

**Golden Crescent Habitat for Humanity, Inc.**

Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2020 and 2019

**Golden Crescent Habitat for Humanity, Inc.**

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**Independent Auditors' Report**

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

We have audited the accompanying financial statements of Golden Crescent Habitat for Humanity, Inc. (Golden Crescent Habitat), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

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

**Auditors' Responsibility** – Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Crescent Habitat as of June 30, 2020 and 2019 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.

*Blazek & Vetterling*

November 17, 2020

**Golden Crescent Habitat for Humanity, Inc.**

Statements of Financial Position as of June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,933,365	\$ 2,250,644
Cash designated for operating reserve	78,000	78,000
Contributions receivable, net ( <i>Note 4</i> )	1,586,081	2,516,715
Prepaid expenses and other assets	54,912	40,184
Home construction in progress ( <i>Note 5</i> )	377,259	465,697
Lots and land held for development	58,840	72,905
Mortgage loans receivable, net ( <i>Note 6</i> )	799,426	796,547
Property, net ( <i>Note 7</i> )	<u>1,567,071</u>	<u>1,573,948</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,454,954</u></b>	<b><u>\$ 7,794,640</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 246,349	\$ 153,287
Paycheck Protection Program refundable advance ( <i>Note 8</i> )	138,505	
Refundable advance	12,298	
Notes payable ( <i>Note 9</i> )	<u>1,052,172</u>	<u>1,083,206</u>
Total liabilities	<u>1,449,324</u>	<u>1,236,493</u>
Net assets:		
Without donor restrictions ( <i>Note 10</i> )	1,760,727	2,069,364
With donor restrictions ( <i>Note 11</i> )	<u>3,244,903</u>	<u>4,488,783</u>
Total net assets	<u>5,005,630</u>	<u>6,558,147</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,454,954</u></b>	<b><u>\$ 7,794,640</u></b>

*See accompanying notes to financial statements.*

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**Golden Crescent Habitat for Humanity, Inc.**

Statement of Activities for the year ended June 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE, GAINS AND SUPPORT:</b>			
Low-cost housing income:			
Home sales	\$ 270,000		\$ 270,000
Mortgage discount amortization	63,386		63,386
In-kind contributions of materials and services	146,800		146,800
Other fees	<u>21,480</u>		<u>21,480</u>
Total low-cost housing income	<u>501,666</u>		<u>501,666</u>
Contributions and other:			
Contributions	186,292	\$ 3,921,668	4,107,960
Grant reversion		(550,003)	(550,003)
In-kind contributions of inventory	270,738		270,738
Special events	40,103		40,103
Direct donor benefit	(11,520)		(11,520)
Other income	<u>28,974</u>		<u>28,974</u>
Subtotal contributions and other	514,587	3,371,665	3,886,252
Satisfaction of donor restrictions:			
Expenditures for program restrictions	4,553,735	(4,553,735)	
Expenditures for property	<u>61,810</u>	<u>(61,810)</u>	
Total contributions and other	<u>5,130,132</u>	<u>(1,243,880)</u>	<u>3,886,252</u>
The ReStore:			
The ReStore sales of inventory	492,432		492,432
The ReStore cost of goods sold	<u>(344,120)</u>		<u>(344,120)</u>
Total ReStore, net	<u>148,312</u>		<u>148,312</u>
Total revenue, gains and support	<u>5,780,110</u>	<u>(1,243,880)</u>	<u>4,536,230</u>
<b>EXPENSES:</b>			
Low-cost housing program	5,371,062		5,371,062
The ReStore	343,935		343,935
Management and general	248,771		248,771
Fundraising	<u>124,979</u>		<u>124,979</u>
Total expenses	<u>6,088,747</u>		<u>6,088,747</u>
CHANGES IN NET ASSETS	(308,637)	(1,243,880)	(1,552,517)
Net assets, beginning of year	<u>2,069,364</u>	<u>4,488,783</u>	<u>6,558,147</u>
Net assets, end of year	<u>\$ 1,760,727</u>	<u>\$ 3,244,903</u>	<u>\$ 5,005,630</u>

