

**GREATER CLEVELAND  
HABITAT FOR HUMANITY, INC. AND  
GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
Independent Auditor's Report.....	1-2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4-5
Consolidated Statements of Functional Expenses .....	6-7
Consolidated Statements of Cash Flows.....	8-9
Notes to Consolidated Financial Statements.....	10-31
Independent Auditor's Report on Consolidating Information .....	32
Consolidating Financial Statements:	
Consolidating Statements of Financial Position .....	33-34
Consolidating Statements of Activities - Without Donor Restrictions .....	35-36
Consolidating Statements of Activities - With Donor Restrictions.....	37-38



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
**Greater Cleveland Habitat for Humanity, Inc.**  
**and GCHFH Funding Company, LLC**  
Cleveland, Ohio

We have audited the accompanying consolidated financial statements of **Greater Cleveland Habitat for Humanity, Inc. and GCHFH Funding Company, LLC** (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Greater Cleveland Habitat for Humanity, Inc. and GCHFH Funding Company, LLC** as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Zinner & Co. LLP*

Beachwood, Ohio

March 22, 2021

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 638,877	\$ 1,219,087
Cash designated for home builds and other operational costs	98,037	33,786
Investments	3,571,664	2,916,835
Receivables		
Mortgages receivable	6,889,034	6,137,533
Escrows receivable	68,983	114,424
Discount and reserves for mortgages and escrows receivables	(1,949,576)	(1,589,372)
Unconditional promises to give - Without donor restrictions, net	0	186,000
Unconditional promises to give - With donor restrictions, net	250,000	488,095
Other receivables	208,687	91,714
Prepaid expenses and deposits	17,502	42,080
Inventories		
Materials inventory	69,000	84,000
ReStore inventory	498,140	450,474
Construction in progress		
New homes	1,261,116	749,808
Rehab homes	460,765	663,630
Anticipated loss on home builds	(280,000)	(299,726)
Property and equipment, net	158,362	216,435
Assets held for resale	0	9,400
Total Assets	<b>\$ 11,960,591</b>	<b>\$11,514,203</b>
<b>Liabilities</b>		
Accounts payable	\$ 141,061	\$ 132,331
Accrued expenses	234,572	161,497
Capital leases payable	58,688	104,170
Notes payable	2,893,782	3,081,049
Total Liabilities	<b>3,328,103</b>	<b>3,479,047</b>
<b>Net Assets</b>		
Without Donor Restrictions		
Available for programs and services	4,658,911	4,734,027
Allocated to affordable housing programs	3,625,540	2,779,248
Total Net Assets Without Donor Restrictions	<b>8,284,451</b>	<b>7,513,275</b>
With Donor Restrictions	<b>348,037</b>	<b>521,881</b>
Total Net Assets	<b>8,632,488</b>	<b>8,035,156</b>
Total Liabilities and Net Assets	<b>\$ 11,960,591</b>	<b>\$11,514,203</b>

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions	\$ 2,462,676	\$ 109,942	\$ 2,572,618
Grants	25,000	0	25,000
Home sales, net	1,562,000	0	1,562,000
ReStore sales activity			
Gross sales	2,069,687	0	2,069,687
Donated inventory	1,570,123	0	1,570,123
Less: Cost of sales	(1,870,489)	0	(1,870,489)
Special events			
Gross revenue	84,909	0	84,909
Less: Direct expenses	(15,918)	0	(15,918)
Investment income	369,949	0	369,949
Service fees and other income	399,571	0	399,571
	6,657,508	109,942	6,767,450
Net assets released from restrictions:			
Satisfaction of program restrictions	283,786	(283,786)	0
Total Reclassifications	283,786	(283,786)	0
Total Support and Revenues	6,941,294	(173,844)	6,767,450
<b>Expenses</b>			
Program services	5,460,460	0	5,460,460
General and administrative	338,979	0	338,979
Fundraising and development	370,679	0	370,679
Total Expenses	6,170,118	0	6,170,118
<b>Change in Net Assets</b>	771,176	(173,844)	597,332
<b>Net Assets at Beginning of Year</b>	7,513,275	521,881	8,035,156
<b>Net Assets at End of Year</b>	8,284,451	348,037	8,632,488
<b>Net Assets With Donor Restrictions</b>	0	(348,037)	(348,037)
<b>Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs</b>	(3,625,540)	0	(3,625,540)
<b>Net Assets Without Donor Restrictions Available for Programs and Services</b>	\$ 4,658,911	\$ 0	\$ 4,658,911

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributions	\$ 2,117,071	\$ 488,970	\$ 2,606,041
Grants	119,997	0	119,997
Home sales, net	1,797,500	0	1,797,500
ReStore sales activity			
Gross sales	2,342,690	0	2,342,690
Donated inventory	2,232,080	0	2,232,080
Less: Cost of sales	(2,368,897)	0	(2,368,897)
Special events			
Gross revenue	71,070	0	71,070
Less: Direct expenses	(7,577)	0	(7,577)
Rental income	4,800	0	4,800
Investment Income	201,763	0	201,763
Service fees and other income	39,987	0	39,987
	<u>6,550,484</u>	<u>488,970</u>	<u>7,039,454</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>569,977</u>	<u>(569,977)</u>	<u>0</u>
Total Reclassifications	<u>569,977</u>	<u>(569,977)</u>	<u>0</u>
Total Support and Revenues	7,120,461	(81,007)	7,039,454
<b>Expenses</b>			
Program services	4,737,622	0	4,737,622
General and administrative	321,660	0	321,660
Fundraising and development	322,596	0	322,596
Total Expenses	<u>5,381,878</u>	<u>0</u>	<u>5,381,878</u>
<b>Change in Net Assets</b>	1,738,583	(81,007)	1,657,576
<b>Net Assets at Beginning of Year</b>	<u>5,774,692</u>	<u>602,888</u>	<u>6,377,580</u>
<b>Net Assets at End of Year</b>	7,513,275	521,881	8,035,156
<b>Net Assets With Donor Restrictions</b>	0	(521,881)	(521,881)
<b>Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs</b>	<u>(2,779,248)</u>	<u>0</u>	<u>(2,779,248)</u>
<b>Net Assets Without Donor Restrictions Available for Programs and Services</b>	<u>\$ 4,734,027</u>	<u>\$ 0</u>	<u>\$ 4,734,027</u>

