

FINANCIAL REPORT
Audited
HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.
June 30, 2022

Audited for:

Board of Directors

Habitat for Humanity of Greater Newburgh, Inc.

Audited by:

RBT CPAs, LLP
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HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Habitat for Humanity of Greater Newburgh, Inc.
125 Washington Street
Newburgh, NY 12550

Opinion

We have audited the financial statements of Habitat for Humanity of Greater Newburgh, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021 and the changes in its operations 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 audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Organization's ability to continue as a going concern for twelve months from the report date.

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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

RBT CPAs, LLP

Newburgh, NY
December 12, 2022

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 1,856,082	\$ 471,557
Equity Securities (Note 4)	18,890	19,930
Accounts Receivable (Note 6)	100,944	92,884
Pledges Receivable - Current	86,446	170,753
Inventory	86,676	82,508
Prepaid Expenses	27,858	33,180
Current Portion of Mortgage Loans Receivable (Note 8)	127,335	135,813
Construction in Progress (Note 9)	1,322,852	863,698
Security Deposit	8,000	8,000
Total Current Assets	3,635,083	1,878,323
Fixed Assets:		
Buildings	1,474,717	1,474,717
Machinery and Equipment	26,739	26,739
Vehicles	72,402	81,262
	1,573,858	1,582,718
Less: Accumulated Depreciation	696,753	661,643
Total Net Fixed Assets	877,105	921,075
Other Assets:		
Mortgage Loans Receivable - Net of Current Portion (Note 8)	692,408	778,259
Pledges Receivable - Net of Current Portion	255,628	101,215
Total Other Assets	948,036	879,474
Total Assets	\$ 5,460,224	\$ 3,678,872

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	2022	2021
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current Portion of Long-Term Debt (Note 11)	\$ -	\$ 59,678
Accounts Payable	59,321	46,774
Credit Card Payable	5,210	3,947
Sales Tax Payable	5,051	4,400
House Deposits	2,250	3,000
Deferred Revenue (Note 12)	141,554	222,655
Refundable Advances (Note 13)	224,873	224,873
Total Current Liabilities	438,259	565,327
Long-Term Liabilities:		
Long-Term Debt - Net of Current Portion (Note 11)	-	385,242
Paycheck Protection Program Loan (Note 14)	-	183,761
Total Long-Term Liabilities	-	569,003
Net Assets:		
Without Donor Restrictions:		
Reserve for House Completion (Note 18)	1,085,385	1,473,929
Undesignated	3,679,952	890,192
With Donor Restrictions (Note 19)	256,628	180,421
Total Net Assets	5,021,965	2,544,542
Total Liabilities and Net Assets	\$ 5,460,224	\$ 3,678,872

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	\$ 2,567,702	\$ 256,787	\$ 2,824,489
Grants	428,500	-	428,500
In-Kind Contributions (Note 17)	671,348	-	671,348
ReStore Sales	634,334	-	634,334
Neighborhood Revitalization	500	-	500
Transfers to Homeowners (Net of Discounts)	481,358	-	481,358
Mortgage Loan Discount Amortization	65,478	-	65,478
Miscellaneous Income	2,442	-	2,442
Paycheck Protection Program Loan Forgiveness (Note 14)	183,761	-	183,761
Employee Retention Credit Income	85,633	-	85,633
Net Investment Results	(573)	-	(573)
	5,120,483	256,787	5,377,270
Net Assets Released From Restrictions	180,580	(180,580)	-
Total Revenues, Gains and Other Support	5,301,063	76,207	5,377,270
Expenses:			
Program	1,384,436	-	1,384,436
ReStore	1,046,191	-	1,046,191
Management and General	216,068	-	216,068
Fundraising	253,152	-	253,152
Total Expenses	2,899,847	-	2,899,847
Change in Net Assets	2,401,216	76,207	2,477,423
Net Assets - Beginning	2,364,121	180,421	2,544,542
Net Assets - Ending	\$ 4,765,337	\$ 256,628	\$ 5,021,965

