

**HABITAT FOR HUMANITY
GREATER BOSTON, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED JUNE 30, 2022 AND 2021

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

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HABITAT FOR HUMANITY GREATER BOSTON, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HABITAT FOR HUMANITY GREATER BOSTON, INC. 's ability to continue as a going concern for a reasonable period of time.

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

Cain, Bourret, Jarry & Cressman LLC

Dracut, Massachusetts

May 4, 2023

HABITAT FOR HUMANITY GREATER BOSTON, INC.**STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2022 AND 2021****ASSETS**

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,430,141	\$ 1,947,474
Cash - New Markets Tax Credit (NMTC)	-	2,257
Promises to give	22,747	158,583
Housing - land and construction in progress	1,305,082	1,512,085
Inventory - Restore	304,144	289,763
Prepaid expenses	13,981	-
Current portion of mortgages receivable	277,320	299,053
Total Current Assets	<u>4,353,415</u>	<u>4,209,215</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	49,714	49,714
Office equipment	8,074	35,831
Furniture and fixtures	-	23,070
Solar panels	35,566	-
Vehicles	-	22,500
Less: accumulated depreciation	(39,254)	(105,922)
Net Property and Equipment	<u>54,100</u>	<u>25,193</u>
OTHER ASSETS		
Loan receivable	75,757	7,743
Mortgages receivable, net of current portion	4,301,637	4,878,736
Security deposits	60,628	60,628
Total Other Assets	<u>4,438,022</u>	<u>4,947,107</u>
TOTAL ASSETS	<u>\$ 8,845,537</u>	<u>\$ 9,181,515</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ -	\$ 228,050
Accounts payable and accrued expenses	276,335	235,051
Agency accounts	9,823	4,861
Deferred rent	42,367	-
Economic Injury Disaster (EIDL) Loan, current portion	3,713	-
Massachusetts Housing Finance Authority loan, current portion	102,335	51,830
Payroll Protection Program Loan (PPP)	-	229,610
Total Current Liabilities	<u>434,573</u>	<u>749,402</u>
LONG-TERM LIABILITIES		
Economic Injury Disaster (EIDL) Loan, net of current portion	146,187	149,900
Massachusetts Housing Finance Authority loan, net of current portion	-	103,099
Total Long-Term Liabilities	<u>146,187</u>	<u>252,999</u>
TOTAL LIABILITIES	580,760	1,002,401
NET ASSETS		
Without donor restrictions	<u>8,264,777</u>	<u>8,179,114</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,845,537</u>	<u>\$ 9,181,515</u>

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	<u>Without Donor</u>	<u>With Donor</u>	<u>2022</u>	<u>2021</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
SUPPORT AND REVENUES				
Support				
Contributions	\$ 1,290,559	\$ 28,195	\$ 1,318,754	\$ 1,054,837
Grants	96,711	167,503	264,214	239,959
Contributed nonfinancial assets:				
ReStore	1,147,091		1,147,091	1,092,570
Other	176,271	-	176,271	127,220
Special events, net	274,461	-	274,461	309,413
ReStore revenue	1,147,091	-	1,147,091	1,092,569
Net assets released from restrictions				
Satisfaction of program/donor restrictions	195,698	(195,698)	-	-
Total support	4,327,882	-	4,327,882	3,916,568
Revenues				
Sale of homes	809,350	-	809,350	1,435,100
Gain on sale of property	-	-	-	92,467
Loss on disposal of fixed asset	(3,214)	-	(3,214)	-
Mortgage discount amortization	270,393	-	270,393	229,884
Miscellaneous income	10,023	-	10,023	9,812
Other income (POB debt forgiveness)	-	-	-	736,129
Other income (PPP forgiveness)	231,651	-	231,651	250,857
Interest income	1,613	-	1,613	9,997
Total revenues	1,319,816	-	1,319,816	2,764,246
TOTAL SUPPORT AND REVENUES	5,647,698	-	5,647,698	6,680,814
FUNCTIONAL EXPENSES				
Program service expenses - family services	420,418	-	420,418	398,453
Program service expenses - pre/post conveyance	2,159,857	-	2,159,857	2,418,422
Program service expenses - ReStore	2,238,388	-	2,238,388	2,007,416
General and administrative	243,676	-	243,676	173,087
Fundraising expenses	499,696	-	499,696	481,597
TOTAL FUNCTIONAL EXPENSES	5,562,035	-	5,562,035	5,478,974
CHANGES IN NET ASSETS	85,663	-	85,663	1,201,840
NET ASSETS, BEGINNING OF YEAR	8,179,114	-	8,179,114	6,977,274
NET ASSETS, END OF YEAR	\$ 8,264,777	\$ -	\$ 8,264,777	\$ 8,179,114