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
<b>Salaries and Related Expenses</b>				
Salaries	\$ 1,572,207	\$ 180,631	\$ 237,835	\$ 1,990,673
Payroll taxes	103,775	12,238	13,668	129,681
Employee benefits	262,988	31,015	34,636	328,639
Total Salaries and Related Expenses	1,938,970	223,884	286,139	2,448,993
<b>Other Operating Expenses</b>				
Advertising	36,588	0	5,985	42,573
Banking fees and charges	30,223	1,440	0	31,663
Costs of home construction	2,260,513	0	0	2,260,513
Depreciation, net of redistribution to CIP	20,755	0	0	20,755
Mortgage portfolio costs				
Present value discount on new loans	478,613	0	0	478,613
Imputed interest	(102,509)	0	0	(102,509)
Other portfolio costs	29,696	0	0	29,696
Dues and subscriptions	1,533	619	1,993	4,145
Equipment rental	12,902	2,513	2,513	17,928
Gifts and awards	3,200	0	0	3,200
Insurance	61,638	4,696	3,128	69,462
Interest	2,371	0	0	2,371
Miscellaneous operating expenses	254	1,876	0	2,130
Office and computer supplies	28,097	2,210	2,426	32,733
Postage and delivery	8,357	1,791	1,791	11,939
Printing and publications	4,166	0	10,715	14,881
Professional fees and contract services	72,013	21,718	20,660	114,391
Rent and insurance	364,945	55,366	23,728	444,039
Repairs and maintenance	27,751	4,184	2,510	34,445
Security	28,764	1,563	1,563	31,890
Telephone	20,111	1,890	3,310	25,311
Travel, mileage and lodging	14,148	6,814	1,413	22,375
Utilities	82,967	8,415	2,805	94,187
Vehicle expense	34,394	0	0	34,394
Total Other Operating Expenses	3,521,490	115,095	84,540	3,721,125
Total Expenses	\$ 5,460,460	\$ 338,979	\$ 370,679	\$ 6,170,118
	88%	6%	6%	100%

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



**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	
<b>Salaries and Related Expenses</b>				
Salaries	\$ 1,510,782	\$ 178,170	\$ 198,977	\$ 1,887,929
Payroll taxes	73,866	8,711	9,728	92,306
Employee benefits	232,948	27,472	30,680	291,100
Total Salaries and Related Expenses	1,817,596	214,353	239,386	2,271,335
<b>Other Operating Expenses</b>				
Advertising	53,560	0	0	53,560
Banking fees and charges	31,804	2,612	0	34,416
Costs of home construction	2,289,548	0	0	2,289,548
Depreciation, net of redistribution to CIP	25,506	0	0	25,506
Mortgage portfolio costs				
Present value discount on new loans	(166,735)	0	0	(166,735)
Imputed interest	(102,488)	0	0	(102,488)
Other portfolio costs	(153,328)	0	0	(153,328)
Dues and subscriptions	2,603	89	1,509	4,201
Equipment rental	14,882	2,055	514	17,451
Gifts and awards	8,105	0	0	8,105
Insurance	47,546	3,245	2,160	52,951
Interest	3,300	686	0	3,986
Miscellaneous operating expenses	2,978	2,446	58	5,483
Office and computer supplies	31,638	1,067	4,494	37,199
Postage and delivery	4,441	952	951	6,344
Printing and publications	12,817	0	11,496	24,313
Professional fees and contract services	162,634	27,982	14,875	205,491
Rent and insurance	372,507	23,925	23,925	420,357
Repairs and maintenance	54,019	4,635	4,635	63,289
Security	20,587	1,102	1,102	22,791
Telephone	26,625	3,743	3,743	34,110
Travel, mileage and lodging	27,860	18,012	6,780	52,652
Meetings and events	10,451	9,264	2,695	22,410
Utilities	94,996	5,493	4,274	104,764
Vehicle Expense	44,166	0	0	44,166
Total Other Operating Expenses	2,920,026	107,307	83,210	3,110,543
Total Expenses	\$ 4,737,622	\$ 321,660	\$ 322,596	\$ 5,381,878
	88%	6%	6%	100%