*See accompanying notes to financial statements.*

**Golden Crescent Habitat for Humanity, Inc.**

Statement of Activities for the year ended June 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE, GAINS AND SUPPORT:</b>			
Low-cost housing income:			
Home sales	\$ 567,000		\$ 567,000
Mortgage discount amortization	60,342		60,342
In-kind contributions of materials and services	151,958		151,958
Other fees	<u>10,122</u>		<u>10,122</u>
Total low-cost housing income	<u>789,422</u>		<u>789,422</u>
Contributions and other:			
Contributions	389,472	\$ 5,973,210	6,362,682
In-kind contributions of inventory	266,745		266,745
Special events	139,827		139,827
Direct donor benefit	(91,624)		(91,624)
Loss on disposal of property	(11,614)		(11,614)
Other income	<u>34,408</u>		<u>34,408</u>
Subtotal contributions and other	727,214	5,973,210	6,700,424
Satisfaction of donor restrictions:			
Expenditures for program restrictions	1,813,245	(1,813,245)	
Expenditures for property	<u>55,910</u>	<u>(55,910)</u>	
Total contributions and other	<u>2,596,369</u>	<u>4,104,055</u>	<u>6,700,424</u>
The ReStore:			
The ReStore sales of inventory	369,077		369,077
The ReStore cost of goods sold	<u>(284,079)</u>		<u>(284,079)</u>
Total ReStore, net	<u>84,998</u>		<u>84,998</u>
Total revenue, gains and support	<u>3,470,789</u>	<u>4,104,055</u>	<u>7,574,844</u>
<b>EXPENSES:</b>			
Low-cost housing program	2,673,705		2,673,705
The ReStore	292,029		292,029
Management and general	232,700		232,700
Fundraising	<u>82,508</u>		<u>82,508</u>
Total expenses	<u>3,280,942</u>		<u>3,280,942</u>
CHANGES IN NET ASSETS	189,847	4,104,055	4,293,902
Net assets, beginning of year	<u>1,879,517</u>	<u>384,728</u>	<u>2,264,245</u>
Net assets, end of year	<u>\$ 2,069,364</u>	<u>\$ 4,488,783</u>	<u>\$ 6,558,147</u>

*See accompanying notes to financial statements.*

**Golden Crescent Habitat for Humanity, Inc.**

Statement of Functional Expenses for the year ended June 30, 2020

<u>EXPENSES</u>	<u>LOW-COST HOUSING PROGRAM</u>	<u>THE RESTORE PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related benefits	\$ 685,114	\$ 187,057	\$ 67,569	\$ 57,826	\$ 997,566
Disaster construction relief	3,893,320				3,893,320
Cost of homes sold	397,720				397,720
Professional fees	40,700		74,078		114,778
Property taxes and insurance	40,058	29,192	29,028	3,629	101,907
Depreciation	31,460	32,351	3,778	1,099	68,688
Discount on mortgages issued	66,898				66,898
Occupancy	28,501	27,357	3,276	983	60,117
Supplies	34,156	7,454	2,969	5,928	50,507
Interest expense	13,006	23,667	10,996	275	47,944
Equipment and other rentals	38,687	3,204	2,920	572	45,383
Contract services	9,082	6,902	1,635	23,011	40,630
Advertising and marketing			39,864		39,864
Repairs and maintenance	25,224	6,730			31,954
Travel	24,181	4,589			28,770
Postage, delivery and printing	2,228	6	366	14,984	17,584
Bank fees		11,852	2,456		14,308
Dues and subscriptions	9,798	2,752			12,550
Software				11,819	11,819
Meals and entertainment		374	8,235	2,089	10,698
Tithes to other non-profits	8,000				8,000
Professional development	7,490	113			7,603
Home repair costs	5,202				5,202
Other	<u>10,237</u>	<u>335</u>	<u>1,601</u>	<u>2,764</u>	<u>14,937</u>
Total expenses	<u>\$ 5,371,062</u>	<u>\$ 343,935</u>	<u>\$ 248,771</u>	<u>\$ 124,979</u>	6,088,747
Direct donor benefit					11,520
The ReStore cost of goods sold					<u>344,120</u>
Total					<u>\$ 6,444,387</u>

See accompanying notes to financial statements.