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	\$ 536,098	\$ -	\$ 536,098
Grants	108,500	160,300	268,800
In-Kind Contributions (Note 17)	515,562	-	515,562
ReStore Sales	443,507	-	443,507
Transfers to Homeowners (Net of Discounts)	545,754	-	545,754
Mortgage Loan Discount Amortization	64,891	-	64,891
Miscellaneous Income	1,381	-	1,381
Paycheck Protection Program Loan Forgiveness (Note 14)	189,450	-	189,450
Net Investment Results	2,740	-	2,740
Other	6,920	-	6,920
	2,414,803	160,300	2,575,103
Net Assets Released From Restrictions	140,545	(140,545)	-
Total Revenues, Gains and Other Support	2,555,348	19,755	2,575,103
Expenses:			
Program	1,160,283	-	1,160,283
ReStore	843,005	-	843,005
Management and General	160,051	-	160,051
Fundraising	196,254	-	196,254
Total Expenses	2,359,593	-	2,359,593
Change in Net Assets	195,755	19,755	215,510
Net Assets - Beginning	2,168,366	160,666	2,329,032
Net Assets - Ending	\$ 2,364,121	\$ 180,421	\$ 2,544,542

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022		Program	ReStore	Management and General	Fundraising	Total Expenses
Payroll	B	\$ 434,954	\$ 200,386	\$ 93,385	\$ 74,866	\$ 803,591
Employee Benefits	B	95,391	40,150	20,669	15,324	171,534
Payroll Tax Expense	B	37,406	18,577	7,763	6,212	69,958
Compensation and Related Expenses		567,751	259,113	121,817	96,402	1,045,083
Building Materials and Supplies	D	410,702	634,351	275	-	1,045,328
Communications	C	5,490	-	510	193	6,193
Professional Fees	A	2,364	-	17,982	295	20,641
Advertising	A	1,858	1,725	-	-	3,583
Bank Charges	A	-	12,422	1,572	3,730	17,724
Family Services	A	8,909	-	-	-	8,909
Dues and Subscriptions	C	17,021	-	179	10,181	27,381
Travel	A	13,108	207	1,670	51	15,036
Utilities	C	18,658	15,241	2,332	2,332	38,563
Insurance	C	15,503	5,009	5,243	2,052	27,807
Office Expense	D	37,461	15,418	5,273	5,020	63,172
Development	A	1,000	-	-	87,138	88,138
Volunteer Services	A	6,558	685	-	-	7,243
Rent	A	-	88,154	-	-	88,154
Americorps	A	3,992	-	-	-	3,992
Tithe to HFHH	A	251,294	-	-	-	251,294
Vehicle Expense	A	9,348	8,312	-	-	17,660
Repairs and Maintenance	C	3,514	100	1,189	465	5,268
Event Expense	A	-	-	-	45,293	45,293
Neighborhood Revitalization Initiative	A	9,905	-	-	-	9,905
Interest Expense	A	-	68	19,442	-	19,510
Total Expenses Before Depreciation		1,384,436	1,040,805	177,484	253,152	2,855,877
Depreciation	D	-	5,386	38,584	-	43,970
Total Expenses		\$ 1,384,436	\$ 1,046,191	\$ 216,068	\$ 253,152	\$ 2,899,847

Method of Allocation:

- A Direct Expense
- B Estimated Time and Effort
- C Historical Based Percentages
- D Combination of A and C

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021		Program	ReStore	Management and General	Fundraising	Total Expenses
Payroll	B	\$ 352,613	\$ 168,506	\$ 91,017	\$ 97,788	\$ 709,924
Employee Benefits	B	73,337	42,196	15,652	19,037	150,222
Payroll Tax Expense	B	30,854	14,079	7,880	8,257	61,070
Compensation and Related Expenses		456,804	224,781	114,549	125,082	921,216
Building Materials and Supplies	A	508,553	443,588	376	-	952,517
Communications	D	1,806	-	374	146	2,326
Professional Fees	A	21,375	-	-	-	21,375
Advertising	A	500	2,811	-	-	3,311
Bank Charges	A	-	7,510	1,655	5,613	14,778
Family Services	A	1,121	-	-	-	1,121
Dues and Subscriptions	D	16,554	-	133	8,855	25,542
Travel	A	997	153	2,004	-	3,154
Home Warranty Repairs	A	849	-	-	-	849
Utilities	D	19,032	14,951	2,379	2,379	38,741
Insurance	D	19,484	1,649	2,435	2,435	26,003
Office Expense	D	25,845	15,032	7,991	3,231	52,099
Development	A	-	-	-	10,258	10,258
Volunteer Services	A	4,165	237	-	-	4,402
Rent	A	-	87,783	-	-	87,783
Americorps	A	24,631	-	-	-	24,631
Tithe to HFHI	A	30,680	-	-	-	30,680
Vehicle Expense	A	10,799	8,272	-	-	19,071
Repairs and Maintenance	D	6,137	3,814	767	767	11,485
Event Expense	A	241	-	-	36,803	37,044
Neighborhood Revitalization Initiative	A	5,231	-	-	-	5,231
Interest Expense	A	-	93	26,703	-	26,796
Total Expenses Before Depreciation		1,154,804	810,674	159,366	195,569	2,320,413
Depreciation	D	5,479	32,331	685	685	39,180
Total Expenses		\$ 1,160,283	\$ 843,005	\$ 160,051	\$ 196,254	\$ 2,359,593

