

Golden Crescent Habitat for Humanity, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2021 and 2020

Golden Crescent Habitat for Humanity, Inc.

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position as of June 30, 2021 and 2020	2
Statement of Activities for the year ended June 30, 2021	3
Statement of Activities for the year ended June 30, 2020	4
Statement of Functional Expenses for the year ended June 30, 2021	5
Statement of Functional Expenses for the year ended June 30, 2020	6
Statements of Cash Flows for the years ended June 30, 2021 and 2020	7
Notes to Financial Statements for the years ended June 30, 2021 and 2020	8

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, 2021 and 2020 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.

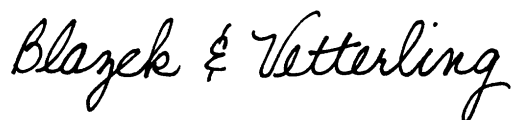
Management's Responsibility for the Financial Statements – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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, 2021 and 2020 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.



November 18, 2021

Golden Crescent Habitat for Humanity, Inc.

Statements of Financial Position as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 393,410	\$ 1,933,365
Cash designated for operating reserve	80,000	78,000
Contributions receivable	125,527	1,586,081
Prepaid expenses and other assets	43,968	54,912
Other receivables	45,000	
Home construction in progress (Note 3)	229,619	377,259
Lots and land held for development	53,115	58,840
Mortgage loans receivable, net (Note 4)	838,243	799,426
Cash restricted for property	70,000	
Property, net (Note 5)	<u>1,463,168</u>	<u>1,567,071</u>
TOTAL ASSETS	<u>\$ 3,342,050</u>	<u>\$ 6,454,954</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 46,619	\$ 246,349
Paycheck Protection Program refundable advance (Note 2)	186,096	138,505
Refundable advance		12,298
Notes payable (Note 6)	<u>1,009,647</u>	<u>1,052,172</u>
Total liabilities	<u>1,242,362</u>	<u>1,449,324</u>
Net assets:		
Without donor restrictions (Note 7)	1,738,553	1,760,727
With donor restrictions (Note 8)	<u>361,135</u>	<u>3,244,903</u>
Total net assets	<u>2,099,688</u>	<u>5,005,630</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,342,050</u>	<u>\$ 6,454,954</u>

See accompanying notes to financial statements.

Golden Crescent Habitat for Humanity, Inc.

Statement of Activities for the year ended June 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND SUPPORT:			
Low-cost housing income:			
Home sales	\$ 270,000		\$ 270,000
Mortgage discount amortization	62,552		62,552
In-kind contributions of materials and services	117,212		117,212
Other fees	<u>17,302</u>		<u>17,302</u>
Total low-cost housing income	<u>467,066</u>		<u>467,066</u>
Contributions and other:			
Contributions (Note 2)	216,697	\$ 1,324,197	1,540,894
In-kind contributions of inventory	319,012		319,012
Special events	69,502		69,502
Direct donor benefit	(22,444)		(22,444)
Gain on sales of property	20,189		20,189
Other income	<u>7,866</u>		<u>7,866</u>
Subtotal contributions and other	610,822	1,324,197	1,935,019
Satisfaction of donor restrictions:			
Expenditures for program restrictions	<u>4,207,965</u>	<u>(4,207,965)</u>	
Total contributions and other	<u>4,818,787</u>	<u>(2,883,768)</u>	<u>1,935,019</u>
The ReStore:			
The ReStore sales of inventory	661,949		661,949
The ReStore cost of goods sold	<u>(440,733)</u>		<u>(440,733)</u>
The ReStore, net	<u>221,216</u>		<u>221,216</u>
Total revenue, gains and support	<u>5,507,069</u>	<u>(2,883,768)</u>	<u>2,623,301</u>
EXPENSES:			
Low-cost housing program	4,753,814		4,753,814
The ReStore	385,299		385,299
Management and general	214,830		214,830
Fundraising	<u>175,300</u>		<u>175,300</u>
Total expenses	<u>5,529,243</u>		<u>5,529,243</u>
CHANGES IN NET ASSETS	(22,174)	(2,883,768)	(2,905,942)
Net assets, beginning of year	<u>1,760,727</u>	<u>3,244,903</u>	<u>5,005,630</u>
Net assets, end of year	<u>\$ 1,738,553</u>	<u>\$ 361,135</u>	<u>\$ 2,099,688</u>

See accompanying notes to financial statements.

