promotes energy efficiency and monitors those Habitat projects where solar energy panels have been installed.

Construction and Sale of Habitat Homes: The Organization builds homes in partnership with low-income families, volunteers, and donors. The division identifies and acquires land for projects, works with architects on the design of homes, and works with lawyers on permitting and real estate documentation. It also obtains permits for projects and functions as a general contractor during construction, including procuring construction materials and managing subcontractors.

ReStore Operations: In 2011 the Organization opened up its Habitat ReStore. The ReStore is a retail business that accepts donations of new and gently-used building materials, furniture, appliances, and housewares and resells them to the general public through a retail store front warehouse. The Habitat ReStore helps to protect the environment by keeping hundreds of tons of material out of our landfills and provides a low-cost outlet for home improvement materials, and making home renovations and improvements more affordable.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets whose use is not subject to donor-imposed stipulations. Contributions are available for unrestricted use unless specifically restricted by the donor.
- *Net assets with donor restrictions* – Net assets that are either available for use, but expendable only for those purposes specified by the donor, or net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

Donor restricted contributions are reported as increases 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 are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Contributions restricted for capital improvements are released to unrestricted revenue at the time funds are expended for the specified improvement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents for the years ended June 30, 2021 and 2020.

Pledges and Other Receivables

Receivables, other than mortgages, are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a charge to expense, based on its assessment of the current status of individual accounts. Bad debt expense for the year ended June 30, 2021 and 2020 was \$0 and \$17,217, respectively.

Promises to Give

Unconditional promises to give are recognized as assets, net of allowances, and as revenue in the period in which the promises are made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk adjusted discount rate. Amortization of the discount is included in contribution revenue.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collection trends that differ from scheduled collections on individual promises. As of June 30, 2021 and 2020, management has determined any allowance would be immaterial.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Mortgage Receivables**

The Organization is a charity engaged in providing homeownership opportunities to low-income families living or working in the Greater Boston area. Upon completion of construction, the home is conveyed to a selected family for an affordable price. The Organization takes back a non-interest bearing note and the note is secured by a first mortgage on the home. The Organization takes a second note, secured by a second mortgage, for the difference between the first note and the home's fair market value as determined by an independent appraisal. The first note receivable is then discounted in accordance with Internal Revenue Code Section 1288. The discounted amount, which represents the underlying mortgage receivable, is recorded at its face value less the calculated discount. The Organization utilizes the rates determined by the applicable long-term Federal Funds rate in effect as of the date of transfer to the homeowner. The mortgages have an original maturity of 20 to 35 years and arise in connection with the Organization's homebuilding initiatives in Greater Boston. These mortgages are secured by the underlying real estate that is located in the Greater Boston area.

The underlying real estate is transferred to the homeowner at fair market value. The fair value of the homes are equal to the related mortgage note balances, and due to the secured creditor status of the Organization all mortgage balances are deemed fully collectible. The Organization believes that no allowance for doubtful accounts is necessary.

**Inventory**

Inventory consists of donated building supplies and other home improvement items to be sold at the Organization's ReStore. Purchased inventory is valued at cost. Donated inventory is calculated using a three-month average of sales. At June 30, 2021 and 2020 inventory was valued at \$289,763 and \$225,047, respectively.

**House Construction in Progress**

Property held for development consists of costs to develop homes for projects located in Massachusetts. Property held for development is recorded on the cost method. Costs associated with the acquisition, development, and construction of property, including property taxes, interest, and associated general and administrative costs are capitalized as a cost of the property, and are reported net of contingent liabilities.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2021 or 2020.

As of June 30, 2021 and 2020, the Organization had 4 properties and 5 properties, respectively, that were held for development.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment purchased by the Organization with unrestricted funds are recorded at cost. Donated property and equipment is recorded at fair value at the date of the gift. Depreciation is provided for in amounts sufficient to amortize the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. When assets are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in the change in net assets. Depreciation expense for the years ending June 30, 2021 and 2020 was \$7,759 and \$7,545, respectively.

**Property and Equipment**

The Organization computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	7 years
Office equipment	5 years
Furniture and equipment	7 years
Vehicle	5 years

**Compensated Absences**

Employees of the Organization are entitled to paid vacation, sick days, and other personal days off, depending on job classification, length of service, and other factors. Any unused vacation days or personal days will not be carried from one calendar year to the next and employees are not entitled to compensation for any accrued but unused vacation or personal days. Unused sick days are cumulative and may be carried from one year to the next up to a maximum of 60 days; however, employees are not entitled to compensation for any accumulated but unused sick leave.