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 597,332	\$ 1,657,576
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	60,056	67,817
Gain on disposal of fixed assets	(27,061)	0
Payroll Protection Program loan funds recognized as revenue	(504,662)	0
Reserves for mortgages and escrows receivable	705,153	(172,600)
Amortization of mortgage loan discount	(823,562)	(178,214)
Impaired assets	9,400	0
Discount on mortgages issued	478,613	(166,735)
Cash provided (used) by changes in certain assets and liabilities:		
Mortgage receivable - New mortgages issued	(1,182,410)	(1,807,141)
Mortgage receivable - Payments received	457,139	593,014
Escrow receivable	45,441	(17,464)
Unconditional promises to give	424,095	(385,474)
Other receivables	(116,973)	(19,397)
Materials Inventory	15,000	15,000
ReStore inventory	(47,666)	(27,698)
Homes under construction	(308,443)	(331,812)
Anticipated loss on future home sales	(19,726)	281,017
Prepaid expenses and deposits	24,578	(7,219)
Accounts payable	8,730	22,304
Accrued expenses	73,075	61,553
Net Cash Used by Operating Activities	(131,891)	(415,473)
<b>Cash Flows from Investing Activities</b>		
Investment activity, net	(654,829)	(791,403)
Proceeds from asset disposal	35,116	0
Purchase of fixed assets	(10,038)	(14,000)
Net Cash Used by Investing Activities	(629,751)	(805,403)
<b>Cash Flows from Financing Activities</b>		
Proceeds from Payroll Protection Program loan	504,662	0
Net payments on accelerated asset recovery loans	(26,230)	(36,648)
Net proceeds (repayments) on long-term debt	(187,267)	1,866,285
Net payments under capitalized lease obligations	(45,482)	(50,008)
Net Cash Provided by Financing Activities	245,683	1,779,629
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(515,959)	558,753
<b>Cash and Cash Equivalents at Beginning of Year</b>	1,252,873	694,120
<b>Cash and Cash Equivalents at End of Year</b>	\$ 736,914	\$ 1,252,873

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**(CONTINUED FROM PREVIOUS PAGE)**

	<u>2020</u>	<u>2019</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 2,371	\$ 3,986
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Vehicles acquired under capital lease obligations	\$ 0	\$ 25,129
Non-cash contributions of inventory received at fair market value	1,570,123	2,232,080
Non-cash cost of sales recognized	1,870,489	2,368,897

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Greater Cleveland Habitat for Humanity, Inc. (GCHFH), a not-for-profit organization, is an affiliate of Habitat for Humanity International, Inc., a non-denominational Christian not-for-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience for people everywhere. While Habitat for Humanity International, Inc. assists with informational resources, training, publications, prayer, support, and in other ways, GCHFH is primarily and directly responsible for its own operations.

GCHFH, through its many volunteers, constructs and rehabilitates affordable housing and transfers the homes to qualified families at appraised value and provides non-interest bearing mortgage loans. GCHFH is primarily responsible for the legal, organizational, fundraising, family selection and nurture, financial and construction aspects of the work.

During 2018 Habitat established the GCHFH Funding Company, LLC (Funding Company) under common control of the Habitat Board of Directors. Funding Company was formed to engage in the activity of acquiring and holding mortgage loans originated by Greater Cleveland Habitat for Humanity, Inc., the sole member, which are acquired and held in compliance with note purchase agreements between Greater Cleveland Habitat for Humanity, Inc. and financial institutions (See Note E).

The accompanying consolidated financial statements of GCHFH include the operations of GCHFH and Funding Company and are collectively referred to as GCHFH, unless specifically noted. All significant intercompany transactions have been eliminated in consolidation.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, GCHFH is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

ASC 958-205 requires board-designated funds to be reported as part of net assets without donor restrictions; accordingly, GCHFH reports designations of voluntary board-approved segregations of net assets without donor restrictions for specific purposes as a classification of net assets without donor restrictions.

Basis of Accounting

The consolidated financial statements of GCHFH have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, GCHFH considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash accounts designated by GCHFH for home builds and other operational costs.

The following table provides a reconciliation of cash and cash equivalents reported within the Consolidated Statement of Financial Position to the Consolidated Statements of Cash Flows as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 638,877	\$ 1,219,087
Cash designated for home builds and other operational costs	<u>98,037</u>	<u>33,786</u>
	<u>\$ 736,914</u>	<u>\$ 1,252,873</u>

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. GCHFH uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance deemed necessary for uncollectible promises to give as of December 31, 2020 and 2019.

Mortgages Receivable, Discounts, and Allowances

As constructed and completed homes are transferred to qualified families, GCHFH allows qualified families to purchase the homes at appraised value subject to mortgages which bear no interest. Mortgages receivable consist of non-interest bearing mortgages secured by real estate and payable in monthly installments over the life of the mortgage. These mortgages are for terms generally between 15 and 30 years. The mortgages are recorded at the gross amount of payments to be received over the life of the mortgage and are discounted at various rates ranging from 7.38% to 9.00% based on the prevailing market rates at the inception of the mortgage as established by Habitat for Humanity International, Inc. A discount on the mortgages is recorded to reflect the economic benefit of the zero-interest-mortgage to the qualified families. Discounts are amortized over the life of the mortgage using the effective interest method.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Mortgages Receivable, Discounts, and Allowances (Continued)

Mortgages receivable are periodically reviewed for uncollectibility based on past history and current economic conditions. GCHFH also holds a second mortgage on some properties that represents the difference between the estimated fair market value of the house and the first mortgage balance as of the transfer date.

The second mortgage is in place to mitigate the risk of the homeowner selling the home for a profit. In the event that a homeowner sells the home in less than ten years from the initial sale, GCHFH will receive the prorated portion of the mortgage amount from the proceeds of the sale. Due to the uncertainty regarding the potential for collection related to second mortgages, no amounts have been recorded in these consolidated financial statements. Proceeds from second mortgages would be recorded as income in the period collected.