Golden Crescent Habitat for Humanity, Inc.

Statement of Activities for the year ended June 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND SUPPORT:			
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>
The 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>
EXPENSES:			
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 Functional Expenses for the year ended June 30, 2021

<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	\$ 626,391	\$ 228,314	\$ 62,767	\$ 74,919	\$ 992,391
Disaster construction relief	3,399,303				3,399,303
Cost of homes sold	418,025				418,025
Professional services	24,704	6,081	53,492	61,005	145,282
Discount on mortgages issued	79,054				79,054
Depreciation	30,270	31,129	3,635	1,057	66,091
Property taxes and insurance	23,649	19,365	17,098	2,137	62,249
Occupancy	25,159	25,586	1,908	1,137	53,790
Interest expense	13,493	23,534	11,219	199	48,445
Advertising and marketing			43,771		43,771
Repairs and maintenance	28,790	14,923			43,713
Travel and meals	15,162	8,564	5,917	1,067	30,710
Software, dues and subscriptions	10,964	400		17,675	29,039
Supplies	10,678	7,200	731	4,375	22,984
Equipment and other rentals	11,287	3,187	8,020		22,494
Postage, delivery and printing	7,182	174	2,548	9,196	19,100
Bank fees		15,635	2,812		18,447
Tithes to other non-profits	12,000				12,000
Other	<u>17,703</u>	<u>1,207</u>	<u>912</u>	<u>2,533</u>	<u>22,355</u>
Total expenses	<u>\$ 4,753,814</u>	<u>\$ 385,299</u>	<u>\$ 214,830</u>	<u>\$ 175,300</u>	5,529,243
Direct donor benefit					22,444
The ReStore cost of goods sold					<u>440,733</u>
Total					<u>\$ 5,992,420</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 services	49,782	6,902	75,713	23,011	155,408
Discount on mortgages issued	66,898				66,898
Depreciation	31,460	32,351	3,778	1,099	68,688
Property taxes and insurance	40,058	29,192	29,028	3,629	101,907
Occupancy	28,501	27,357	3,276	983	60,117
Interest expense	13,006	23,667	10,996	275	47,944
Advertising and marketing			39,864		39,864
Repairs and maintenance	25,224	6,730			31,954
Travel and meals	24,181	4,963	8,235	2,089	39,468
Software, dues and subscriptions	9,798	2,752		11,819	24,369
Supplies	34,156	7,454	2,969	5,928	50,507
Equipment and other rentals	38,687	3,204	2,920	572	45,383
Postage, delivery and printing	2,228	6	366	14,984	17,584
Bank fees		11,852	2,456		14,308
Tithes to other non-profits	8,000				8,000
Other	<u>22,929</u>	<u>448</u>	<u>1,601</u>	<u>2,764</u>	<u>27,742</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.

Statements of Cash Flows for years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$(2,905,942)	\$(1,552,517)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	66,091	68,688
Discount on mortgages issued	79,054	66,898
Mortgage discount amortization	(62,552)	(63,386)
Gain on sales of property	(20,189)	
Contributions restricted for property	(70,000)	(61,810)
In-kind donation of lots held for development	(8,340)	
Changes in operating assets and liabilities:		
Contributions receivable	1,460,554	930,634
Prepaid expenses and other assets	10,944	(14,728)
Other receivables	(45,000)	
Home construction in progress	147,640	88,438
Lots and land held for development	14,065	14,065
Mortgage loans receivable	(55,319)	(6,391)
Accounts payable and accrued expenses	(199,730)	93,062
Paycheck Protection Program refundable advance	47,591	138,505
Refundable advance	<u>(12,298)</u>	<u>12,298</u>
Net cash used by operating activities	<u>(1,553,431)</u>	<u>(286,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	(1,999)	(61,811)
Proceeds from sales of property	<u>60,000</u>	<u> </u>
Net cash provided (used) by investing activities	<u>58,001</u>	<u>(61,811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	22,000	
Payments on notes payable	(64,525)	(31,034)
Proceeds from contributions restricted for property	<u>70,000</u>	<u>61,810</u>
Net cash provided by financing activities	<u>27,475</u>	<u>30,776</u>
NET CHANGE IN CASH	(1,467,955)	(317,279)
Cash, beginning of year	<u>2,011,365</u>	<u>2,328,644</u>
Cash, end of year	<u>\$ 543,410</u>	<u>\$ 2,011,365</u>
<i>Summary of cash balances:</i>		
Cash	\$ 393,410	\$ 1,933,365
Cash designated for operating reserve	80,000	78,000
Cash restricted for property	<u>70,000</u>	<u> </u>
Total cash	<u>\$ 543,410</u>	<u>\$ 2,011,365</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid	\$48,445	\$47,944

See accompanying notes to financial statements.