**Golden Crescent Habitat for Humanity, Inc.**

Statement of Functional Expenses for the year ended June 30, 2019

<u>EXPENSES</u>	<u>LOW-COST HOUSING PROGRAM</u>	<u>THE RESTORE PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related benefits	\$ 455,979	\$ 158,066	\$ 69,570	\$ 26,828	\$ 710,443
Disaster construction relief	989,647				989,647
Cost of homes sold	811,189				811,189
Professional fees	25,809		51,456		77,265
Property taxes and insurance	19,394	16,732	12,655	6,328	55,109
Depreciation	27,113	27,892	3,244	924	59,173
Discount on mortgages issued	136,270				136,270
Occupancy	25,399	20,191	2,919	876	49,385
Supplies	37,770	8,975	3,939	2,139	52,823
Interest expense	15,823	28,791	13,378	331	58,323
Equipment and other rentals	26,891	3,100	2,826	554	33,371
Contract services	5,289	2,244	2,488	29,313	39,334
Advertising and marketing			41,618	244	41,862
Repairs and maintenance	19,668	5,231			24,899
Travel	23,505	7,779	3,646		34,930
Postage, delivery and printing	8,963	1,289	4,104	10,015	24,371
Bank fees		5,964	7,980		13,944
Dues and subscriptions	10,497	4,065			14,562
Software				4,939	4,939
Meals and entertainment		516	7,848		8,364
Tithes to other non-profits	20,900				20,900
Professional development	6,300	625			6,925
Home repair costs	3,362				3,362
Other	<u>3,937</u>	<u>569</u>	<u>5,029</u>	<u>17</u>	<u>9,552</u>
Total expenses	<u>\$ 2,673,705</u>	<u>\$ 292,029</u>	<u>\$ 232,700</u>	<u>\$ 82,508</u>	3,280,942
Direct donor benefit					91,624
The ReStore cost of goods sold					<u>284,079</u>
Total					<u>\$ 3,656,645</u>

See accompanying notes to financial statements.



## Golden Crescent Habitat for Humanity, Inc.

## Statements of Cash Flows for years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$(1,552,517)	\$ 4,293,902
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	68,688	59,173
Discount on mortgages issued	66,898	136,270
Mortgage discount amortization	(63,386)	(60,342)
Loss on disposal of property		11,614
Contributions restricted for property	(61,810)	(55,910)
In-kind donation of property		(14,576)
Changes in operating assets and liabilities:		
Contributions receivable	930,634	(2,365,483)
Prepaid expenses and other assets	(14,728)	(13,087)
Home construction in progress	88,438	307,818
Lots and land held for development	14,065	33,709
Mortgage loans receivable	(6,391)	(115,211)
Accounts payable and accrued expenses	93,062	39,986
Paycheck Protection Program refundable advance	138,505	
Refundable advance	<u>12,298</u>	<u>          </u>
Net cash provided (used) by operating activities	<u>(286,244)</u>	<u>2,257,863</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property	<u>(61,811)</u>	<u>(76,450)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable		33,750
Payments on notes payable	(31,034)	(244,267)
Proceeds from contributions restricted for property	<u>61,810</u>	<u>55,910</u>
Net cash provided (used) by financing activities	<u>30,776</u>	<u>(154,607)</u>
<b>NET CHANGE IN CASH</b>	<b>(317,279)</b>	<b>2,026,806</b>
Cash, beginning of year	<u>2,328,644</u>	<u>301,838</u>
Cash, end of year	<u>\$ 2,011,365</u>	<u>\$ 2,328,644</u>
<i>Summary of cash balances:</i>		
Cash	\$ 1,933,365	\$ 2,250,644
Cash designated for operating reserve	<u>78,000</u>	<u>78,000</u>
Total cash	<u>\$ 2,011,365</u>	<u>\$ 2,328,644</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid	\$47,944	\$58,323

