HABITAT FOR HUMANITY BUFFALO, INC.

Financial Statements
as of June 30, 2021
Together with
Independent Auditor's Report

RDG + Partners
ACCOUNTING & CPA SERVICES

RDG + Partners
ACCOUNTING & CPA SERVICES

INDEPENDENT AUDITOR'S REPORT

January 26, 2022

To the Board of Directors of
Habitat for Humanity Buffalo, Inc.:

We have audited the accompanying financial statements of Habitat for Humanity Buffalo, Inc. (a New York non-profit corporation), which comprise the balance sheet as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity Buffalo, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Habitat for Humanity Buffalo, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RDG+Partners CPAs PLLC

Rochester, New York

HABITAT FOR HUMANITY BUFFALO, INC.

BALANCE SHEET
JUNE 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash:		
Operating	$ 1,022,739	$ 552,703
Restricted cash	32,246	40,241
Total cash, cash equivalents and restricted cash	1,054,985	592,944
Grants receivable	320,700	108,700
Current portion of mortgages receivable, net of discount	161,582	154,948
Pledges receivable	56,250	31,250
Employee Retention Credit receivable	112,835	-
Other receivables	70,593	20,132
Prepaid expenses and other current assets	11,832	18,752
Total current assets	1,788,777	926,726
PROPERTY AND EQUIPMENT, net	389,631	420,342
INVESTMENTS	321,297	264,617
OTHER ASSETS:		
Mortgages receivable, net of current portion and discount	2,865,442	2,868,005
Homes available for sale, net	1,288,106	2,161,495
Construction in progress	1,153,959	719,754
Total other assets	5,307,507	5,749,254
	$ 7,807,212	$ 7,360,939
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 22,454	$ 21,543
Current portion of capital lease obligations	7,446	6,757
Accounts payable and accrued expenses	280,501	135,429
Other current liabilities	32,246	40,241
Total current liabilities	342,647	203,970
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	157,696	181,562
Capital lease obligations, net of current portion	500	8,099
Paycheck protection program loans	462,867	228,500
Total long-term liabilities	621,063	418,161
Total liabilities	963,710	622,131
NET ASSETS:		
Without donor restriction	6,798,502	6,554,808
With donor restriction	45,000	184,000
Total net assets	6,843,502	6,738,808
	$ 7,807,212	$ 7,360,939

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY BUFFALO, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	2021			
	Without Donor Restriction	With Donor Restriction	Total	**2020**
SUPPORT:				
Fundraising, donations and sponsorships	$ 808,424	$ 55,000	$ 863,424	$ 988,032
Grant income	514,608	-	514,608	469,558
Contributed homes and properties	735	-	735	20,000
Contributed materials and services	69,578	-	69,578	34,286
Employee Retention Credit	112,835	-	112,835	-
Net assets released from restriction	194,000	(194,000)	-	-
Total support	1,700,180	(139,000)	1,561,180	1,511,876
REVENUES:				
Sale of homes	2,000,172	-	2,000,172	417,000
Gain on sale of mortgages	277,080	-	277,080	231,996
Mortgage discount amortization	342,322	-	342,322	314,775
ReStore income	650,397	-	650,397	665,842
Investment income	56,946	-	56,946	5,383
Insurance proceeds, net	-	-	-	39,497
Loss on disposal of property and equipment	-	-	-	(2,038)
Rental income	45,775	-	45,775	29,496
Critical home repair	32,807	-	32,807	18,011
Miscellaneous income	20,660	-	20,660	31,233
Total revenues	3,426,159	-	3,426,159	1,751,195
Total support and revenue	5,126,339	(139,000)	4,987,339	3,263,071
EXPENSES:				
Cost of homes sold	2,073,520	-	2,073,520	469,001
Discount on mortgages receivable	800,670	-	800,670	270,526
Change in discount on homes available for sale	163,974	-	163,974	158,974
Program services:				
ReStore	503,254	-	503,254	535,794
Construction overhead and other	813,487	-	813,487	806,249
General and administrative	297,820	-	297,820	226,902
Fundraising	229,920	-	229,920	203,285
Total expenses	4,882,645	-	4,882,645	2,670,731
CHANGE IN NET ASSETS	243,694	(139,000)	104,694	592,340
NET ASSETS - beginning of year	6,554,808	184,000	6,738,808	6,146,468
NET ASSETS - end of year	$ 6,798,502	$ 45,000	$ 6,843,502	$ 6,738,808