**Revenues and Support Recognition**

**Revenue Recognition**

Effective July 1, 2020, the Organization has adopted Accounting Standards Update (ASU) No. 2014-09: Revenue from Contracts with Customers (Topic 606), as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization delayed initial adoption of ASC 606 in accordance with FASB's notice on April 8, 2020.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Transfer to Homeowners**

Mortgage income includes the annual amortization of the discount for the present time value of money on the primary mortgage and recognition for the release of the contingent mortgage (See Note 7) upon the premature sale by a homeowner.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues and Support Recognition (Continued)**

**Contributions and Contributed Services**

Contributions are recognized as revenue in the period received. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved.

Contributions received with donor-imposed restrictions that will lapse are reported as temporarily restricted revenues when they are received. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as temporarily restricted revenues, and the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as temporarily restricted revenues and expenses at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. A substantial number of volunteers have made significant contributions of their time to the Organization's program of building and rehabbing houses, and other supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, such as design work, legal services, plumbing, HVAC and electrical work are provided by individuals possessing those skills and/or licenses that would otherwise need to be purchased if not provided by donation are recognized as temporarily restricted revenue. Contributions of materials to be used in program operations are reported as revenues and expenses of the temporarily restricted net asset category at the time the materials are received.

**Fundraising and Special Events**

Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received.

**ReStore Sales**

Retail store sales represent merchandise sales of building materials, furniture, appliances, and housewares donated to the Organization. Retail store revenues are recognized when the related goods are sold. The Organization collects sales tax on Restore sales and remits the funds collected to the appropriate taxing authority.

**Advertising**

The Organization expenses advertising costs as they are incurred.

**Income Taxes and Uncertain Tax Positions**

The Organization is exempt from federal and state income taxation under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 830 CMR 63.38T.1 of Massachusetts General Laws. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expenses. The Organization is not a private foundation. Only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal or state income tax. The Organization accounts for income taxes in accordance with income tax accounting guidance in FASB ASC Topic 740, *Income Taxes*. Management is not aware of any transactions that would negatively impact the Organization's tax-exempt status.

See independent auditors' report.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes and Uncertain Tax Positions

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and have measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Organization would be recorded in operating expenses for the year. No interest or penalties from any tax authorities were recorded in the accompanying financial statements.

The Organization's federal tax returns and state reports for the years ended June 30, 2019 through June 30, 2021 (open years) are subject to examination by the Internal Revenue Service and Massachusetts Attorney General's Office.

Fair Value of Financial Instruments

Generally accepted accounting principles establish a framework for measuring fair value.

Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date. Accounting principles require the use of observable market data, when available, in making fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's financial instruments, none of which are held for trading purposes, consist primarily of cash, accounts payable and accrued expenses. The Organization estimates the carrying amount of these financial instruments approximate their fair value recorded in the accompanying financial statements due to their short-term nature.

The carrying amount of the Organization's mortgages receivable and debt generally approximates its fair value at June 30, 2021 and 2020 as the instruments' current interest rate approximates market rates.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed, and which would otherwise have been purchased or performed by the Organization personnel.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Services and Gifts in Kind (Continued)**

In-kind contributed goods and services were recorded as follows:

	<u>2021</u>	<u>2020</u>
Professional fees	\$ 127,221	\$ 61,100
Donated goods - Office equipment	-	4,500
Donated goods - ReStore	<u>1,092,569</u>	<u>849,004</u>
	<u>\$ 1,219,790</u>	<u>\$ 914,604</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific services related to the construction and development of the properties. However, the Organization determined it was not practical to quantify the value of these commercial services.

**Investment in Partnership**

Investments in partnerships or similar entities in which the Organization does not have a controlling financial interest are accounted for as equity method investments.

As of June 30, 2020, the Organization had an investment in NFH Northeast 1 Leverage Lender, LLC (the LLC) which was accounted for under the equity method. Under the equity method, the investment is carried at cost and adjusted for the Organization's share of income, losses, additional investments and cash distributions from the limited liability company. As a member of the LLC, the Organization ceases recognition of losses for financial statement purposes once the cost of the investment is reduced to zero.