*See accompanying notes to financial statements.*

**Golden Crescent Habitat for Humanity, Inc.**

Notes to Financial Statements for the years ended June 30, 2020 and 2019

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**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Organization – Golden Crescent Habitat for Humanity, Inc. (Golden Crescent Habitat) is a non-denominational Christian not-for-profit organization incorporated in 1994. The purpose of Golden Crescent Habitat is to partner with other charitable organizations in providing quality, low-cost homes to the economically disadvantaged people in Victoria, Goliad, Jackson, Lavaca, DeWitt, and Refugio counties in Texas. Golden Crescent Habitat’s mission is accomplished primarily through grants and donations from the public to construct new homes and renovate existing donated homes. Golden Crescent Habitat is an affiliate of Habitat for Humanity International (HFHI) located in Americus, Georgia.

Golden Crescent Habitat also operates The ReStore, a building supply outlet that is open to the public. The ReStore accepts donations of new and used construction materials and home renovation products that are sold to the public at deeply discounted prices. Proceeds from the store are directed towards supporting the construction of new affordable housing for low-income families.

Federal income tax status – Golden Crescent Habitat is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

Cash – Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor-by-donor analysis of balances.

Home construction in progress is stated at lower of cost or fair value less costs to sell and consists of labor, materials, property taxes, land costs and land development costs incurred during the development period on incomplete homes in progress and completed homes not yet sold to a recipient family. Cost is determined by the specific identification method. Construction in progress is expensed to cost of homes sold within the low-cost housing program when a home is sold to the recipient family.

Lots and land held for development are stated at lower of cost or fair value less costs to sell and include land under development and developed lots held for construction. Lots donated and held for development are initially recorded at fair value at date of gift.

Mortgage loans receivable primarily consist of zero-interest equivalent mortgages, which are secured by improved real estate and are payable in monthly installments over 20 to 30-year periods. The mortgage loans receivable are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgage. The discount is amortized using the effective interest method.

Golden Crescent Habitat's allowance for loan losses is based on a review of the status of the mortgage loans receivable. Golden Crescent Habitat considers the majority of the mortgage loans receivable to be fully collectible, or if not fully collectible, that the value of the homes collateralizing the loans exceeds the unpaid amount of the related receivable. Accordingly, no allowance for loan losses is included in Golden Crescent Habitat's financial statements.

Asset impairment – Assets are evaluated for impairment if impairment indications are present. An impairment write-down to fair value less costs to sell occurs when management believes that events or changes in circumstances indicate that its carrying amount may not be recoverable. No impairment loss was recognized during 2020 and 2019.

Property with a value of more than \$1,000 is reported at cost if purchased or at fair value at date of gift if donated. Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 39 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Revenue recognition from sales is derived primarily from ReStore sales of inventory and home sales. Revenue is recognized when the services are provided, in an amount that reflects the consideration that Golden Crescent Habitat expects to be entitled to in exchange for those services. All revenue from contracts with customers is recognized at a point-in-time.

*Home sales* are to low-income individuals and families in the Greater Golden Crescent area. Homes are sold to qualified buyers and zero-interest equivalent mortgages are provided to qualified persons as payment for the homes sold. Mortgage receivables are recorded at the discounted value of payments to be received over the lives of the mortgages. Qualified persons may receive down payment assistance from other agencies to reduce their loan amount. Golden Crescent Habitat recognizes revenue from home sales when a home closing occurs and title is transferred to the home buyer. Generally, all of the homes have a fair value at the date of sale that exceeds the contract sales price. In consideration for receiving a bargain purchase price and a non-interest bearing mortgage, the purchasers are restricted in their ability to mortgage or sell the home. Golden Crescent Habitat generally has the option to repurchase the home or receive a portion of the realized gain from the sale of the home during a portion of the mortgage period. The nature of these sales does not give rise to any other contracts costs or any variable considerations. During the years ended June 30, 2020 and 2019, 3 and 6 homes were sold by Golden Crescent Habitat, respectively.