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY BUFFALO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	2021						
	Program						
	ReStore	Construction Overhead and Other	Total	General and Administrative	Fundraising	Total	**2020**
Salaries	$ 251,167	$ 410,982	$ 662,149	$ 130,465	$ 156,358	$ 948,972	$ 876,510
Employee benefits	28,871	50,870	79,741	65,251	14,551	159,543	98,799
Occupancy	66,676	12,001	78,677	9,202	-	87,879	81,856
Insurance	13,905	65,848	79,753	1,005	1,562	82,320	81,779
Payroll taxes	24,983	30,534	55,517	11,883	14,121	81,521	76,080
Habitat International - tithe and fees	-	75,828	75,828	-	-	75,828	66,023
Auto	26,194	31,938	58,132	-	-	58,132	34,473
Professional fees	5,836	19,485	25,321	21,540	6,890	53,751	77,197
Small tools and supplies	7,682	29,839	37,521	12,540	1,689	51,750	42,981
Home repairs	-	50,773	50,773	-	-	50,773	89,842
Telephone and internet	11,653	11,669	23,322	11,391	5,243	39,956	43,741
Depreciation and amortization	20,015	9,216	29,231	11,600	-	40,831	49,145
Promotion and public relations	26,976	976	27,952	4,314	2,746	35,012	14,550
Fundraising events	-	-	-	810	21,630	22,440	22,205
Bank charges	6,317	1,191	7,508	2,342	1,402	11,252	13,013
Interest	5,509	-	5,509	3,620	-	9,129	18,419
Purchased materials for resale	5,424	2,938	8,362	-	-	8,362	41,905
Training and education	288	3,348	3,636	4,422	-	8,058	6,920
Volunteer coordination	139	213	352	1,888	3,483	5,723	6,135
Dues and subscriptions	-	-	-	2,560	245	2,805	4,502
Mortgage outsourcing fees	-	1,597	1,597	-	-	1,597	5,538
Miscellaneous	1,619	4,241	5,860	2,987	-	8,847	20,617
	$ 503,254	$ 813,487	$ 1,316,741	$ 297,820	$ 229,920	$ 1,844,481	$ 1,772,230

The accompanying notes are an integral part of these financial statements.

HABITAT FOR HUMANITY BUFFALO, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 104,694	$ 592,340
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	40,831	49,145
Amortization of closing costs	998	999
Discount on mortgages receivable	800,670	270,526
Amortization of discount on mortgages receivable	(342,322)	(314,775)
Gain on sale of mortgages	(277,080)	(231,996)
Contributed homes and properties	(735)	(20,000)
Contributed materials and services	(69,578)	(34,286)
Change in discount on homes available for sale	163,974	158,974
Change in discount on note payable	1,238	617
Unrealized loss (gain) on investments	(46,570)	2,624
Loss on disposal of property and equipment	-	2,038
Change in operating assets and liabilities:		
Grants receivable	(212,000)	(1,400)
Mortgages receivable	(185,339)	606,130
Pledges receivable	(25,000)	(31,250)
Employee Retention Credit receivable	(112,835)	-
Other receivables	(50,461)	38,995
Prepaid expenses and other current assets	6,920	33,731
Homes available for sale	779,728	(912,670)
Construction in progress	(434,205)	(101,952)
Accounts payable and accrued expenses	145,072	(117,355)
Other current liabilities	(7,995)	11,142
Net cash flow from operating activities	280,005	1,577
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(10,120)	27,931
Purchases of investments	(80,226)	(40,299)
Sales of investments	70,116	33,557
Net cash flow from investing activities	(20,230)	21,189
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments on line-of-credit, net	-	(70,000)
Repayments of long-term debt	(25,191)	(19,401)
Repayments of capital lease obligations	(6,910)	(41,644)
Receipt of Paycheck Protection Program loans	234,367	228,500
Net cash flow from financing activities	202,266	97,455
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	462,041	120,221
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	592,944	472,723
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - end of year	$ 1,054,985	$ 592,944
NON-CASH INVESTING AND FINANCING ACTIVITES:		
Capital assets financed with capital lease	$ -	$ 56,500
Forgiveness of capital lease obligation	$ -	$ 27,962