Golden Crescent Habitat for Humanity, Inc.

Notes to Financial Statements for the years ended June 30, 2021 and 2020

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 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 more than one year 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 contribution revenue. At June 30, 2021, all contributions are due to be paid within one year. An allowance for uncollectible contributions receivable 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 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, 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 held for 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. 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, 2021 were approximately \$19,000. 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 2021 and 2020.

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 The ReStore sales of inventory and home sales. Revenue is recognized when the goods are provided in an amount that reflects the consideration that Golden Crescent Habitat expects to be entitled to in exchange for those goods. 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. Standard manufacturer and builders warranties are provided for one year on the home, except for the structural load-bearing components, which are warranted for 10 years. The nature of these sales does not give rise to any other contract costs or any variable considerations. During the years ended June 30, 2021 and 2020, 3 homes were sold by Golden Crescent Habitat in each year.

The 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 The 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, 2021 and 2020, there was \$11,040 and \$12,864 in donated mortgage services recorded, respectively. Volunteers provided approximately 3,200 hours in 2021 and 7,750 in 2020 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 generally accepted accounting principles. The approximate fair value of these services is \$88,000 in 2021 and \$194,000 in 2020, 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 events revenue is recognized when the event occurs. Amounts received in advance of the events 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 estimates of time and costs of specific technology utilized.

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 pronouncements – 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.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* will require contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and will require disclosure about the measurement and use of types of contributed nonfinancial assets. The ASU will be effective for years beginning after June 15, 2021 and requires retrospective application. Golden Crescent Habitat will adopt this ASU for its fiscal year ending June 30, 2022.

NOTE 2 – 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>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 543,410	\$ 2,011,365
Contributions receivable	125,527	1,586,081
Other receivables	45,000	
Mortgage loans receivable, net	<u>838,243</u>	<u>799,426</u>
Total financial assets	1,552,180	4,396,872
Less financial assets not available for general expenditure:		
Mortgage loans receivable due in more than one year	(753,321)	(707,504)
Cash designated for operating reserve	(80,000)	(78,000)
Cash restricted for property	(70,000)	
Purpose-restricted net assets not expected to be satisfied in the coming year	<u>(60,872)</u>	<u>(101,888)</u>
Total financial assets available for general expenditure	<u>\$ 587,987</u>	<u>\$ 3,509,480</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 \$120,000 revolving line of credit bears interest at prime plus 1%, matures in September 2021, and was renewed in September 2021 with a maturity date of September 2022. The \$50,000 line of credit is secured by the ReStore and construction warehouse contents and fixtures, bears interest at prime plus 1%, and matures in October 2021. This line of credit was renewed in October 2021 with a maturity date of October 2022.

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.

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 volunteers from March to June 2020 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 from March to July 2020. 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. While Golden Crescent Habitat expects this matter may negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

To enhance its liquidity, Golden Crescent Habitat received an unsecured bank loan of \$138,505 in April 2020, funded under the Small Business Administration's Paycheck Protection Program (PPP). The loan was forgiven in February 2021 as Golden Crescent Habitat met the eligibility requirements and used the loan to fund qualified payroll and other eligible costs. The amount forgiven was recognized as contribution revenue in 2021. In February 2021, Golden Crescent Habitat received a \$186,096 Second Draw PPP loan. The Second Draw PPP loan principal and interest may be forgiven, in whole or in part, if funds are used for qualified expenses. Any amounts not forgiven will bear interest at 1.0% and may be repaid over 5 years. Subsequent to June 30, 2021, the Small Business Administration approved forgiveness of the loan; therefore, the \$186,096 will be recognized as contribution revenue in fiscal year 2022.