Method of Allocation:

- A Direct Expense
- B Estimated Time and Effort
- C Historical Average Based Percentages
- D Combination of A and C

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2022	2021
Cash Flows from Operating Activities	\$ 2,477,423	\$ 215,510
Change in Net Assets		
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation	43,970	39,180
Unrealized (Gain)/Loss	1,414	(2,374)
Donated Securities	-	(13,135)
Mortgage Loan Discount Amortization	(65,478)	(64,891)
Paycheck Protection Program Loan Forgiveness	(183,761)	(189,450)
Non-Cash Income Earned on Other Assets	(374)	-
Change in Working Capital Components:		
(Increase)/Decrease in:		
Accounts Receivable	(5,160)	143,214
Grants Receivable	(2,900)	-
Pledges Receivable	(70,106)	39,839
Inventory	(4,168)	(23,863)
Prepaid Expenses	5,322	2,519
Non-Interest Bearing Mortgage Loans	159,807	144,815
Construction in Progress	(459,154)	154,743
Increase/(Decrease) in:		
Accounts Payable	12,547	18,776
House Deposits	(750)	(4,500)
Credit Card Payable	1,263	88
Sales Tax Payable	651	3,486
Deferred Revenue	(81,101)	(125,858)
Total Adjustments	(647,978)	122,589
Net Cash Provided by Operating Activities	1,829,445	338,099
Cash Flows from Financing Activities		
Repayment of Line of Credit	-	(300,000)
Principal Payments on Long Term Debt	(444,920)	(136,244)
Paycheck Protection Program Loan Proceeds	-	183,761
Net Cash Used in Financing Activities	(444,920)	(252,483)
Net Increase in Cash and Cash Equivalents	1,384,525	85,616
Cash and Cash Equivalents - Beginning	471,557	385,941
Cash and Cash Equivalents - Ending	\$ 1,856,082	\$ 471,557
Supplemental Disclosures:		
Cash Paid for Interest	\$ 19,510	\$ 26,796

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Business:

Habitat for Humanity of Greater Newburgh, Inc. (the "Organization") is a New York not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization was incorporated on July 27, 1999. The Organization is an affiliate of Habitat for Humanity International, Inc. ("HFHI"), a nondenominational Christian non-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, payer support, and in other ways, the Organization is primarily and directly responsible for its own operations. This geographic area of the Organization encompasses Eastern Orange County. Presently, the Organization is rebuilding homes in the City of Newburgh.

2. Summary of Significant Accounting Policies:

Basis of Accounting

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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 may differ from those estimates.

Restricted Assets

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. The methods of these allocations are disclosed on the statement of functional expenses.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including receivables and payables arising in the ordinary course of business, approximate fair value due to the short maturity of these instruments.

The fair value of the Organization's investment in marketable securities represents the estimated amount the Organization would receive if it were to sell the investments. See Note 5 for additional disclosures on the fair value of the investments.

Subsequent Events

Management has evaluated subsequent events from June 30, 2022 through December 12, 2022, the date on which the financial statements were available to be issued.

Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Equity securities are stated at fair value and unrealized holding gains and losses are included in the change in net assets.

Accounts Receivable

The Organization provides for bad debts using the reserve method; however, accounts receivable are already shown at their net realizable value after any necessary write-offs. The balance is stated at the amount management expects to collect. At June 30, 2022 and 2021, management determined that no allowance for doubtful accounts was necessary.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

2. Summary of Significant Accounting Policies (continued):

Inventory

The Organization's inventory consist of home goods that are donated to the Organization and resold at the ReStore (the Organization's thrift store). Inventory is stated at the lower of cost (specific identification) or net realizable value.

Fixed Assets

Fixed assets are stated at cost. In the case of donated assets, fixed assets are stated at fair market value at the date of receipt. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. Additions, improvements and expenditures for repairs and maintenance that are over \$5,000 and significantly extend the economic life of the asset are capitalized. Any immaterial amounts or amounts incurred as recurring expenditures are charged to expense.