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

Habitat for Humanity Buffalo, Inc. (the Organization) is a non-profit corporation formed as an affiliate of Habitat for Humanity International (Habitat International). The Organization is an ecumenical Christian housing organization that works in partnership with people in need to build and renovate decent, affordable housing in Erie County, New York. This is accomplished by working with these people to build or rehabilitate homes and subsequently providing non-interest-bearing mortgages on these residences.

Homeowner families are selected based on their level of need, willingness to work, acceptance of responsibilities and ability to repay their mortgage. The houses are sold to pre-qualified families under mortgage agreements that bear no interest. Homeowners and volunteers build the houses under trained supervision. Families must complete 500 hours of "sweat equity," which includes attending workshops, working at the Organization's ReStore, and educational achievement. Veteran's Build families must complete 300 hours of "sweat equity."

The Organization operates two Restore locations where they sell new and gently used household items. Proceeds from the sale of goods go directly towards building more houses for low income families in Buffalo, New York.

The Organization is financed by private cash donations from individuals, community groups, corporations, charities, foundations, schools, and religious organizations, as well as grants from public entities. They also receive contributions of construction materials, household items, land, homes, and volunteer labor and professional services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting -

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Comparative Information -

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Restricted Cash -

The Organization's cash, cash equivalents and restricted cash consist of bank deposit and money market accounts. These accounts may, at times, exceed federally insured limits. Restricted cash is held in cash accounts and is to be used for future building operations and collections for mortgage receivables. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Net Asset Classification -

At June 30, 2021 and 2020, the Organization reported net assets as follows:

- Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Construction in Progress -

Construction in progress consists of homes and other real estate owned by the Organization that are either currently under construction or renovation, or soon will be. These homes are valued at the lower of cost or anticipated sales price, with the discount reserve being the difference between the total costs and the anticipated sales price. No reserve was determined to be necessary on construction in progress at either June 30, 2021 or 2020.

Grants Receivable -

Grants receivable consists of amounts awarded by Federal and New York State agencies to the Organization to assist in subsidizing the cost of homebuilding. Grant revenue is earned by the Organization upon the completion of applicable grant related projects. As of June 30, 2021 and 2020 there was $320,700 and $108,700, respectively, of grant revenue earned that had not been received by the Organization as of year-end. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Organization considers the grants fully collectible, therefore no allowance was considered necessary at either June 30, 2021 or 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Homes Available for Sale -

Homes available for sale consist of homes owned by the Organization that are valued at the lower of cost or anticipated sales price, with the discount reserve being the difference between the total costs and the anticipated sales price. As of the balance sheet date, these homes are either awaiting closing or the current tenants are in a probationary period prior to being eligible for ownership. The discount on homes available for sale was $142,220 and $306,194 at June 30, 2021 and 2020, respectively.