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, 2022

	2022						
	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	\$ 123,438	513,969	\$ 396,107	\$ 1,033,514	\$ 121,969	\$ 326,891	\$ 1,482,374
Payroll taxes	10,224	41,419	31,637	83,280	9,601	26,473	119,354
Benefits	14,665	55,442	50,450	120,557	21,247	31,434	173,238
Salaries and related expenses	148,327	610,830	478,194	1,237,351	152,817	384,798	1,774,966
Advertising	133	52	1,672	1,857	2,060	293	4,210
Americorps	-	19,288	-	19,288	-	-	19,288
Applicant costs	7,236	-	-	7,236	-	-	7,236
Bank charges	-	-	29,404	29,404	8,996	-	38,400
Conferences	9,525	-	-	9,525	-	-	9,525
Consultants	4,577	61,500	-	66,077	3,033	32,755	101,865
Cost of goods sold	-	-	24,326	24,326	-	-	24,326
Cost of homes sold	-	997,584	-	997,584	-	-	997,584
Depreciation	-	9,235	-	9,235	-	-	9,235
Dues, fees and subscriptions	-	26,000	-	26,000	-	-	26,000
Equipment rental	-	10,576	8,124	18,700	-	-	18,700
Insurance	-	22,291	-	22,291	11,711	-	34,002
Interest	-	8,939	-	8,939	-	-	8,939
Mortgage discount expense	-	138,160	-	138,160	-	-	138,160
Office expenses and supplies	1,538	7,880	1,002	10,420	8,660	2,728	21,808
Payroll services	2,616	-	968	3,584	-	-	3,584
Postage	512	460	-	972	642	4,378	5,992
Printing	396	-	(1,416)	(1,020)	-	11,023	10,003
Professional fees	24,939	24,939	24,245	74,123	24,939	-	99,062
Real estate taxes	-	5,591	-	5,591	-	-	5,591
Rent	35,161	40,624	417,346	493,131	20,448	47,109	560,688
Repairs and maintenance	-	19,196	547	19,743	-	-	19,743
Site cleaning and disposal	-	18,713	54,678	73,391	-	-	73,391
Tithe expenses	-	100,000	-	100,000	-	-	100,000
Truck expenses	-	104	20,290	20,394	-	-	20,394
Telephone and information technology	7,621	18,318	7,267	33,206	4,890	13,625	51,721
Travel	304	16,815	3,871	20,990	4,385	681	26,056
Utilities	1,912	2,762	35,160	39,834	1,095	2,306	43,235
	<u>\$ 244,797</u>	<u>2,159,857</u>	<u>\$ 1,105,678</u>	<u>\$ 3,510,332</u>	<u>\$ 243,676</u>	<u>\$ 499,696</u>	<u>\$ 4,253,704</u>
Donated services and goods:							
ReStore gifts in-kind	-	-	1,132,710	1,132,710	-	-	1,132,710
Professional fees	175,621	-	-	175,621	-	-	175,621
	<u>175,621</u>	<u>-</u>	<u>1,132,710</u>	<u>1,308,331</u>	<u>-</u>	<u>-</u>	<u>1,308,331</u>
Total	<u>\$ 420,418</u>	<u>2,159,857</u>	<u>\$ 2,238,388</u>	<u>\$ 4,818,663</u>	<u>\$ 243,676</u>	<u>\$ 499,696</u>	<u>\$ 5,562,035</u>