Declines in the fair value of the Organization's investment in the LLC below their carrying value that are deemed to be other than temporary are reflected in the statements of operations as an impairment loss. In estimating other than temporary impairment losses, management considers many factors which include: the length of time and the extent to which the fair value has been less than carrying value, the financial condition of the LLC, and the intent and ability of the Organization to retain its investment in the LLC for a period of time sufficient to allow for any anticipated recovery in fair value, as calculated based primarily on remaining tax benefits. There were no impairment losses recognized during the years ended June 30, 2020.

Habitat NMTC is wholly owned by HFHI. On December 31, 2020, Habitat NMTC purchased all of the investor's interest, and the Organization's investment in the partnership ended.. Refer to Note 13 for a more detailed description of this transaction.

**Closing Costs and Fees**

Closing costs and fees related to the New Markets Tax Credit (NMTC) financing, as disclosed in Note 12, are recorded at cost and amortized over the respective life of the related agreements using the straight line method, which approximates the effective interest method for purposes of the closing costs and servicing fees, as follows:

Closing costs and servicing fees	\$122,756	360 months
HGHI guarantor fee	67,877	84 months

Amortization expense amounted to \$101,007 and \$13,789 for the years ended June 30, 2021 and 2020.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 3. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in bank accounts at high quality credit financial institutions. The balances, at times may exceed federally insured limits (FDIC). Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the standard maximum insurance amount was permanently raised to \$250,000. At June 30, 2021 and 2020 Habitat exceeded the FDIC insured limit by approximately \$1,696,000 and \$667,000, respectively. In addition, the financial institution is a Massachusetts chartered Savings Bank that maintains additional insurance through the Depositors Insurance Fund (DIF), a private industry sponsored insurance company. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. The Organization monitors the credit-worthiness of the financial institutions in which it deposits money.

The Organization's concentration of credit risk with respect to mortgages receivable depends on its partner families' ability to repay, which may vary with economic conditions within this geographic area.

**Note 4. PROMISES TO GIVE**

The Organization has received unconditional promises to give related to fundraising events. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received more than a year after June 30, 2021 are recorded at the present value of their future cash flows using a risk adjusted discount rate.

As of June 30, 2021 and 2020, all promises to give were expected to be received in one year and any allowance or discount is expected to be immaterial and has not been recorded.

**Note 5. LOAN RECEIVABLE**

The Organization has a loan receivable from the Quincy Street Condominium Association. The Organization lent the condominium association funds to pay outstanding bills. As of June 30, 2021 the loan receivable balance due totaled \$7,743.

Prior to June 30, 2020, the Organization had loans receivable from a homeowner at the Navarre Street Condominium Association and the Quincy Street Condominium Association totaling \$17,216. As of June 30, 2020, these loans were no longer considered collectible and were written off.

**Note 6. MORTGAGES RECEIVABLE**

Transfers to homeowners represent the sale of houses built by the Organization in exchange for mortgage notes with no interest. As discussed in Note 2 these mortgages are payable over 20 – 35 years and discounted for the present time value of money. Mortgage payments received after 30 days are considered late and subject to the Organization's delinquency policy. Notices of filing of foreclosure will be made if payments are 90 days delinquent, the homeowner is not on a payment plan and has not been granted a grace period. The Organization has a policy of working with homeowners to ensure that accounts are brought up to date and all remedies exhausted before any legal action will commence. At June 30, 2021, the Organization had 58 loans outstanding with a gross value of \$7,093,736 and a discounted value of \$5,177,789. At June 30, 2020 the Organization had 65 loans outstanding with a gross value of \$7,613,762 and a discounted value of \$5,421,257.

During the year ended June 30, 2021, five mortgages with a principal balance of \$1,092,789 and a carrying value of \$799,619 (net of discounts) were sold to First Republic Bank for \$799,619. As a result of the sale, a discount of \$293,170 was released. There was no gain or loss recognized on this transaction, as the purchase price was equal to the carrying value of the mortgages. The transfer of these financial assets meets all of the conditions of a sale per ASC 860, *Transfers and Servicing*.



**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 7. CONTINGENT MORTGAGES RECEIVABLE**

Homeowners who purchase housing through the Organization's program are subject to additional payments should the house be sold before the full term of the mortgage is completed. The remaining payments on the original mortgage would be due at the closing and they would be subject to a second predetermined (contingent) mortgage. Contingent mortgage receivables are not reported in the accompanying financial statements, and their outstanding balances at June 30, 2020 and 2019 totaled \$3,421,813 and \$3,208,876, respectively. The Organization recognized income from second contingent mortgages totaling \$138,500 and \$0 for the years ending June 30, 2021 and 2020, respectively.