Compensated Absences

Employees of the Organization are generally entitled to paid vacation depending on length of service and other factors. It is impractical to estimate the amount of compensation to accrue for future absences. Therefore, no accrual for unused vacation days is provided at the balance sheet dates. The Organization's policy is to recognize the costs of compensated absences when the employees are paid for such absences.

Deferred Revenue

Deferred revenue represents payments received in advance of services being provided or obligations being met. All amounts received in advance are deferred until services are rendered.

Advertising Expenses

Advertising expenses are charged against income as incurred and totaled \$3,583 and \$3,311 for the years ended June 30, 2022 and 2021, respectively.

Revenue Recognition

During the year ended June 30, 2022, the Organization derived approximately 79% of its revenue from non-exchange contracts and 21% from exchange contracts recognized at a point in time.

During the year ended June 30, 2021, the Organization derived approximately 61% of revenues from non-exchange contracts and 39% of revenue from exchange contracts recognized at a point in time.

Non-exchange revenue is recognized in the period set forth in the grant or contract. Donations are recognized when they are received and restricted if donor restrictions exist.

Customer Types

The customers for transactions for revenue recognized at a point in time consist of home buyers, ReStore customers and special events attendees.

Revenue from grants and contributions are received from federal, State and local sources, as well as private foundations and donors.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Organization's performance obligations include providing move-in ready single-family homes and providing antique, new and gently used building materials, furniture, housewares, and kitchen appliances for purchase at their ReStore location in Newburgh, New York.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

2. Summary of Significant Accounting Policies (continued):

Transaction Price

The transaction price of a contract is comprised of the following: (1) fixed cash consideration due from the customer; plus (2) estimated cash variable consideration due from the customer; plus (3) noncash consideration due from the customer; minus (4) estimated cash or noncash consideration payable to the customer; minus (5) contingent amounts, unless no revenue reversal is probable (i.e., constraint); plus or minus (6) any financing component. The Organization's contracts do not include any noncash or financing elements.

Home prices are determined at fair market value and adjusted for subsidies provided by Habitat for Humanity based on the home buyer's income.

ReStore items are sold at 50-90% off retail prices as inventory is 100% donated or salvaged. The ReStore's purpose is to provide low-cost materials and furnishings as part of the Organization's mission.

Disaggregation of Revenue

For the Year Ended June 30	2022	2021
Non-Exchange Contracts	\$ 4,261,578	\$ 1,569,285
Performance Obligations Satisfied at a Point in Time	1,115,692	1,005,818
Total	\$ 5,377,270	\$ 2,575,103

Income Taxes

The Organization files an annual Form 990 as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no federal or New York State taxes are paid by the Organization. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization adopted the provisions of accounting principles generally accepted in the United States of America regarding accounting for uncertain tax positions. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements in order to comply with the provisions of this guidance. With few exceptions, the Organization is not subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to 2019.

Paycheck Protection Program Loan

The Organization accounts for its Paycheck Protection Program ("PPP") Loan Payable as a financial liability in accordance with FASB ASC 470 Debt. See Note 14.

Reclassification of Amounts

Certain amounts for the year ended June 30, 2021 have been reclassified to conform with the presentation of amounts for the year ended June 30, 2022. There is no effect on the 2021 results from operations.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

As of June 30	2022	2021
Cash and Equivalents	\$ 1,853,332	\$ 468,057
Escrow	2,250	3,000
Petty Cash	500	500
	\$ 1,856,082	\$ 471,557

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

4. Investment in Marketable Equity Securities:

The following is a summary of the Organization's investment in equity securities:

	Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Market Value
As of June 30	2022			
Stocks	\$ 10,991	\$ 944	\$ -	\$ 11,935
Mutual Funds	7,617	-	(662)	6,955
	<u>\$ 18,608</u>	<u>\$ 944</u>	<u>\$ (662)</u>	<u>\$ 18,890</u>
As of June 30	2021			
Stocks	\$ 10,991	\$ 1,198	\$ (679)	\$ 11,510
Mutual Funds	7,243	1,177	-	8,420
	<u>\$ 18,234</u>	<u>\$ 2,375</u>	<u>\$ (679)</u>	<u>\$ 19,930</u>

5. Fair Value Measurements:

The estimated carrying and fair values of the Organization's financial instruments are as follows:

As of June 30	2022		2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Stocks	\$ 10,991	\$ 11,935	\$ 10,991	\$ 11,510
Mutual Funds	7,617	6,955	7,243	8,420
	<u>\$ 18,608</u>	<u>\$ 18,890</u>	<u>\$ 18,234</u>	<u>\$ 19,930</u>

The fair value of the securities is based on quoted market rates.