*ReStore sales* are from customers in Victoria and surrounding counties and payment is due at the point of sale. The nature of these sales does not give rise to contract costs or warranties. Discounts of 10% are given on Thursdays for first responders, seniors, and military personnel. No refunds are given on ReStore sales.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as with donor restrictions. Conditional contributions are subject to one or more barriers that must be overcome before Golden Crescent Habitat is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Non-cash contributions – Donated materials and use of facilities are recognized at estimated fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the years ended June 30, 2020 and 2019, there was \$12,864 and \$11,520 in donated mortgage services recorded, respectively. Volunteers provided approximately 7,750 hours in 2020 and 12,050 in 2019 to assist Golden Crescent Habitat in providing home construction and repair services for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under the generally accepted accounting principles. The approximate fair value of these services is \$194,000 in 2020 and \$300,000 in 2019, respectively.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Amounts received in advance of the event represent conditional contributions and are reported in the statement of financial position as refundable advances until earned. Direct donor benefit costs represent the cost of goods and services provided to attendees of special events.

Advertising costs are expensed as incurred.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation of building and improvements and occupancy costs are allocated based on square footage. Information technology costs are allocated based on number of employees.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In May 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments*, which requires that financial assets measured at amortized cost basis be presented in the statement of financial position at the net amount expected to be collected and that the statement of activities reflect the measurement of credit losses for newly recognized financial assets, as well as increases or decreases of expected credit losses that have taken place during the period. Currently, generally accepted accounting principles require an “incurred loss” methodology for recognizing credit losses that delays recognition until it is probable a loss has been incurred. Golden Crescent Habitat will

be required to adopt this new standard for its fiscal year ending June 30, 2024. Management is evaluating this new standard and expects that it may impact valuation of its mortgage loans receivable and related financial statement disclosures.

**NOTE 2 – ADOPTION OF ACCOUNTING STANDARD UPDATES**

Effective July 1, 2019, Golden Crescent Habitat adopted the guidance in Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. The core principle of this new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services using a 5-step process to determine when performance obligations are satisfied, and revenue is recognized. Also effective July 1, 2019, Golden Crescent Habitat adopted the guidance in ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies the distinction between contributions and exchange transactions and between conditional and unconditional contributions. These amendments have been applied on a retrospective basis to the financial statements for the year ended June 30, 2019. Because the timing and amount of revenue recognized previously is not different from revenue recognized under the new guidance, adoption of these standards had no impact on total beginning or ending net assets or on total changes in net assets for the year ended June 30, 2019. Presentation and disclosure pertaining to the year ended June 30, 2019 have been updated as appropriate to conform to the new standards.

**NOTE 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 June 30 comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 2,011,365	\$ 2,328,644
Contributions receivable, net	1,586,081	2,516,715
Mortgage loans receivable, net	<u>799,426</u>	<u>796,547</u>
Total financial assets	4,396,872	5,641,906
Less financial assets not available for general expenditure:		
Mortgage loans receivable due in more than one year	(707,504)	(701,712)
Board-designated operating reserve	(78,000)	(78,000)
Purpose-restricted net assets not expected to be satisfied in the coming year	(101,888)	(343,634)
Contributions receivable due in more than one year	<u>                    </u>	<u>(1,020,059)</u>
Total financial assets available for general expenditure	<u>\$ 3,509,480</u>	<u>\$ 3,498,501</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Golden Crescent Habitat considers all expenditures related to its ongoing activities of providing assistance in the building and redevelopment of low-income housing, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of Golden Crescent Habitat’s liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due by maintaining a significant portion of its assets in cash. Additionally, Golden Crescent Habitat has two lines of credit for up to \$170,000, which can be accessed if a liquidity need arises. The Board of Directors (the Board) has designated a portion of

its resources without donor restrictions for specific purposes as board-designated. Although Golden Crescent Habitat does not intend to spend board-designated reserves, amounts from the board-designated reserves could be made available at the Board’s discretion.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are as follows:

	<u>2020</u>	<u>2019</u>
Contributions receivable	\$ 1,586,081	\$ 2,534,566
Discount to net present value at 1.75%		<u>(17,851)</u>
Contributions receivable, net	<u>\$ 1,586,081</u>	<u>\$ 2,516,715</u>

All contributions receivable are expected to be collected in 2021.