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>

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 85,663	\$ 1,201,840
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,235	7,759
Amortization	-	101,007
Loss on disposal of fixed asset	3,214	-
Mortgage amortization income	(270,393)	(229,884)
Imputed interest expense	138,160	247,912
POB debt forgiven	-	(736,129)
Payroll Protection Plan (PPP) Loan Forgiven	(231,651)	(250,857)
Sale of mortgages	758,326	799,619
Sale of housing and property financed with mortgage receivable, net of cost	272,834	(133,002)
Decrease (increase) in assets:		
Promises to give	135,836	90,625
Inventory - Restore	(14,381)	(64,716)
Prepaid expenses and other current assets	(13,981)	-
Flexcap Note reserve	-	13,720
Loan receivable	(68,014)	(7,743)
Audit and tax fee reserve fund	-	4,069
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	41,284	(58,321)
Agency accounts	4,962	(4,728)
Deferred rent	42,367	-
Net Cash Provided (Used) by Operating Activities	893,461	981,171
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(32,133)	-
Construction of housing and improvements	(790,581)	(567,237)
Cash received from mortgage notes receivable	692,564	568,534
Net Cash Provided (Used) in Investing Activities	(130,150)	1,297
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(280,644)	(141,206)
Proceeds from Payroll Protection Plan (PPP) Loan	-	229,610
Net Cash Provided by Financing Activities	(280,644)	88,404
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	482,667	1,070,872
CASH AND CASH EQUIVALENTS - BEGINNING	1,947,474	876,602
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,430,141	\$ 1,947,474
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ 8,939	\$ 25,546

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2022

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, 2022 AND 2021

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, 2022 and 2021.

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. There was no bad debt expense for the years ended June 30, 2022 or 2021.

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, 2022 and 2021, management has determined that any allowance would be immaterial.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable

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. The Organization believes that the inventory of donated goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. Accordingly, donated inventory is valued at zero prior to being offered for sale. At the end of its fiscal year, the Organization estimates the value of donated goods on hand and records the amount as merchandise inventory with corresponding adjustments to cost of sales using a three-month average of sales.

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 2022 or 2021.

As of June 30, 2022 and 2021, the Organization had 5 properties and 7 properties, respectively, that were held for development.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

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, 2022 and 2021 was \$9,235 and \$7,759, 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
Solar panels	30 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 (Accounting Standards Codification 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, 2022 AND 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Support Recognition (Continued)

Contributions and Contributed Services

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

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 nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. The Organization adopted FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 953) for the fiscal year ending June 30, 2022, and the required expanded disclosures are included in Note 11.

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.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2020 through June 30, 2022 (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, 2022 and 2021 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.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

In September 2020, FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 953). ASU 2020-07 was issued in order to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for nonprofit organizations. ASU 2020-07 does not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements. The ASU is effective for annual periods beginning after June 15, 2021 and has been adopted by the Organization for fiscal year ending June 30, 2022.

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, 2022 and 2021 Habitat exceeded the FDIC insured limit by approximately \$2,179,000 and \$1,696,000, respectively. However, 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, 2022 and 2021, 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 several loans receivable from condominium associations as the Organization lent the condominium associations funds to pay outstanding bills and repair costs. As of June 30, 2022 and 2021 the loan receivable balances due totaled \$75,757 and \$7,743, respectively.

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, 2022, the Organization had 49 loans outstanding with a gross value of \$6,176,425 and a discounted value of \$4,578,957. 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.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 6. MORTGAGES RECEIVABLE (Continued)

During the year ended June 30, 2022, seven mortgages with a principal balance of \$947,033 and a carrying value of \$758,326 (net of discounts) were sold to First Republic Bank for \$758,326. As a result of the sale, a discount of \$188,707 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*.

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*.

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, 2022 and 2021 totaled \$3,814,759 and \$3,421,813, respectively. The Organization recognized income from second contingent mortgages totaling \$84,600 and \$138,500 for the years ending June 30, 2022 and 2021, respectively, and these amounts are included in sale of homes revenue in the accompanying financial statements.

Note 8. RESTRICTED DEPOSITS AND FUNDED RESERVES

In accordance with the note payable to Habitat for Humanity International ("the FlexCap Note"), the Organization was 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, the balance was \$2,257. During March 2021, the FlexCap Note was paid off in full. As such, the reserve balance was not required at June 30, 2022.

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 4.25% per annum. During the years ended June 30, 2022 and 2021 the Organization made principal payments on the line of credit that amounted to \$228,050 and \$113,688, respectively, and interest expense amounted to \$4,576 and \$11,239, respectively. As of June 30, 2022 and 2021, the balance outstanding was \$0 and \$228,050, respectively.

Note 10. LONG-TERM DEBT

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 and expiring on July 1, 2021, 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 during the forbearance period. During the years ended June 30, 2022 and 2021, interest expense amounted to \$2,242 and \$3,517, respectively. As of June 30, 2022 and 2021, the principal balance due amounted to \$102,335 and \$154,929, respectively.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 10. LONG-TERM DEBT (Continued)

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 30 months, with principal and interest payments beginning immediately thereafter.