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the 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 lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

To determine the appropriate levels, the Organization performed a detailed analysis of the assets and liabilities that are subject to fair value measurement in accordance with accounting principles generally accepted in the United States of America.

For the year ended June 30, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

June 30, 2022				
	Total	Level 1	Level 2	Level 3
Stocks	\$ 11,935	\$ 11,935	\$ -	\$ -
Mutual Funds	6,955	6,955	-	-
	<u>\$ 18,890</u>	<u>\$ 18,890</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2021				
	Total	Level 1	Level 2	Level 3
Stocks	\$ 11,510	\$ 11,510	\$ -	\$ -
Mutual Funds	8,420	8,420	-	-
	<u>\$ 19,930</u>	<u>\$ 19,930</u>	<u>\$ -</u>	<u>\$ -</u>

Equity securities are valued at the closing price reported on the active market on which the individual security is traded.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

6. Accounts Receivable:

Accounts receivable consisted of the following:

As of June 30	2022	2021
Accounts Receivable	\$ 63,044	\$ 57,884
Grants Receivable	37,900	35,000
	<u>\$ 100,944</u>	<u>\$ 92,884</u>

7. Mortgage Loan Administration:

The Organization's mortgage loans are currently managed by Walden Savings Bank, an experienced loan servicer providing the tasks of payment collection, processing and remittance, delinquency notices, escrow administration, 1098 reporting, and other back-office functions necessary in effectively administering a loan. The Organization records principal payments and escrow deficits when they are receivable or payable to Walden Savings Bank.

8. Mortgage Loans Receivable:

The various mortgage loans receivable consist of non-interest bearing mortgage loans to homeowners which are secured by real estate and payable in monthly installments over the lives of the respective mortgages. These non-interest bearing mortgages are recorded at their net realizable value and have been discounted based upon a 7% rate at the inception of each mortgage. Utilizing the effective interest method, this discount is recognized as interest income over the term of the mortgage. The homeowners' monthly mortgage payments go into a revolving fund for the Organization that is used to build more houses.

In addition, a second lien is placed against the home that is equal to the difference between the cost of construction and the appraised value and/or the difference between the sales price and the mortgage. Repayment of the second lien is only required in the event of a resale or refinance, and is forgiven by 10% a year. All proceeds from the second mortgage realization are recorded as income in the period collected

Certain funds provided by local government or institutional investors would be required to be repaid to the donating government or institution in the event the project for which the funds were provided is sold by the homeowner within a specified time period, between 5 and 30 years. These contingent obligations of the homeowners range from approximately \$5,000 to \$65,000 and are documented in the form of silent second, third trust deeds, mortgages and deed restrictions.

As of June 30	2022	2021
0.00% mortgage receivable, due in monthly payments of \$170, through April 2024, collateralized by real estate	\$ 7,107	\$ 8,595
0.00% mortgage receivable, due in monthly payments of \$212, through May 2024, collateralized by real estate	9,006	10,847
0.00% mortgage receivable, due in monthly payments of \$250, through September 2025, collateralized by real estate	11,756	13,858
0.00% mortgage receivable, due in monthly payments of \$295, through June 2026, collateralized by real estate	14,040	18,606
0.00% mortgage receivable, due in monthly payments of \$262, through June 2024, collateralized by real estate	7,857	10,361
0.00% mortgage receivable, due in monthly payments of \$411, through March 2026, collateralized by real estate	26,218	30,384
0.00% mortgage receivable, due in monthly payments of \$289, through June 2026, collateralized by real estate	16,586	18,811
0.00% mortgage receivable, due in monthly payments of \$178, through January 2021, collateralized by real estate	-	1,387
0.00% mortgage receivable, due in monthly payments of \$147, through March 2022, collateralized by real estate	1,803	3,380
0.00% mortgage receivable, due in monthly payments of \$246, through November 2031, collateralized by real estate	32,354	33,014