Mortgages Receivable -

In accordance with instructions from Habitat for Humanity International, Inc., the Organization does not charge interest on the mortgages on houses sold to homeowners. The Organization records the mortgages at the present value of the note payments to be received in the future. Imputed rates of interest that are used in computing the discount vary between 7.23% and 9.00% depending on the origination date of the mortgage and are provided to the Organization by Habitat for Humanity International on an annual basis. The difference between the face amount of the mortgage and its present value is accounted for as a discount and charged to expense in the initial year of the mortgage. The discount is then amortized over the life of the mortgage using the straight-line method and is reported as mortgage discount amortization revenue in the statement of activities and change in net assets.

Revenue Recognition - Exchange Transactions -

Revenues are recognized when control of the promised goods or services are transferred to the Organization’s customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. To do this, the Organization performs the following five steps as outlined in ASC 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Organization satisfies a performance obligation.

Revenue Types -

Sale of Homes – The Organization builds and sells houses to low-income individuals. Such revenues are recognized at the date of closing for the house as this is the point in time the Organization has determined to satisfy their performance obligation.

ReStore – The Organization sells various donated and purchased goods to individuals through their ReStore location. Such revenues are recognized at the date of sale as this is the point in time the Organization has determined to satisfy their performance obligation.

Sale of Mortgages – The Organization sells existing mortgages to a third-party bank. Such revenues are recognized at the date of sale as this is the point in time the Organization has determined to satisfy their performance obligation.

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

Revenue Recognition - Exchange Transactions (Continued) -

Revenue Types (Continued) -

Critical Home Repair Program – The Organization performs home repairs for individuals and other organizations in the community. Such revenues are recognized at the date of sale as this is the point in time the Organization has determined to satisfy their performance obligation.

Significant Judgments –

Determining whether variable consideration (if applicable) should be reflected in the contract's transaction price may require judgment as to the probability that a significant reversal of such consideration will not occur when the variable consideration is resolved.

Practical Expedients –

The Organization has applied certain practical expedients in its adoption and application of ASC 606, as follows:

- The Organization does not evaluate a contract for a significant financing component if payment is expected to be received within one year or less from the transfer of the promised services to the client.

- The Organization generally expenses costs incurred to obtain a contract when the amortization period would have been one year or less.

Sales and Use Tax –

At times, the Company collects and remits sales and use taxes. These taxes are reported on a net basis in the accompanying statements of activities, and therefore do not impact reported amounts of revenue and expenses.

Other Support and Revenue -

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, otherwise presented as pledges receivable on the accompanying balance sheet, are not recognized until the conditions on which they depend have been substantially met. Contributions that are expected to be received in future years are recorded at their present value. Contributions are recorded as unrestricted unless they are subject to donor restrictions or are required to be used or expected to be received in future years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Support and Revenue (Continued) -

Grant income that does not meet the criteria of an exchange transaction is recognized under the criteria described above for contributions. Grantors may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the Organization with the terms of the grants and contracts. The Organization records such amendments, reimbursement, and return of funds as an adjustment to revenue in the year of the amendment. No such changes occurred during the years ended June 30, 2021 and 2020.

Investments -

The Organization's investments consist of money market, equities and mutual funds. The Organization’s investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

All of the Organization’s investments are measured at fair value on a recurring basis utilizing level one inputs, as defined in the fair value measurement section of Note 2.

Property and Equipment -

It is the Organization’s policy to capitalize property and equipment over $1,000. Purchased property and equipment is stated at cost and depreciated using the straight-line method of respective assets. The assets are depreciated over their estimated useful lives, ranging from five to thirty-nine years. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Functional Allocation of Expenses -

The costs of program, fundraising and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort, square footage used, or other reasonable basis for allocation.

Events Occurring After Reporting Date -

The Organization has evaluated events and transactions that occurred between June 30, 2021 and January 26, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes -

The Organization is organized as a New York nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under IRC Section 509(a)(2). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

As of June 30, 2021 and 2020, the Organization has not recorded any provisions for accrued interest or penalties related to uncertain tax positions. By statute, tax years ended June 30, 2018 through 2021 remain open to examination by the major taxing jurisdictions to which the Organization is subject.