**NOTE 5 – HOME CONSTRUCTION IN PROGRESS**

Home construction in progress consists of the following:

	<u>2020</u>	<u>2019</u>
Land under development	\$ 283,617	\$ 371,344
Houses under construction	<u>93,642</u>	<u>94,353</u>
Total	<u>\$ 377,259</u>	<u>\$ 465,697</u>

**NOTE 6 – MORTGAGE LOANS RECEIVABLE**

Mortgage loans receivable consists of the following:

	<u>2020</u>	<u>2019</u>
Mortgage loans receivable, at par value	\$ 1,630,075	\$ 1,623,684
Less: Unamortized discount based on imputed interest at rates ranging from 7.38% to 8.48%	<u>(830,649)</u>	<u>(827,137)</u>
Mortgage loans receivable, net	<u>\$ 799,426</u>	<u>\$ 796,547</u>

A mortgage loans receivable is considered delinquent if the scheduled installment payment remains unpaid 30 days after its due date. Delinquent principal amounts of the mortgage loans receivable at June 30, 2020 were approximately \$23,000.

The annual collection of mortgage loans receivable at June 30, 2020 is as follows:

2021	\$ 91,922
2022	83,797
2023	80,695
2024	78,366
2025	75,527
Thereafter	<u>1,219,768</u>
Total	<u>\$ 1,630,075</u>

**NOTE 7 – PROPERTY**

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 247,700	\$ 247,700
Building and building improvements	1,271,266	1,271,266
Vehicles	220,568	158,757
Furniture and office equipment	<u>44,809</u>	<u>44,809</u>
Total property, at cost	1,784,343	1,722,532
Accumulated depreciation	<u>(217,272)</u>	<u>(148,584)</u>
Property, net	<u>\$ 1,567,071</u>	<u>\$ 1,573,948</u>

**NOTE 8 – PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE**

In April 2020, Golden Crescent Habitat received financial relief of \$138,505 funded under the Small Business Administration’s Paycheck Protection Program (PPP). PPP loan principal and interest may be forgiven, in whole or in part, if funds are used for the intended purposes within 8 or 24 weeks of funding. The unsecured loan is considered to be a conditional contribution and will be recognized as contribution revenue upon forgiveness by the bank. If forgiveness in total is not received, the amount will convert to a 2-year loan bearing interest at 1%.

**NOTE 9 – NOTES PAYABLE**

Notes payable consist of the following:

	<u>2020</u>	<u>2019</u>
Bank note payable for the purchase of building executed in August 2017. Interest only payments are required through August 2020; thereafter principal and interest are due through August 2040. Interest at 4.5% until August 2024 and at prime plus 1%, adjusted annually with a minimum rate of 4.5% thereafter, secured by building and land.	\$ 868,124	\$ 888,124
\$175,000 Flexible Capital Access Program loan from HFHI executed in May 2018. The term is 10 years at 5% interest. Interest and principal payments are due monthly. The loan is secured by mortgage receivables. The par value of the loans securing the debt is \$624,992.	150,298	161,148
Self-help Homeownership Opportunity Program non-interest bearing note from HFHI due in 48 monthly installments beginning September 2020. The loan is unsecured.	18,750	18,750
Self-help Homeownership Opportunity Program non-interest bearing note from HFHI due in 48 monthly installments beginning January 2021. The loan is unsecured.	15,000	15,000
\$120,000 revolving line of credit available with a bank, matures in September 2020, interest rate at prime plus 1%. Renewed in September 2020, with a maturity date of September 2021.		184
\$50,000 line of credit with a bank which matures in October 2020, secured by The ReStore and construction warehouse contents and fixtures; interest rate at prime plus 1%. Renewed in October 2020, with a maturity date of October 2021.		
Total notes payable	<u>\$ 1,052,172</u>	<u>\$ 1,083,206</u>