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

8. Mortgage Loan Receivable (continued):

0.00% mortgage receivable, due in monthly payments of \$186, through January 2024, collateralized by real estate	7,042	8,713
0.00% mortgage receivable, due in monthly payments of \$301, through April 2025, collateralized by real estate	16,467	18,840
0.00% mortgage receivable, due in monthly payments of \$355, through August 2026, collateralized by real estate	21,049	23,515
0.00% mortgage receivable, due in monthly payments of \$262, through May 2024, collateralized by real estate	-	9,954
0.00% mortgage receivable, due in monthly payments of \$248, through November 2031, collateralized by real estate	32,630	33,295
0.00% mortgage receivable, due in monthly payments of \$355, through May 2026, collateralized by real estate	24,181	27,444
0.00% mortgage receivable, due in monthly payments of \$195, through March 2022, collateralized by real estate	4,699	4,699
0.00% mortgage receivable, due in monthly payments of \$262, through June 2023, collateralized by real estate	7,640	10,158
0.00% mortgage receivable, due in monthly payments of \$378, through March 2031, collateralized by real estate	51,681	52,562
0.00% mortgage receivable, due in monthly payments of \$265, through September 2024, collateralized by real estate	8,780	11,639
0.00% mortgage receivable, due in monthly payments of \$339, through August 2027, collateralized by real estate	24,826	27,065
0.00% mortgage receivable, due in monthly payments of \$201, through October 2025, collateralized by real estate	9,743	11,414
0.00% mortgage receivable, due in monthly payments of \$234, through October 2031, collateralized by real estate	30,692	31,238
0.00% mortgage receivable, due in monthly payments of \$355, through December 2027, collateralized by real estate	25,440	29,517
0.00% mortgage receivable, due in monthly payments of \$276, through March 2031, collateralized by real estate	37,585	38,246
0.00% mortgage receivable, due in monthly payments of \$408, through February 2026, collateralized by real estate	26,807	29,719
0.00% mortgage receivable, due in monthly payments of \$362, through April 2025, collateralized by real estate	19,799	22,421
0.00% mortgage receivable, due in monthly payments of \$181, through February 2024, collateralized by real estate	-	8,761
0.00% mortgage receivable, due in monthly payments of \$234, through April 2024, collateralized by real estate	5,638	10,966
0.00% mortgage receivable, due in monthly payments of \$335, through January 2026, collateralized by real estate	21,959	24,345
0.00% mortgage receivable, due in monthly payments of \$454, through February 2031, collateralized by real estate	61,953	62,932
0.00% mortgage receivable, due in monthly payments of \$200, through June 2031, collateralized by real estate	28,570	28,570

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

8. Mortgage Loan Receivable (continued):

0.00% mortgage receivable, due in monthly payments of \$268, through April 2025, collateralized by real estate	14,448	16,568
0.00% mortgage receivable, due in monthly payments of \$262, through May 2023, collateralized by real estate	7,423	9,955
0.00% mortgage receivable, due in monthly payments of \$315, through May 2027, collateralized by real estate	27,906	29,093
0.00% mortgage receivable, due in monthly payments of \$290, through October 2031, collateralized by real estate	37,841	38,637
0.00% mortgage receivable, due in monthly payments of \$151, through December 2031, collateralized by real estate	20,038	20,398
0.00% mortgage receivable, due in monthly payments of \$192, through August 2022, collateralized by real estate	568	2,569
0.00% mortgage receivable, due in monthly payments of \$311, through April 2031, collateralized by real estate	42,930	43,630
0.00% mortgage receivable, due in monthly payments of \$193, through March 2024, collateralized by real estate	7,459	9,322
0.00% mortgage receivable, due in monthly payments of \$369, through July 2032, collateralized by real estate	52,278	52,898
0.00% mortgage receivable, due in monthly payments of \$179, through January 2027, collateralized by real estate	14,944	15,656
	<u>819,743</u>	<u>914,072</u>
Less: Current Receivable	127,335	135,813
Long-Term Portion	<u>\$ 692,408</u>	<u>\$ 778,259</u>

Aggregate maturities required on notes receivable at June 30, 2022 are due in future years as follows:

2023	\$ 127,335
2024	122,801
2025	116,927
2026	105,181
2027	94,904
Thereafter	<u>765,873</u>
	1,333,021
Less: Unamortized Discount	<u>513,278</u>
Net Mortgage Receivable	<u>\$ 819,743</u>

9. Construction In Progress

Construction in progress of all projects includes all direct costs for land, materials and professional services and the estimated or actual fair market value of donated items such as land, material and professional services. All direct recorded costs of individual projects are transferred to construction costs when the title transfers to the homeowner.