Fair Value Measurement -

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GAAP are described as follows:

- Level 1 - Valuations based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.

  All of the Organization’s investments are valued utilizing level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

  The Organization has no assets or liabilities that are valued utilizing level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

  The Organization has no assets or liabilities that are valued utilizing level 3 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates included in these financial statements include useful lives of property and equipment, collectability of various receivables, and discounts applied to mortgage receivables, construction in progress and homes available for sale.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30:

	2021	2020
Financial assets:		
Cash, cash equivalents and restricted cash	$ 1,054,985	$ 592,944
Grants receivable	320,700	108,700
Pledges receivable	56,250	31,250
Current portion of mortgage receivable (gross)	409,056	394,160
Employee Retention Credit receivable	112,835	-
Other receivables	70,593	20,132
Investments	321,297	264,617
	2,345,716	1,411,803
Less amounts not available to be used within one year:		
Restricted cash	(32,246)	(40,241)
Net assets with donor restrictions	(45,000)	(184,000)
Less: net assets with purpose restrictions to be met in less than one year	45,000	184,000
	(32,246)	(40,241)
Financial assets available to meet general Expenditures over the next 12 months	$ 2,313,470	$ 1,371,562

In addition to the financial assets above, the Organization has a $750,000 line-of-credit available to meet cash flow needs. There was no outstanding balance on the line-of-credit as of June 30, 2021 and 2020 (Note 8).

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Land	$ 24,366	$ 24,366
Buildings	588,662	588,662
Vehicles	208,638	198,518
Construction equipment	11,266	11,266
Computers and office equipment	50,677	50,677
	883,609	873,489
Less: Accumulated depreciation and amortization	(493,978)	(453,147)
	$ 389,631	$ 420,342

Depreciation and amortization expense was $40,831 and $49,145 for the years ending June 30, 2021 and 2020, respectively.

The Organization entered into capital leases for two vehicles totaling $56,500 during the year ended June 30, 2020. In June 2020, the Organization discontinued one of the capital leases and received forgiveness of $27,962 related to the capital lease obligation when the vehicle was returned. Amortization expense related to a vehicle under capital lease totaled $4,100 and $9,758 for the years ended June 30, 2021 and 2020, respectively. The vehicle under capital lease totaled $20,500 at both June 30, 2021 and 2020. Accumulated amortization of the leased vehicle totaled $7,858 and $3,758 at June 30, 2021 and 2020, respectively.

5. MORTGAGES RECEIVABLE

Mortgages receivable secured by real estate, due on various dates with no interest, consisted of the following at June 30:

	2021	2020
Mortgages receivable	$ 7,663,126	$ 7,689,882
Discounts on non-interest-bearing notes	(4,636,102)	(4,666,929)
	3,027,024	3,022,953
Less: Current portion	(161,582)	(154,948)
	$ 2,865,442	$ 2,868,005

5. MORTGAGES RECEIVABLE (Continued)

The following are future maturities of mortgages receivable, net of discount, for the years ending June 30:

	Mortgage	Discount	Net
2022	$ 409,056	$ (247,474)	$ 161,582
2023	394,785	(238,840)	155,945
2024	389,142	(235,426)	153,716
2025	379,075	(229,336)	149,739
2026	365,725	(221,259)	144,466
Thereafter	5,725,343	(3,463,767)	2,261,576
	$ 7,663,126	$ (4,636,102)	$ 3,027,024

6. INVESTMENTS

The following tables set forth by valuation input level within the fair value hierarchy, investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 150,149	$ -	$ -	$ 150,149
Mutual funds	171,148	-	-	171,148
Total	$ 321,297	$ -	$ -	$ 321,297

The following tables set forth by valuation input level within the fair value hierarchy, investments at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Exchange trade funds	$ 85,792	$ -	$ -	$ 85,792
Mutual funds	178,825	-	-	178,825
Total	$ 264,617	$ -	$ -	$ 264,617