GCHFH has established several reserves to account for the risk of mortgage default. The reserve for loan loss is based on prior collection history of mortgages receivable. As of December 31, 2020 and 2019, GCHFH estimates that 2% and 3%, respectively, of the loans issued will fall into foreclosure. The reserve balance is based on the total mortgages receivable less the present value discount and less the value of the mortgages that have fallen into pre-foreclosure as of year-end multiplied by the aforementioned percentage. As of December 31, 2020 and 2019, the reserve for loan loss was \$113,000 and \$155,000, respectively. The anticipated loss on foreclosed properties reserve has been established for delinquent mortgages that have entered the pre-foreclosure stage. GCHFH estimates that the resale value of a foreclosed home is \$25,000. The anticipated loss on foreclosed properties reserve is the difference between the balance due on the mortgage in pre-foreclosure, any escrow receivable and the sum of the present-value reserve for that home and the \$25,000 expected resale value as estimated by GCHFH. As of December 31, 2020, there were 3 homes in pre-foreclosure with a balance of \$176,885. As of December 31, 2019, there were 2 homes in pre-foreclosure with a balance due of \$92,338. As of December 31, 2020 and 2019, the reserve for anticipated loss on foreclosed properties was \$38,500 and \$10,250, respectively.

Escrow Receivables and Liabilities

GCHFH uses a third party service provider to both collect and remit escrow amounts on behalf of qualified families for the payments of taxes and insurance. At times, GCHFH, will make advance payments for certain escrows due, such as forced placement insurance resulting in receivables from the applicable qualified families. During the closing process GCHFH, will receive escrow amounts from the title company that are then remitted to the third party service provider for the payments of taxes and insurance. Any amounts temporarily held at year end are recorded as liabilities.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Homes Held for Rehab

If a partner family has difficulty making their mortgage payments, GCHFH will reclaim their home. In doing so, the value of the home when it is reclaimed is based on the mortgage receivable and escrow receivable balances due as of the date the home was reclaimed. A reclaimed home is considered construction in progress. While a home is held for rehab, GCHFH may incur costs associated with real estate tax, insurance, and securing the home.

Inventories

Inventories consist of purchased and donated raw materials used in the construction of partner-family homes. The value of in-kind donations included in inventory is recorded at an estimated fair market value, as determined by management, at the time of receipt. All other inventory items are valued at the lower of cost or market. Purchased inventory is recorded at cost. ReStore (retail stores for sale of donated goods) inventory consists of contributed inventory, small furnishings, and tools. The value of the donated goods is determined based on the sales price received by GCHFH. At year end, the ReStore inventory value is determined based on management's estimation of the value of the inventory on hand.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at estimated fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Expenditures for replacements and improvements are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are expensed currently. GCHFH's capitalization threshold varies based on the type of expense incurred. Depreciation is computed using the straight-line method, utilizing the following lives:

<u>Class</u>	<u>Years</u>
Office furniture	3 - 5
Equipment	5
Vehicles	5
Building and improvements	20 - 40

Paycheck Protection Program Funding

On April 14, 2020, Habitat received a \$504,662 loan through a local bank pursuant to the Paycheck Protection Program (PPP Loan). Permitted expenses included certain payroll costs, covered rent, and covered utility payments incurred by Habitat. As of December 31, 2020, management considered the bank and U.S. Small Business Administration (SBA) approval of forgiveness to be administrative requirements and not a barrier, and as such recognized \$504,662 as contribution revenue, off-setting the permitted expenses within the fiscal year ended December 31, 2020.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Paycheck Protection Program Funding (Continued)

On January 22, 2021, subsequent to the year ended December 31, 2020 and before these consolidated financial statements were available to be issued, Habitat's application requesting forgiveness of 100% of the PPP loan was accepted and the loan was fully forgiven. Additionally, on February 3, 2021, Habitat received a second PPP loan through a local bank in the amount of \$528,950.

Investments

Investments are valued at fair value.

Donated investments are reflected as contributions at their fair values at date of receipt. Dividend and interest income and gains and losses on investments are reflected in current activities without donor restrictions unless restricted by the donor, either by law or explicit donor stipulation, in which case they would be reported in activities with donor restrictions.

Anticipated Loss on Future Home Builds

Losses are accrued on homes that GCHFH has committed to build for qualified families. This loss is determined by estimating the difference between the sale price of the homes and the total cost of construction.

Vacation Pay

Vacation pay is expensed when paid. Any accrual of vacation pay as of December 31, 2020 and 2019 is not material to the consolidated financial statements.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. GCHFH report gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions. In situations where GCHFH meets all donor-imposed restrictions on amounts contributed for a specific purpose in the same reporting period in which the contribution was received, the contribution is reported as without donor restrictions support.



**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and Support With and Without Donor Restrictions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Funds received related to conditional grants are classified as refundable advances until expended for the purposes of the grants.

Revenue Recognition for Contracts with Customers

GCHFH's revenue streams under contracts with customers consists primarily of revenues under the following categories:

**ReStore sales:** GCHFH operates ReStore locations to sell donated goods. All sales are recognized at the point in time the products are sold.

**Transfers to homeowners:** GCHFH transfers completed newly constructed or rehabilitated homes to homeowners in exchange for an interest free mortgage. Sales revenue is recognized at the point in time that the home transfers.

**Other income:** At times, GCHFH generates revenues from one-time transactions such as sales of fixed assets, refunds, programmatic charges and revenues which are recognized at the point in time such a transaction occurs.

Revenue recognition for each of the revenue streams identified above are subject to the satisfaction of performance obligations. Revenue is recognized when performance obligations are satisfied over a period of time or at a point in time. Revenue is measured as the amount of consideration Habitat expects to receive in exchange for providing services. Any payments received in advance of satisfaction of performance obligations are recorded as deferred revenue until such obligation is met.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition for Contracts with Customers (Continued)

Revenues subject to ASC Topic 606 were recognized as follows:

	<b>2020</b>	<b>2019</b>
Revenues recognized at a point time:		
ReStore sales	\$ 2,069,687	\$ 2,342,690
Transfer to homeowners	1,562,000	1,797,500
Other income	31,781	29,794
	3,663,468	4,169,984
Revenues recognized over time:		
Rental income	0	4,800
	0	4,800
Total revenue recognized subject to ASC Topic 606	<u>\$ 3,663,468</u>	<u>\$ 4,174,784</u>

Donated Services

GCHFH receives various non-construction related services each year. These services do not meet the criteria for recognition under ASC 958-605 and are not reflected in the statements.