**Note 8. RESTRICTED DEPOSITS AND FUNDED RESERVES**

In accordance with the note payable to Habitat for Humanity International ("the FlexCap Note"), the Organization is required to maintain a reserve balance equal to the quarterly payment of interest and principal due under the note payable agreement. As of June 30, 2021 and 2020, the balance was \$2,257 and \$2,110, respectively. During March 2021, the FlexCap Note was paid off in full. As such, the reserve balance was not required at June 30, 2021.

In accordance with the loan and security agreement with Citi NMTC CDE XVI, LLC (CDE), the Organization is required to pay to the lender an annual audit and tax expense fee. The reserve was funded at the time of the NMTC financing closing and additional deposits are not required. During December 2020, the loan was forgiven and as such, there is no reserve required as of June 30, 2021. During the year ended June 30, 2020, fees of \$4,073 were paid and the balance was \$2,034. The balance is included in the audit and tax fee reserve fund on the accompanying statement of financial position.

Similarly, a separate reserve was established to fund the annual audit and tax expense fee of the HFH NMTC Investment Fund, LLC (HFH NMTC). HFH NMTC has a 99.99% interest in CDE. The reserve was funded at the time of the NMTC financing closing and additional deposits are not required. During December 2020, the loan was forgiven and as such, there is no reserve required as of June 30, 2021. During the year ended June 30, 2020, fees of \$4,073 were paid and the balance was \$2,034. The balance is included in the audit and tax fee reserve fund on the accompanying statement of financial position.

**Note 9. LINE OF CREDIT**

The Organization has available a line of credit with Dedham Institute for Savings in the amount of \$500,000 to be drawn upon as needed. The line of credit bears interest at 3% per annum. During the year ended June 30, 2021 the Organization made principal payments on the line of credit that amounted to \$113,688 and interest expense amounted to \$11,239. As of June 30, 2021, the balance outstanding was \$228,050. During the year ended June 30, 2020 the Organization made payments on the line of credit that amounted to \$153,000 and interest expense amounted to \$16,547. As of June 30, 2020, the balance outstanding was \$342,260.

**Note 10. LONG-TERM DEBT**

The Organization has a FlexCap note payable to Habitat for Humanity International (HFHI), in the original amount of \$335,200. The loan pool to affiliates is secured by collateral assignments of mortgages on eight mortgage loans receivable dated June 23, 2011 and amended December 12, 2013. The note bears interest at 3.8% per annum through December 2020, the maturity date, and is payable in quarterly payments of \$13,691. During the years ended June 30, 2021 and 2020, interest expense amounted to \$1,052 and \$2,278, respectively. The loan matured in December 2020, and as of June 30, 2021 and 2020, the principal balance due amounted to \$0 and \$26,996, respectively.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 10. LONG-TERM DEBT (Continued)**

The Organization has a note payable to MassHousing in the original amount of \$600,000. The note is secured by five mortgages conveyed to buyers. The note bears interest at 2.5% per annum and requires monthly payments of principal and interest in the amount of \$4,471. Beginning in May 2020, the Organization entered into a Covid-19 Payment Deferral Agreement with MassHousing, under which principal and interest payments are deferred to the maturity date of the loan. Interest does not accrue on the unpaid principal and interest payments and the forbearance period expires on July 1, 2021. During the years ended June 30, 2021 and 2020, interest expense amounted to \$3,517 and \$3,699, respectively. As of June 30, 2021 and 2020, the principal balance due amounted to \$154,929.

The Organization had a note payable to CDE as part of the NMTC structure described in Note 12, in the original amount of \$2,660,790. The note is secured by collateral assignments of various accounts established as part of the NMTC structure. The note bears interest at 1.03% per annum and requires interest only payments through November 2020. Commencing November 2021, the note is payable in semi-annual payments of \$65,111 through the maturity date, December 2043. Debt covenants on the note include maintaining a debt to asset ratio, not to exceed 95%. On December 31, 2020, Habitat NMTC purchased all of its investor's interest, and as such, this loan was forgiven in its entirety. Habitat NMTC is wholly owned by HFHI. Debt forgiveness of \$736,129 is included in Other income in the accompanying financial statements. Refer to Note 13 for a more detailed description of this transaction. During the years ended June 30, 2021 and 2020, interest expense amounted to \$13,699 and \$27,398, respectively. As of June 30, 2021 and 2020, the principal balance due amounted to \$0 and \$2,660,790, respectively.