Principal payments at June 30, 2020 are due as follows:

2021	\$ 50,953
2022	54,941
2023	57,159
2024	59,512
2025	55,389
Thereafter	<u>774,218</u>
Total	<u>\$ 1,052,172</u>

**NOTE 10 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 983,780	\$ 1,305,540
Property, less related liabilities	698,947	685,824
Board-designated for operating reserve	<u>78,000</u>	<u>78,000</u>
Total net assets without donor restrictions	<u>\$ 1,760,727</u>	<u>\$ 2,069,364</u>

The Board does not have a specific policy in regards to establishing board-designated reserves. However, the Board may designate excess cash flows for reserves or approve use of reserves as deemed prudent.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Refugio County flood relief	\$ 1,971,649	\$ 4,221,081
Hurricane Harvey relief	1,147,705	229,088
Home construction	89,000	
Brush-Up home repair program	21,549	23,614
Community garden	<u>15,000</u>	<u>15,000</u>
Total net assets with donor restrictions	<u>\$ 3,244,903</u>	<u>\$ 4,488,783</u>

**NOTE 12 – CONDITIONAL CONTRIBUTIONS**

During 2019, Golden Crescent Habitat received two conditional contributions from HFHI totaling \$206,250 for various Hurricane Harvey related work. The contributions were conditioned on the employment of additional staff and completed home repairs on approximately 15 homes. As of June 30, 2020, \$175,833 has been recognized as conditions have been met. The grant has expired and no amount remains to be recognized.



**NOTE 13 – EMPLOYEE BENEFIT PLANS**

Golden Crescent Habitat offers employees with one year of service the opportunity to participate in a §403(b) contributory retirement plan of their choice. Employee contributions are matched up to 5% of the employees' regular salary, and Golden Crescent Habitat may make a discretionary contribution to the employees' plans in any given year. Employer contributions totaling \$650 were made for both years ended June 30, 2019 and 2018.

Golden Crescent Habitat was self-insured for health benefits from December 2018 through November 2019. Under this plan, health benefit claims are the responsibility of Golden Crescent Habitat subject to a maximum on a per employee and aggregate basis based on the number of employees covered. Golden Crescent Habitat maintains a stop loss policy that becomes effective when claims are individually greater than \$10,000 and in aggregate greater than \$14,174. The plan was terminated effective November 30, 2019.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

A board member of Golden Crescent Habitat is the Vice-President of the primary banking institution used by Golden Crescent Habitat for both 2020 and 2019.

**NOTE 15 – CONCENTRATIONS**

At June 30, 2020, contributions receivable from two donors comprised \$1,413,020 or 89% of total contributions receivable. In 2020, contributions from three donors accounted for 81% of total contributions. At June 30, 2019, contributions receivable from one donor comprised \$2,403,942 or 96% of total contributions receivable. In 2019, contributions from two donors accounted for 53% of total contributions.

**NOTE 16 – PANDEMIC AND SUBSEQUENT EVENTS**

In March 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and a national emergency was declared in the United States. As a result, Golden Crescent Habitat temporarily closed its build sites to the volunteers for a period of time and postponed its Back Yard Boil special event in order to protect its staff, homeowners, and volunteers from the potential spread of COVID-19. Golden Crescent Habitat offered a forbearance plan to qualified homeowners who wished to apply for this program.

The extent of the impact of COVID-19 on Golden Crescent Habitat's future operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on its homeowners, employees, donors, and vendors, all of which are uncertain and cannot be predicted.

Management has evaluated subsequent events through November 17, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, other than the on-going impact of COVID-19, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.