Advertising

Advertising costs are expensed as incurred. During the years ended December 31, 2020 and 2019, advertising costs were \$37,442 and \$53,560, respectively.

Functional Allocation of Expenses

Costs of providing various programs and supporting services are allocated based on specific identification, if practical. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance, rent, repairs and maintenance, security, and depreciation, which are allocated on a square-footage basis, as well as, salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Description of Functional Expenses

*Program Services:*

GCHFH strives to eliminate sub-standard housing through family development, neighborhood development and raising awareness of housing issues and solutions. GCHFH constructs affordable housing, transfers the homes to qualified families at appraisal value, and provides non-interest bearing mortgage loans. These homes serve as a catalyst for comprehensive neighborhood development projects that are supported by family and volunteer educational activities.

In addition, the ReStore (retail store for sale of donated goods) program's primary goal is to raise money for GCHFH, while reducing the amount of building materials deposited in landfills. This will also provide materials and products at a reduced cost to local contractors and do-it-yourselfers.

*General and Administrative:*

Expenses are incurred in the day-to-day operations of GCHFH.

*Fundraising and Development:*

Expenses are incurred in raising additional funds for GCHFH.

Pervasiveness of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject GCHFH to concentrations of credit risk consist primarily of cash and equivalents and promises to give. GCHFH maintains its cash and equivalents with financial institutions and although at times they may have invested amounts in excess of any federal insurance limits, management does not feel that it is exposed to any substantial credit risk. Concentrations with respect to promises to give are limited due to the large number of donors comprising GCHFH's donor base and the variety of GCHFH's funding sources. As of December 31, 2020 and 2019, GCHFH had no other significant concentrations of credit risk.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Adopted Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The objective of this statement is to assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and determining whether a contribution is conditional. For resource recipients, this new standard was effective for annual periods beginning after December 15, 2018. The adoption of this standard did not have a material impact on the consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces existing revenue recognition guidance, including industry specific guidance, in current U.S. Generally Accepted Accounting Principles (GAAP). GCHFH adopted ASU 2014-09 effective January 1, 2019 using the modified retrospective transition method. There was no cumulative effect on the opening net asset balance as a result of adopting Topic 606. However, there were no material changes to the recording of revenue by GCHFH with the implementation of this ASU. The adoption of this standard also resulted in additional disclosures for revenue recognition in Note A.

In August 2018, the FASB issued ASU 2018-13, Changes to Disclosure Requirements for Fair Value Measurement. The objective of this statement is to modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The statement is effective for all entities for fiscal years beginning after December 15, 2019. The adoption of this standard reduced the disclosures related to the Organization's financial assets and liabilities measured at fair value using level 3 inputs and did not have a material impact on the consolidated financial statements.

In November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230: Restricted Cash). ASU 2016-18 clarifies certain existing principals in ASC 230, including guidance related to transfers between cash and restricted cash, and presentation in the Statements of Cash Flows of the cash receipts and cash payments that directly affect the restricted cash accounts. Habitat adopted the updated standard effective January 1, 2020 the adoption of the standard modified Habitat's presentation of the cash designated for home builds and other operational costs within the Consolidated Statements of Cash Flows and related disclosures.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities by leases for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). ASU 2016-02 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption of ASU 2016-02 is permitted. In June 2020, the FASB issued ASU 2020-05 as a limited deferral of the effective dates of two Updates, one of which is ASU 2016-02. Lease rules will now be applied for fiscal years beginning after December 15, 2022. Management is currently evaluating the impact the pending adoption of the new standard will have on its consolidated financial statements.

Reclassification

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Subsequent Events

Subsequent events applicable to the year ended December 31, 2020 have been evaluated through March 22, 2021, the date the consolidated financial statements were available to be issued. The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of many of GCHFH’s facilities, ReStore locations, donors and other business partners. The extent of the impact of COVID-19 on GCHFH’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on GCHFH’s facilities, ReStore locations, partner families, donors, other business partners, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact GCHFH’s financial condition or results of operations is uncertain.

**NOTE B - PROMISES TO GIVE**

Unconditional promises to give as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Promises to give without donor restrictions	\$ 0	\$ 186,000
Restricted for the Building Skills collaboration	250,000	500,000
Total unconditional promises to give	250,000	686,000
Less: Unamortized discount	0	(11,905)
Net Unconditional Promises to Give	\$ 250,000	\$ 674,095

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE B - PROMISES TO GIVE (CONTINUED)**

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 250,000	\$ 436,000
One to five years	<u>0</u>	<u>250,000</u>
Total Amounts Due	<u>\$ 250,000</u>	<u>\$ 686,000</u>

Conditional promises to give at December 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Completion of home construction phases	\$ 84,500	\$ 0
Total Conditional Promises to Give	<u>\$ 84,500</u>	<u>\$ 0</u>

**NOTE C - CONSTRUCTION IN PROGRESS**

Costs incurred relating to homes under construction but not completed at the end of each year are recorded as construction in progress. Construction costs include the cost of labor and materials purchased by GCHFH. Donated materials are recorded based on their estimated value at the time of receipt. No amounts have been recorded in construction in progress for donated services, as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the construction of the homes.