NOTE 3 – HOME CONSTRUCTION IN PROGRESS

Home construction in progress consists of the following:

	<u>2021</u>	<u>2020</u>
Land development costs	\$ 195,890	\$ 283,617
Houses under construction	<u>33,729</u>	<u>93,642</u>
Total	<u>\$ 229,619</u>	<u>\$ 377,259</u>

NOTE 4 – MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consists of the following:

	<u>2021</u>	<u>2020</u>
Mortgage loans receivable, at par value	\$ 1,685,394	\$ 1,630,075
Less: Unamortized discount based on imputed interest at rates ranging from 7.23% to 8.34%	<u>(847,151)</u>	<u>(830,649)</u>
Mortgage loans receivable, net	<u>\$ 838,243</u>	<u>\$ 799,426</u>

The annual collection of mortgage loans receivable at June 30, 2021 is as follows:

2022	\$ 84,922
2023	84,922
2024	84,049
2025	81,285
2026	78,567
Thereafter	<u>1,271,649</u>
Total	<u>\$ 1,685,394</u>

NOTE 5 – PROPERTY

Property consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 247,700	\$ 247,700
Building and building improvements	1,269,452	1,271,266
Vehicles	145,180	220,568
Furniture and equipment	<u>33,074</u>	<u>44,809</u>
Total property, at cost	1,695,406	1,784,343
Accumulated depreciation	<u>(232,238)</u>	<u>(217,272)</u>
Property, net	<u>\$ 1,463,168</u>	<u>\$ 1,567,071</u>

NOTE 6 – NOTES PAYABLE

Notes payable consist of the following:

	<u>2021</u>	<u>2020</u>
Bank note payable for the purchase of a building executed in August 2017. Interest only payments were 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.	\$ 842,633	\$ 868,124
\$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 \$526,321.	139,036	150,298
Self-help Homeownership Opportunity Program non-interest bearing note from HFHI due in 48 monthly installments beginning September 2020. The loan is unsecured.	14,850	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.	<u>13,128</u>	<u>15,000</u>
Total notes payable	<u>\$ 1,009,647</u>	<u>\$ 1,052,172</u>

Principal payments at June 30, 2021 are due as follows:

2022	\$ 53,605
2023	55,760
2024	58,020
2025	54,669
2026	54,443
Thereafter	<u>733,150</u>
Total	<u>\$ 1,009,647</u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 1,038,018	\$ 983,780
Property, less related liabilities	620,535	698,947
Board-designated for operating reserve	<u>80,000</u>	<u>78,000</u>
Total net assets without donor restrictions	<u>\$ 1,738,553</u>	<u>\$ 1,760,727</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 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Refugio County Hurricane Harvey relief	\$ 92,724	\$ 1,971,649
Staff salaries	80,000	
Critical Repairs Program	75,000	
The ReStore expansion	70,000	
Brush-Up home repair program	20,872	21,549
Community garden	15,000	15,000
Home construction		89,000
Hurricane Harvey relief		1,147,705
Other	<u>7,539</u>	
Total net assets with donor restrictions	<u>\$ 361,135</u>	<u>\$ 3,244,903</u>

NOTE 9 – CONDITIONAL CONTRIBUTIONS

In addition to the PPP loans disclosed in Note 2, Golden Crescent Habitat received eight additional conditional contributions from HFHI totaling \$1,011,000 for various Hurricane Harvey related projects. The contributions were conditioned on the employment of additional staff and completed home repairs on 35 homes and three new home builds. As of June 30, 2021, \$864,390 has been recognized as conditions have been met. The remaining \$146,610 will be recognized as contribution revenue when the conditions have been met.

NOTE 10 – 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 were \$675 and \$650 for 2021 and 2020, respectively.

NOTE 11 – 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 2021 and 2020.

NOTE 12 – CONCENTRATIONS

At June 30, 2021, contributions receivable from Habitat for Humanity International comprised \$108,343 or 86% of total contributions receivable. In 2021, contributions from two donors accounted for 68% of total contributions. 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.

NOTE 13 – SUBSEQUENT EVENTS

In July 2021, Golden Crescent Habitat entered into a \$70,000 note payable with a bank, which matures in January 2027 in order to facilitate the construction of The ReStore expansion. The note payable is secured by building and land. No amounts have been drawn on the note payable. In October 2021, Golden Crescent Habitat entered into a letter of intent to purchase land to be used to build six homes for \$30,000.

Management has evaluated subsequent events through November 18, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified, other than the forgiveness of the Second Draw PPP loan and the ongoing impact of COVID-19 disclosed in Note 2 and the new note payable and land purchased discussed above, that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.