On June 26, 2020, the Organization received loan proceeds in the amount of \$149,900 under the COVID-19 Economic Injury Disaster Loan (EIDL) Program. The EIDL, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to help small businesses and other entities overcome the effects of the pandemic by providing borrowers with working capital to meet ordinary and necessary operating expenses. The loans and accrued interest are not forgivable and must be repaid. The note bears interest at 2.75% per annum and has a loan term of 30 years. Payments are deferred for the first 18 months, with principal and interest payments beginning immediately thereafter.

Principal payments due in the next five years and in the aggregate:

2022	\$ 511,309
2023	106,812
2024	3,817
2025	3,923
2026	4,032
Thereafter	<u>132,596</u>
Total	<u>\$ 762,489</u>

**Note 11. OPERATING LEASES**

The Organization occupies office space under a non-cancelable operating lease. The Organization is also liable for its proportionate share of common area expenses and real estate taxes. The original lease agreement expired in January 2020. The lease was renewed in January 2020 with a monthly rent of \$8,000. The new lease agreement expires in July 2022.

The Organization leases additional space, for its ReStore activities, of approximately 21,120 square feet as the lessee under a non-cancelable, operating lease agreement. The original lease term is for ten (10) years with two (2) five (5) year options.

Rent expense for the years ended June 30, 2021 and 2020 was \$441,719 and \$404,311, respectively.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 11. OPERATING LEASES (Continued)**

As of June 30, 2021, future minimum lease payments are as follows:

2022	\$ 391,680
2023	\$ 295,680
2024	\$ 295,680
2025	\$ 295,680
2026	\$ 147,840

**Note 12. NMTC FINANCING**

During 2014, the Organization embarked on a series of transactions with Citibank, HFHI, Habitat for Humanity of Costal Fairfield County, Inc. (HFHCFC) and Patterson Habitat for Humanity, Inc. (PHFH) to effectuate a NMTC structure to assist the construction of Habitat homes in certain low-income neighborhoods. NMTC allows for larger net proceeds than would otherwise be available under classic financing.

The Organization, HFHCFC and PHFH each invested in the LLC to leverage the capital contribution of the investor into a new entity set up for this purpose. The LLC then invested in the CDE. The CDE received allocations of NMTC funds pursuant to Section 45D of the Internal Revenue Code (IRC) in order to assist eligible businesses in making investments in certain low-income communities. The Organization's investment in the LLC effectively avails itself of \$2,454,146 in funds, net of fees and transaction costs, for the construction of Habitat homes in certain Boston neighborhoods.

As of June 30, 2020, the membership interests in the LLC are owned .01% by Habitat NMTC LLC (Habitat NMTC) (managing member), 44.70% by PHFH, 33.93% by the Organization and 21.36% by HFHCFC.

As part of the NMTC transactions, the Organization received cash in the amount of \$538,771 which had to be spent within twelve months on construction costs for the NMTC properties. All funds were spent as of June 30, 2015.

On December 31, 2020, Habitat NMTC purchased all of its investor's interest, and as such, this loan was forgiven in its entirety. Habitat NMTC is wholly owned by HFHI. Debt forgiveness of \$736,129 is included in other income in the accompanying financial statements.

The value of the Organization's investment as of June 30, 2020 amounted to \$1,925,054. The condensed unaudited financial statements of Habitat for Humanity Greater Boston, Inc.'s portion as of June 30, 2021 and 2020 are as follows:

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 12. NMTC FINANCING (Continued)**

Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ -	\$ 2,110
Restricted cash	-	4,068
Mortgage receivable	-	2,810,803
Intangible assets, net	<u>-</u>	<u>4,848</u>
 Total Assets	 <u>\$ -</u>	 <u>\$ 2,821,829</u>
 Liabilities and Net Assets		
Due to affiliate	\$ -	\$ 560,589
Loan payable	<u>-</u>	<u>2,564,631</u>
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 3,125,220</u>
 Unrestricted net assets	 <u>-</u>	 <u>(303,391)</u>
 Total liabilities and net assets	 <u>\$ -</u>	 <u>\$ 2,821,829</u>
 Revenue	\$ 736,129	\$ -
Cost and expenses	<u>114,704</u>	<u>41,187</u>
Net Income (Loss)	<u>\$ 621,425</u>	<u>\$ (41,187)</u>
 Net assets at beginning of period	\$ (303,391)	\$ (262,204)
Deemed contribution of net assets upon POB unwind	1,924,661	-
Distributions to affiliate	<u>(2,242,695)</u>	<u>-</u>
Net assets at end of period	<u>\$ -</u>	<u>\$ (303,391)</u>