Construction in progress on new homes as December 31, 2020 and 2019 consist of the following:

	<u>Number</u>	<u>Costs</u>
New homes - January 1, 2020	10	\$ 749,808
Additional costs incurred on beginning homes		1,108,311
New homes started during the year	10	415,143
New homes transferred out during the year	<u>(5)</u>	<u>(1,012,146)</u>
New homes December 31, 2020	<u>15</u>	<u>\$ 1,261,116</u>
	<u>Number</u>	<u>Costs</u>
New homes - January 1, 2019	0	\$ 0
Additional costs incurred on beginning homes		0
New homes started during the year	10	749,808
New homes transferred out during the year	<u>0</u>	<u>0</u>
New homes December 31, 2019	<u>10</u>	<u>\$ 749,808</u>

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE C - CONSTRUCTION IN PROGRESS (CONTINUED)**

Construction in progress on rehab homes as December 31, 2020 and 2019 consist of the following:

Rehab homes under construction - January 1, 2020	7	\$ 663,630
Additional costs incurred on beginning homes		140,658
Rehab homes started during the year	11	683,735
Rehab homes transferred out during the year	<u>(9)</u>	<u>(1,027,258)</u>
Rehab homes under construction - December 31, 2020	<u>9</u>	<u>\$ 460,765</u>
Rehab homes under construction - January 1, 2019	27	\$ 1,081,626
Additional costs incurred on beginning homes		1,043,304
Rehab homes started during the year	4	383,788
Rehab homes transferred out during the year	<u>(24)</u>	<u>(1,845,088)</u>
Rehab homes under construction - December 31, 2019	<u>7</u>	<u>\$ 663,630</u>

**NOTE D - MORTGAGES RECEIVABLE**

As homes are transferred to qualified families, GCHFH allows qualified families to purchase homes at appraised value subject to mortgages which bear no interest. These mortgages are for terms generally between 15 and 30 years. A discount on the mortgages is recorded in order to reflect the economic benefit of the zero-interest mortgage to the qualified families.

The discount recorded has been estimated based on the prevailing interest, as determined by Habitat for Humanity, International, Inc., at the point of inception. A portion of the discount is amortized as interest each year that the mortgage is outstanding. The discounted mortgages receivable balance is considered to be representative of fair value.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE D - MORTGAGES RECEIVABLE (CONTINUED)**

The mortgage receivable balance as of December 31, 2020 and 2019 is comprised of the following items:

	2020		
	Total	Current Portion	Long-Term Portion
Mortgage receivable - Gross	\$ 6,889,034	\$ 508,509	\$ 6,380,525
Less:			
Discount on mortgages receivable	(1,782,576)	(239,044)	(1,543,532)
Allowance for foreclosure risk	(38,500)	0	(38,500)
Allowance for loan loss on non-AAR loans	(113,000)	0	(113,000)
Allowance for substitutions on AAR loans	(15,500)	0	(15,500)
Mortgage receivable - Net	<u>\$ 4,939,458</u>	<u>\$ 269,465</u>	<u>\$ 4,669,993</u>
	2019		
	Total	Current Portion	Long-Term Portion
Mortgage receivable - Gross	\$ 6,137,533	\$ 445,742	\$ 5,691,791
Less:			
Discount on mortgages receivable	(1,406,472)	(213,024)	(1,193,448)
Allowance for foreclosure risk	(10,250)	0	(10,250)
Allowance for loan loss on non-AAR loans	(155,000)	0	(155,000)
Allowance for substitutions on AAR loans	(17,650)	0	(17,650)
Mortgage receivable - Net	<u>\$ 4,548,161</u>	<u>\$ 232,718</u>	<u>\$ 4,315,443</u>

During the year ended December 31, 2020, 13 homes were sold to qualified families recognizing \$1,317,000 of revenue from the sales. A home that was reclaimed through foreclosure during the year ended December 31, 2019 was rehabilitated; however, a qualifying family was not found. Consequently, the home was sold for cash to a third party, recognizing \$270,000 of revenue from the sale. During the year ended December 31, 2019, 24 homes were sold to qualified families recognizing \$1,914,000 of revenue from the sale.

As discussed in Note E, GCHFH entered into agreements with several local banks through which certain mortgages receivable were sold by GCHFH to the banks.



**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE E - ACCELERATED ASSET RECOVERY LOANS**

As discussed in Note D, in prior years, certain mortgage receivables were sold by GCHFH to banks at discounted rates ranging from 51% to 70% of the outstanding balance. As a term of the agreements, GCHFH agreed to service the loans for the banks at no additional cost. Additionally, if any mortgage becomes more than 60 days delinquent, GCHFH has agreed to substitute the delinquent mortgage for a current mortgage. As such, an allowance for substitutions has been established as of December 31, 2020 and 2019 in the amount of \$15,500 and \$17,650, respectively.

As of both the years ended December 31, 2020 and 2019, there are 11 mortgages, funding the portfolio balance with these financial institutions. The balance the banks expect GCHFH to collect and subsequently remit to them over the life of these sold mortgages amounted to \$194,388 and \$220,619, respectively, as of December 31, 2020 and 2019. Once these outstanding balances to the banks are fulfilled, any future mortgage collections on these mortgages will be retained by GCHFH. During the years ended December 31, 2020 and 2019 no banks exercised rights of recourse.

During 2018, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$1,204,938 and used the proceeds to purchase 27 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. A gain of \$62,020 was recognized on the transaction. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

During 2019, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$1,985,230 and used the proceeds to purchase 35 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE F - PROPERTY AND EQUIPMENT**

Property and equipment, as of the year ended December 31, 2020 and 2019 are comprised of the following:

	2020	2019
Office equipment	\$ 148,673	\$ 148,673
Leasehold improvements	78,303	78,303
Vehicles under capital lease	332,145	362,967
Vehicles	31,993	31,993
Construction equipment	107,030	110,857
	698,144	732,793
Less: Accumulated depreciation	539,782	516,358
	\$ 158,362	\$ 216,435

Depreciation expense, net of redistribution to CIP for the years ended December 31, 2020 and 2019 totaled \$20,755 and \$25,506, respectively.