Construction in progress consisted of the following:

As of June 30	2022	2021
Construction in Progress	<u>\$ 1,322,852</u>	<u>\$ 863,698</u>

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

10. Line of Credit:

The Organization's line of credit consisted of the following:

As of June 30, 2022	Authorized	Outstanding
Line of Credit with M&T Bank payable with an interest rate of 3.25%	\$ 300,000	\$ -
As of June 30, 2021	Authorized	Outstanding
Line of Credit with M&T Bank payable with an interest rate of 3.25%	\$ 300,000	\$ -

11. Long-Term Debt:

The Organization's long-term debt, and collateral pledged thereon, consisted of the following:

As of June 30	2022	2021
5.99% note payable, due in monthly payments of \$928 including interest, through November 2021, collateralized by Isuzu Box Truck.	\$ -	\$ 4,570
4.38% note payable, due in monthly payments of \$7,447 including interest, through August 2021, collateralized by Organization assets.	-	14,810
4.50% note payable, due in monthly payments of \$4,887 including interest, through April 2030, collateralized by Building.	-	425,540
Total	-	444,920
Less: Current Maturities	-	59,678
Long-Term Portion	\$ -	\$ 385,242

12. Deferred Revenue:

The Organization receives in-kind contributions of building materials and contributed services meeting the IRS requirements for recognition. These goods and services are identified to a specific housing project, recorded as deferred revenue of \$31,408 and \$22,087 as of June 30, 2022 and 2021, respectively.

The Organization also received development assistance from the Newburgh Community Land Bank to assist with lead and asbestos abatement. These funds are identified to specific housing projects, recorded as Deferred Development Assistance and recognized at the time of the house sale. As of June 30, 2022 and 2021, there were deferred development assistance of \$110,146 and \$200,568, respectively.

13. Refundable Advances:

The County of Orange, Office of Community Development, the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program, and the Affordable Housing Corporation have provided funds to the Organization for the construction of various projects. These funds were recorded as refundable advances. These grants will only be repayable by the Organization in the event of non-compliance with any of the provisions of the agreement prior to transfer of the liability to the homeowner at closing. The nature of these grants is not fully realizable until the final recording after the closing and transfer of title to the homeowner. Orange County reported that this grant is still open and these funds remain recorded as refundable advances with the expectation they will be released with the next round of funding.

14. Paycheck Protection Program Loan:

During April 2020, the Organization received a Paycheck Protection Program ("PPP") loan of \$189,450 provided under the CARES Act in response to the economic impact of the COVID-19 global pandemic. The Organization received full loan forgiveness of this loan in March 2021. As such, the amount was recorded as income for the year ended June 30, 2021.

During March 2021, the Organization received a second PPP loan of \$183,761. The Organization received full forgiveness of this loan in October of 2021. As such, the amount was recorded as income for the year ended June 30, 2022.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

15. Operating Leases:

The Organization leases retail space under a one-year lease with Brian Jo Lynn Holding Corp. The lease term is from October 2021 to September 2022 at a base rate of \$60,000 per year (\$5,000 per month) plus an allocation of taxes and utilities. The Organization also leases office equipment with lease expirations through June 2027.

The total minimum commitment at June 30, 2022, under the leases mentioned above, is due as follows:

2023	\$	19,384
2024		4,384
2025		4,384
2026		2,467
2027		2,068
	\$	<u>32,687</u>

For the space lease mentioned above, the total rent expense included in the statements of activities was \$88,154 and \$87,783 for the years ended June 30, 2022 and 2021, respectively. The total equipment lease expenses were \$6,068 and \$7,225 for the years ended June 30, 2022 and 2021, respectively.

16. Related Party Transactions:

The Organization remits a portion of its contributions without donor restrictions (excluding in-kind contributions) to the HFHI in the form of a tithe. For the years ended June 30, 2022 and 2021, the Organization tithed \$251,294 and \$30,680, respectively.

The Organization paid a U.S. Stewardship and Organizational Sustainability fee of \$7,500 to HFHI during each of the years ended June 30, 2022 and 2021.

The Organization paid a Supporting Affiliate fee of \$5,000 to Habitat for Humanity of NYS during each of the years ended June 30, 2022 and 2021.

17. In-Kind Contributions:

Contributions of non-financial assets totaled \$671,348 and \$515,562 for the years ended June 30, 2022 and 2021, respectively, and are recognized as In-Kind Contributions on the Statement of Activities.