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

2023	\$ 106,048
2024	3,817
2025	3,923
2026	4,032
2027	4,145
Thereafter	<u>130,270</u>
Total	<u>\$ 252,235</u>

Note 11. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets included in the financial statements are as follows:

	<u>2022</u>	<u>2021</u>
Professional fees	\$ 175,621	\$ 127,221
Donated supplies	650	-
Donated goods - ReStore	<u>1,147,091</u>	<u>1,092,569</u>
	<u>\$ 1,323,362</u>	<u>\$ 1,219,790</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. All gifts-in-kind were utilized by the Organization in its normal course of business for the year ended June 30, 2022.

During the year ending June 30, 2022, the Organization received donations for professional legal fees. The Organization recorded a corresponding revenue and expense for these services within these financial statements.

During the year ending June 30, 2022, the Organization received donated supplies with an estimated fair value of \$650 and the Organization recorded a corresponding revenue and expense for these supplies.

The Organization receives donated items to be sold at its Restore locations. Donated ReStore goods are valued at the gross selling price received, and a corresponding in-kind expense is recorded in the statement of functional expenses.

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.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 12. OPERATING LEASES

The Organization occupies office space at Commercial Street in Boston 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 signed a new operating lease for office space at Massachusetts Avenue in Boston with a lease commencement date of April 1, 2022 and a rent commencement date of July 1, 2022. The lease is for a term of five years and terminates on July 31, 2027. The Organization accounts for rent expense on a straight-line basis over the term of the lease.

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. The original lease expires in July 2026.

Rent expense for the years ended June 30, 2022 and 2021 was \$560,688 and \$441,719, respectively.

As of June 30, 2022, future minimum lease payments are as follows:

2023	\$ 492,572
2024	489,656
2025	494,740
2026	499,824
2027	188,108

Note 13. NMTC FINANCING

During 2014, the Organization embarked on a series of transactions with Citibank, HFHI, Habitat for Humanity of Coastal Fairfield County, Inc. (HFHCFC) and Patterson Habitat for Humanity, Inc. (PHFH) to effectuate a New Markets Tax Credit (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 Citi NMTC CDE XVI, LLC (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 availed 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 last fiscal year-end that the Organization had an ownership interest), 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 condensed unaudited financial statements of Habitat for Humanity Greater Boston, Inc.'s portion as of June 30, 2021 were as follows:

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 13. NMTC FINANCING (Continued)

	<u>2021</u>
Revenue	\$ 736,129
Cost and expenses	<u>114,704</u>
Net Income (Loss)	<u><u>\$ 621,425</u></u>
Net assets at beginning of period	\$ (303,391)
Deemed contribution of net assets upon POB unwind	1,924,661
Distributions to affiliate	<u>(2,242,695)</u>
Net assets at end of period	<u><u>\$ -</u></u>

Note 14. 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, 2022 and 2021 contributions to Habitat for Humanity International, Inc. amounted to \$100,000 and \$87,211, respectively.

Note 15. 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, 2022 and 2021, expenses incurred in connection with the plan were immaterial.

Note 16. 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 \$1,147,091 and \$1,092,570 in donated materials and goods during the years ended June 30, 2022 and 2021. For the year ended June 30, 2022 the ReStore Program generated \$1,147,091 of revenues with associated costs of \$1,105,678. This resulted in net income of \$41,413 on ReStore activities. For the year ended June 30, 2021 the ReStore Program generated \$1,092,570 of revenues with associated costs of \$979,562. This resulted in net income of \$113,008 on ReStore activities.

Note 17. 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.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 17. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,430,139	\$ 1,947,474
Mortgage notes receivable, current portion	<u>277,320</u>	<u>299,053</u>
 Total financial assets and liquidity resources available within one year	 <u>\$ 2,707,459</u>	 <u>\$ 2,246,527</u>

Note 18. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors. For the years ended June 30, 2022 and 2021, all donor-restricted contributions and releases from donor restrictions were for the purposes of specified home builds.

Note 19. 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 for the year ended June 30, 2021.

Note 20. 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 was expected to be temporary, there is still 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.

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").

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. This amount, along with \$2,041 in forgiven interest expense, is classified as Other Income in the accompanying Statement of Activities and Changes in Net Assets.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

Note 21. COVID-19 PAYROLL TAX CREDITS

The CARES Act provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Company qualified for the tax credit for the second quarter of 2020 under the CARES Act. For the fiscal year ended June 30, 2022, the Company received \$81,351 and this amount is included in grants revenue in the accompanying financial statements.

Note 22. SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2022 through May 4, 2023, 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.