**NOTE G - INVESTMENTS**

The following is a summary of costs and fair values of assets held in GCHFH's investment portfolio as of December 31, 2020 and 2019.

	2020		
	Cost	Fair Value	Unrealized Gain
Cash equivalents	\$ 79,972	\$ 79,972	\$ 0
Mutual funds	1,006,085	1,240,613	234,528
Exchange traded funds	2,101,834	2,251,079	149,245
	\$3,187,891	\$3,571,664	\$ 383,773
	2019		
	Cost	Fair Value	Unrealized Gain
Cash equivalents	\$ 25,809	\$ 25,809	\$ 0
Mutual funds	871,682	898,507	26,825
Exchange traded funds	1,934,638	1,992,519	57,881
	\$2,832,129	\$2,916,835	\$ 84,706

**NOTE H - FAIR VALUE MEASUREMENTS**

GCHFH uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC 820-10, GCHFH has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE H -FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 1** – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that GCHFH has the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange and other exchange trade securities.

**Level 2** – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for subsequently the full term of the asset or liability.

**Level 3** – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents GCHFH’s fair value hierarchy by level for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019.

	2020			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	\$ 79,972	\$ 79,972	\$ 0	\$ 0
Mutual funds	1,240,613	1,240,613	0	0
Exchange traded	2,251,079	2,251,079	0	0
Total investments at fair vaue	3,571,664	3,571,664	0	0
Donated inventory at fair value	498,140	0	0	498,140
Total assets at fair value	<u>\$4,069,804</u>	<u>\$3,571,664</u>	<u>\$ 0</u>	<u>\$ 498,140</u>
	2019			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	\$ 25,809	\$ 25,809	\$ 0	\$ 0
Mutual funds	898,507	898,507	0	0
Exchange traded	1,992,519	1,992,519	0	0
Total investments at fair vaue	2,916,835	2,916,835	0	0
Donated inventory at fair value	450,474	0	0	450,474
Assets held for sale (Note I)	9,400	0	0	9,400
Total assets at fair value	<u>\$3,376,709</u>	<u>\$2,916,835</u>	<u>\$ 0</u>	<u>\$ 459,874</u>

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE H -FAIR VALUE MEASUREMENTS (CONTINUED)**

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. GCHFH receives donated goods which are recorded at fair value (level 3) which is determined by a calculation which values donated materials using a method which estimates inventory based on factors such as net sales and inventory turnover. There have been no changes in valuation techniques and related inputs during the current periods.

**NOTE I - ASSETS HELD FOR RESALE**

Property and land donated to GCHFH for the purpose of resale are recorded on the balance sheet at their estimated market value. GCHFH reviews all assets held for resale (as well as property and equipment) for impairment whenever changes in circumstances indicate that the carrying value of the assets may not be recoverable. Assets held for resale, as of December 31, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Donated land	\$ 0	\$ 9,400
Total assets held for resale	<u>\$ 0</u>	<u>\$ 9,400</u>

During 2020, it was determined that the donated land had been fully impaired. As such, the value was adjusted to \$0 as of December 31, 2020 and an impairment expense of \$9,400 was recognized.

**NOTE J - LINE OF CREDIT**

On March 25, 2019, GCHFH entered into a line of credit agreement with a bank in the amount of \$250,000. The line of credit bears interest at the Wall Street Journal Prime Rate (3.25% and 4.75% as of December 31, 2020 and 2019, respectively) and is collateralized by essentially all the assets of GCHFH. Amounts outstanding were \$0 as of both the years ended December 31, 2020 and 2019.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE K - NOTES PAYABLE**

Long-term debt as of December 31, 2020 and 2019 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Note payable to a bank, secured by 27 homeowner mortgages (See Note E). Payments due in monthly installments of \$6,456, without interest until August 2024 at which time payments decrease to \$6,153 per month through January 2029. Commencing in February 2029, the monthly payments decline gradually until the maturity date of May 2042.	\$ 1,084,020	\$ 1,137,874
Note payable to a bank, secured by 35 homeowner mortgages (See Note E). Payments due in monthly installments of \$10,474, without interest until January 2024 at which time payment decreases to \$10,351 for one month and then to \$10,127 per month until August 2028. Commencing in September 2028, the monthly payments decline gradually until the maturity date of December 2043.	<u>1,809,762</u>	<u>1,943,175</u>
Total Notes Payable	<u>2,893,782</u>	<u>3,081,049</u>
Less: Current maturities	<u>203,170</u>	<u>203,066</u>
	<u><u>\$ 2,690,612</u></u>	<u><u>\$ 2,877,983</u></u>

Required annual principal payments for the next five years as of December 31, 2020 are as follows:

2021	\$ 203,170
2022	203,170
2023	203,170
2024	198,615
2025	195,354
Thereafter	<u>1,890,303</u>
Total	<u><u>\$ 2,893,782</u></u>

**NOTE L – CAPITAL AND OPERATING LEASES**

As of December 31, 2020 and 2019, GCHFH has capital lease agreements to finance the purchase of various vehicles used in operations. The property is capitalized at the present value of the minimum lease payments.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE L – CAPITAL AND OPERATING LEASES (CONTINUED)**

The original capitalized cost of the property under lease purchase agreements amounted to \$332,145 and \$362,967 as of December 31, 2020 and 2019, respectively. Accumulated depreciation on the property amounted to \$259,818 and \$244,176 as of December 31, 2020 and 2019, respectively.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2020:

2021		\$	27,240
2022			19,670
2023			11,048
2024			3,145
2025			0
			61,103
Less: Amount representing interest			2,415
Present value of minimum lease payments		\$	58,688

GCHFH leases land, office space, copiers, vehicles and warehouse space through operating lease agreements which expire through July 2028.