**Note 13. CONTRIBUTION TO HABITAT FOR HUMANITY INTERNATIONAL, INC.**

Habitat for Humanity International, Inc. has a suggested 10% tithing based on internal calculations for unrestricted funds, however, there is no penalty for tithing less than this amount. This amount is used for Habitat for Humanity International's worldwide housing programs. For the years ended June 30, 2021 and 2020 contributions to Habitat for Humanity International, Inc. amounted to \$87,211 and \$6,631, respectively.

HFHI entered into a tax credit and indemnity agreement dated December 30, 2013 with Citibank, N.A. HFHI has guaranteed the delivery of the NMTC and the achievement of an annual internal rate of return of 8.79%. In addition, HFHI has entered into a servicing agreement with Citi NMTC Subsidiary CDE XVI, LLC dated December 30, 2013. In connection with these agreements, the Organization prepaid the service fee due to HFHI. For the years ending June 30, 2021 and 2020, \$4,848 and \$9,697 was incurred, respectively.

As described in Note 10, the Organization had a note payable to HFHI. As of June 30, 2021 and 2020, the principal balance due amounted to \$0 and \$26,996, respectively.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 14. TAX DEFERRED ANNUITY PLAN**

The Organization maintains a tax-deferred qualified annuity plan under Section 403(b) of the Internal Revenue Code (IRC). The plan covers any employees electing to participate and is entirely funded with employee contributions up to the maximum amount allowed by the IRC. During the years ended June 30, 2021 and 2020, expenses incurred in connection with the plan were immaterial.

**Note 15. RESTORE PROGRAM**

The Organization established its ReStore in January 2011. The ReStore is set-up to receive donated goods such as building materials and household items that would otherwise be destined for landfills. The Organization stores and sells these goods to the public at discount prices. This raises money for the Organization's programs and makes discounted materials available for the public. The store received approximately \$1,092,569 and \$849,004 in donated materials and goods during the years ended June 30, 2021 and 2020. For the year ended June 30, 2021 the ReStore Program generated \$1,092,569 of revenues with associated costs of \$956,183. This resulted in net income of \$136,386 on ReStore activities. For the year ended June 30, 2020 the ReStore Program generated \$849,004 of revenues with associated costs of \$926,991. This resulted in a net loss of \$77,987 on ReStore activities.

**Note 16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,949,731	\$ 878,712
Mortgage notes receivable, current portion	<u>299,053</u>	<u>117,782</u>
Total financial assets and liquidity resources available within one year	<u>2,248,784</u>	<u>996,494</u>

**Note 17. GAIN ON FORECLOSED HOME**

In September 2020, the Organization repossessed a unit with a carrying book value of \$154,133. The Organization subsequently sold this property in October 2020 for \$246,600, recognizing a gain of \$92,467.

**Note 18. OTHER SIGNIFICANT MATTERS**

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization has declared the outbreak a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent of the operational and financial impact that COVID-19 may have on the Organization depends on certain developments, which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's future financial condition or results of operations is uncertain.

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 18. OTHER SIGNIFICANT MATTERS (Continued)**

On April 4, 2020, the Organization received loan proceeds in the amount of \$250,857 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses or non-profits for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business or non-profit organization. The loans and accrued interest are forgivable after a prescribed period as long as the borrower uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, utilities, while also maintaining its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the prescribed period.

On March 4, 2021, the Organization was notified by the Small Business Administration that its entire loan proceeds in the amount of \$250,857 received under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), was considered forgiven. This amount is classified as Other Income in the accompanying Statement of Activities and Changes in Net Assets.

On February 24, 2021, the Organization received additional loan proceeds in the amount of \$229,610 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses or non-profits for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business or non-profit organization. The loans and accrued interest are forgivable after a prescribed period as long as the borrower uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, utilities, while also maintaining its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the prescribed period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the entire loan amount for qualifying expenses and expects it to be forgiven in its entirety (see Note 19 below).

**Note 19. SUBSEQUENT EVENTS**

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2021 through February 9, 2022, the date the financial statements were first available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements; however, the following event was deemed to be significant as to require disclosure.

On January 14, 2022, the Organization was notified by the Small Business Administration that its entire loan proceeds in the amount of \$229,610, received under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), was considered forgiven.