In accordance with GAAP, the Organization includes the change in net unrealized appreciation or depreciation in the statement of activities and change in net assets. A summary of investment income is as follows for the years ended June 30:

	2021	2020
Dividends and interest	$ 9,195	$ 6,805
Investment management fees	(1,552)	(1,265)
Realized gain on sale of investments	2,733	2,467
Unrealized appreciation (depreciation) in fair value of investments	46,570	(2,624)
Investment income, net	$ 56,946	$ 5,383

7. DONATED GOODS AND SERVICES

The Organization values all donations of materials, property and professional services at fair market value when received. Revenue and expenses related to donated goods and services are recognized at the time such goods are received or services are rendered. Total contributed goods, property and services were approximately $70,000 and $54,000 for the years ended June 30, 2021 and 2020, respectively.

The Organization also receives a significant amount of donated services from unpaid volunteers who assist in home rehabilitation/construction, fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been met.

8. FINANCING ARRANGEMENTS

Long-Term Debt -

Long-term debt consisted of the following as of June 30:

	2021	2020
Mortgage payable to a bank requiring monthly payments of $2,257, including interest at 4.25%, through June 2023 with a balloon payment for the remaining principal and interest due on July 1, 2023. The mortgage is secured by the real property at 1675 South Park Avenue, Buffalo, New York.	$ 164,807	$ 184,998
Noninterest-bearing note payable requiring annual payments of $2,500 through November 2029. The note is discounted using an imputed interest rate of 3.0%.	17,423	21,185
	182,230	206,183
Less: Unamortized debt issuance costs	(2,080)	(3,078)
Less: Current portion	(22,454)	(21,543)
	$ 157,696	$ 181,562

The carrying value of the noninterest-bearing obligation is shown net of total unamortized discount of $1,960 and $3,198 at June 30, 2021 and 2020, respectively.

8. FINANCING ARRANGEMENTS (Continued)

Long-Term Debt (Continued) -

Future required payments due under the terms of these notes are as follows for the years ending June 30:

		Amount
2022	$	22,454
2023		23,405
2024		125,162
2025		2,206
2026		2,277
Thereafter		6,726
	$	182,230

The Organization paid interest of $6,890 and $14,873 related to the above borrowing agreements during the years ended June 30, 2021 and 2020, respectively.

Capital Lease Obligations -

The Organization maintains a vehicle held under a capital lease obligation as follows:

		2021		2021
Note payable to a financing company in monthly installments of $659, including interest at 9.74%, through July 2022. The vehicle is collateral to the lease.	$	7,946	$	14,856
Less: current portion		(7,446)		(6,757)
	$	500	$	8,099

Future minimum lease payments due under the terms of this agreement are as follows at June 30:

		Amount
2022	$	7,908
2023		505
		8,413
Less: amounts representing interest		(467)
	$	7,946

The Organization paid interest of $1,151 and $3,546 related to the above borrowing agreement during the year ended June 30, 2021 and 2020, respectively.

8. FINANCING ARRANGEMENTS (Continued)

Paycheck Protection Program Loan -

The Organization applied for and obtained the first round of the Paycheck Protection Program ("PPP") in the amount of $228,500 during fiscal 2020 and the second round of PPP in the amount of $234,367 during fiscal 2021. The loans are administered by the Small Business Administration ("SBA") and are forgivable if the funds are used for the intended purposes of the loans. Subsequent to year-end, the Organization received notification that the full amount of the first round loan was forgiven and the Organization applied for forgiveness of the second round loan, anticipating full forgiveness. The first and second round funds in the amount of $462,867 and $228,500 are recorded as a long-term liability on the accompanying balance sheet as of June 30, 2021 and 2020, respectively.