During the year ended June 30 2022, contributions of non-financial assets totaling \$1,580 were utilized by the Organization for safety deposit box rentals, donated soft drinks, Windows software and hot spot upgrades and employee training. These contributions were recorded as In-Kind Contributions and were valued based upon invoiced prices that were discounted or forgiven. During the year ended June 30 2021, contributions of non-financial assets totaling \$3,064 were utilized by the Organization for safety deposit box rentals, signs and printing services, tool bags and video production services. These contributions were recorded as In-Kind contributions and values were based on invoiced prices that were discounted or forgiven.

Contributions of non-financial assets consisting of donated furniture, building supplies and home goods totaling \$638,519 and \$467,451 for the years ended June 30, 2022 and 2021, respectively, were monetized through resale in the Organization's ReStore. Revenues from these sales are recorded as ReStore Sales on the statement of activities. In-Kind donations for resale at the ReStore are valued at the lower of cost, determined by retail market prices, or net-realizable value.

Contributions of non-financial assets recognized and monetized by the Organization relating to the sale of property in the years ended June 30, 2022 and 2021 were \$31,249 and \$45,047, respectively. These amounts reflect donated construction items and labor deferred in prior years and recognized at the time of the sale. These donated goods and services are recognized based upon documented invoices that have been forgiven or discounted and recognized as In-Kind Contributions on the statement of activities.

18. Reserve for House Completion - Board Designation:

The Organization reserves a portion of its net assets for the completion of projects that are currently in progress. As of June 30, 2022 and 2021, respectively, the value of this Board designation was \$1,085,385 and \$1,473,929.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

19. Net Assets with Donor Restrictions:

Net assets with donor restrictions consisted of the following:

As of June 30	2022	2021
Time Restrictions:		
Pledges, Net of Current Portion	\$ 255,628	\$ 101,215
Dyson Foundation Grant	-	75,000
Purpose Restrictions:		
Homeowners Insurance Policy Claims	1,000	1,000
Strategic Planning	-	2,925
Cleaning and Personal Protective Equipment	-	281
	\$ 256,628	\$ 180,421

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

For the Years Ended June 30:	2022	2021
Time Restrictions:		
Pledges, Net of Current Portion	\$ 102,374	\$ 58,451
Dyson Foundation Grant	75,000	75,000
Purpose Restrictions:		
Strategic Planning	2,925	4,875
Cleaning and Personal Protective Equipment	281	2,219
	\$ 180,580	\$ 140,545

20. Retirement Plan:

The Organization established a 401(k) retirement savings plan (tax deferred annuity) in December 2014 for its employees. The Organization makes its employees aware of the plan, withholds voluntary contributions from paychecks and remits the contributions to an independent trustee. Each participant may contribute his or her eligible compensation on a pretax basis to the plan up to a maximum allowed by the IRC. The Organization contributed \$0 to the plan for the years ended June 30, 2022 and 2021.

21. Concentration of Credit Risk:

The Organization maintains its cash and equivalents in accounts whose balances may exceed federally insured limits. The Organization has not experienced any losses to date resulting from this policy.

HABITAT FOR HUMANITY OF GREATER NEWBURGH, INC.

22. Liquidity and Availability of Financial Resources:

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

As of June 30	2022	2021
Financial Assets at Year-End		
Cash and Cash Equivalents	\$ 1,856,082	\$ 471,557
Equity Securities	18,890	19,930
Accounts Receivable	100,944	92,884
Pledges Receivable	342,074	271,968
Mortgage Loans Receivable, Current Portion	127,335	135,813
Total Financial Assets at Year-End	2,445,325	992,152
Less: those unavailable for General Expenditures within one year, due to:		
Donor Restrictions	256,628	180,421
House Deposits	2,250	3,000
Total Unavailable for General Expenditures within one year	258,878	183,421
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 2,186,447	\$ 808,731

At June 30, 2021, the Organization had \$2,186,447, representing approximately nine months of general expenditures. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization maintains a line of credit in the amount of \$300,000 (Note 10), that can be drawn upon with Board approval. Management has determined this liquidity to be sufficient.

23. Economic Dependency:

The Organization received approximately 37% of its operating revenue from a single private donor for the year ended June 30, 2022.

24. New Accounting Standards:

Leases

FASB Accounting Standards Update No. 2016-02, Leases is effective, and will be adopted by the Organization, for fiscal year 2023. The new standard establishes two categories of leases – operating and financing – and requires lessees to recognize a right-of-use asset and a liability for all leases in both categories. Implementation of the standard will require certain retrospective adjustments at the time of application. Management is currently evaluating the impact of this standard on its financial reporting.