Line-of-Credit -

The Organization has a line-of-credit agreement with KeyBank. Under the terms of the agreement, the Organization may borrow up to $750,000. Amounts borrowed bear interest at the prime rate plus 0.50% (3.75% at both June 30, 2021 and 2020) and are due on demand. The line-of-credit is secured by substantially all present and future assets of the Organization. No amounts were outstanding at June 30, 2021 and 2020.

9. EMPLOYEE RETENTION TAX CREDIT

During fiscal 2021, the Organization was eligible for the Employee Retention Credit ("ERC") under the Taxpayer Certainty and Disaster Relief Act of 2020 which was enacted December 27, 2020. Under the ERC, the Organization can claim a credit for federal payroll taxes if certain parameters are met. The Organization amended their 2020 quarterly federal payroll tax returns for quarters two and three. The Organization accounted for the ERC under Accounting Standards Codification 958-605 and total revenue recognized during the year ended June 30, 2021 was $112,835 and is recorded on the accompanying statement of activities and change in net assets. Total receivables related to the Employee Retention Credit at June 30, 2021 was $112,835 and is recorded on the accompanying balance sheet.

10. TITHE TO HABITAT INTERNATIONAL

The Organization tithes a portion of the non-designated contributions and non-operation income it receives to Habitat International. These funds are used to construct houses in economically depressed areas around the world. The Organization contributed $54,332 and $41,023 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in Habitat International - tithe and fees expense on the statements of functional expenses.

11. RESTRICTIONS ON NET ASSETS

Net assets with donor restriction were available for the following purposes as of June 30:

	2021	2020
Specific home construction	$ 20,000	$ 165,000
Critical home repair	25,000	19,000
	$ 45,000	$ 184,000

Net assets with donor restriction released from restrictions were as follows during the years ended June 30:

	2021	2020
Specific home construction	$ 145,000	$ 179,011
Critical home repair	49,000	154,000
Family education	-	15,000
Other	-	5,000
	$ 194,000	$ 353,011

The Organization receives home sponsorships from individuals, businesses and organizations that are specified by the donor to be used towards an individual home in the construction process. Amounts are restricted upon receipt and such amounts are released upon the funds being spent in use for the restriction.

The Critical Home Repair program rehabilitates homes in the surrounding area of Buffalo, NY. Homes that are vacant or foreclosed on are either gifted to or purchased by the Organization and are rehabilitated for use by qualified families. Amounts are restricted upon receipt and such amounts are released upon the funds being spent in use for the restriction.

12. EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution plan. All employees are eligible for participation in the plan upon hire, and may voluntarily elect to contribute a percentage of their compensation to the plan, subject to the terms of the plan and certain established federal limitations. The Organization makes no matching or discretionary contributions to the plan at this time.

13. COMMITMENTS

The Organization entered into a lease agreement with a third party for operating space for one of its ReStore locations. During the year ended June 30, 2021, the organization executed an extension for the lease through September 2021, with monthly payments of approximately $2,600. Subsequent to September 2021, the organization began making month-to-month payments on the lease agreement for the operating space and ReStore.

The Organization leases solar panels at one of its ReStore locations in an effort to reduce energy costs. The lease agreement requires monthly payments of $100 through April 2028.

Total rent expense related to the above lease agreements was approximately $32,000 and $33,000 for the years ended June 30, 2021 and 2020, respectively.

Future required payments due under the terms of the above lease obligations are as follows for the years ending June 30:

	Amount
2022	$ 8,846
2023	1,200
2024	1,200
2025	1,200
2026	1,200
Thereafter	2,200
	$ 15,846

14. CONTINGENCIES, RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact future operations. The entire financial impact that could result from such economic uncertainties are unknown at this time.

Certain grantors, particularly government funders, have increased their scrutiny of payments made to their designated grantees. Such revenues may be subject to audit by the grantor resulting in potential recoupment of previously received funding. Also, in light of the ongoing COVID-19 pandemic, government payments may be delayed for significant periods of time, or possibly subject to reductions in future funding under existing programs.