Rental expense under these operating lease agreements was \$422,352 and \$408,792 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, the future minimum lease commitments under operating leases are as follows:

2021		\$	423,170
2022			423,170
2023			424,670
2024			287,675
2025			273,625
Thereafter			770,000
			\$ 2,602,310

**NOTE M – BOARD DESIGNATED FUNDS AND RESTRICTIONS ON NET ASSETS**

It is the policy of the Board of Directors of GCHFH to designate appropriate sums of net assets without donor restrictions to ensure timely payment of certain liabilities. Since the board-designated funds resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE M – BOARD DESIGNATED FUNDS AND RESTRICTIONS ON NET ASSETS  
(CONTINUED)**

Net assets with donor restrictions as of December 31, 2020 and 2019 are available for the following purposes:

	2020	2019
Restricted for future home rehabs	\$ 250,000	\$ 501,881
Restricted for mortgage relief	98,037	0
Restricted for Neighborhood Revitalization Program staffing	0	20,000
Total Net Assets With Donor Restrictions	\$ 348,037	\$ 521,881

**NOTE N – RELATED PARTY TRANSACTIONS**

GCHFH is an affiliate of Habitat for Humanity International and Habitat for Humanity Ohio. As an affiliate, GCHFH is encouraged to contribute a portion of its revenue to Habitat for Humanity International, for use in carrying out its mission across the world. GCHFH paid such fees amounting to \$38,750 and \$54,750 for the years ended December 31, 2020 and 2019, respectively.

As of 2014 is required to pay an annual affiliate fee. During both the years ended December 31, 2020 and 2019, an annual affiliate fee of \$25,000 was charged by Habitat for Humanity International.

Habitat also pays minor ReStore fees to Habitat for Humanity International and at times other one time fees to both Habitat for Humanity International and Habitat for Humanity Ohio.

**NOTE O - DONATED GOODS AND SERVICES**

The value of donated goods and services included in the financial statements for the years ended December 31, 2020 and 2019, are as follows:

	2020	2019
Inventory contributed for sale at <i>ReStore</i>	\$ 1,570,123	\$2,232,080
	\$ 1,570,123	\$2,232,080

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific projects and administration. These services do not meet the criteria for recognition under ASC 958-605.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE P – RETIREMENT PLAN**

GCHFH adopted a 401(k) retirement plan effective January 1, 2016, which was restated and amended as of January 1, 2020. The Plan is a safe harbor 401(k) plan and covers all employees except those who work less than 1,000 hours in the relevant Eligibility Computation Period, as defined in the Plan Agreement. Participating employees may elect to contribute, on a tax-deferred basis or to an In-Plan Roth IRA, a portion of their compensation in accordance with section 401(k) of the Internal Revenue Code. Employees must have completed 6 months of service and be at least 21 years of age to be eligible on the entry date, which is the first date of each quarter. GCHFH provides matching contributions of 100% of each participant's elected deferral, not to exceed 4% of an employee's compensation, plus 25% of each employee's elective deferral in excess of 4% but not in excess of 6% of the participant's compensation. For the years ended December 31, 2020 and 2019, GCHFH's contributions, net of forfeitures, amount to \$83,448 and \$70,650, respectively. The plan was amended in the calendar year ended December 31, 2020 to provide a traditional automatic contribution arrangement for all employees who become participants on or after the effective date of the Automatic Deferral provision of January 1, 2020. Unless an employee makes an affirmative election, GCHFH will withhold 4% of compensation, as defined in the Plan Agreement, for each payroll period, with no escalation of the automatic deferral amount.

**NOTE Q - INCOME TAXES**

GCHFH qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code, under a group exemption granted by Habitat for Humanity International, Inc. and operates as a public charity and accordingly, is exempt from income taxes. Funding Company was formed with a single member with the intent that it be a disregarded entity for the purpose of the Internal Revenue Code.

As of January 1, 2019 and for the years ended December 31, 2020 and 2019, GCHFH had not engaged in any activity which management considers to be activity that could result in a loss of its 501(c)(3) IRS designation.

Additionally, management does not consider any of the activity of GCHFH to be considered unrelated business income that could result in income tax. For the years ended December 31, 2020 and 2019, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position. GCHFH is no longer subject to U.S. federal, state, and local tax examinations by taxing authorities for years before 2016.



**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE R – LIQUIDITY**

GCHFH's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	\$ 638,877	\$ 1,219,087
Accounts Receivable	208,687	91,714
Mortgages Receivable		
Current portion of mortgages receivable	508,509	445,742
Less: Current portion of discount on mortgages receivable	(239,044)	(213,024)
Unconditional promises to give - Without donor restrictions, due within one year	0	186,000
Investments	3,571,664	2,916,835
	\$ 4,688,693	\$ 4,646,354

In addition to the financial assets noted above, Habitat has \$98,037 of cash that is board designated for home builds and other operational costs, which may be used with consent of the board at any time. Habitat currently maintains two ReStore locations in which inventory is readily sold for unrestricted cash to be used for operations. Net assets with donor restrictions will generally be used in the next fiscal year on various purposes closely related to home builds and other operational costs. As described in Note J, Habitat has a line of credit in the amount of \$250,000 which may be utilized for general expenditures.



Board of Directors

**Greater Cleveland Habitat for Humanity, Inc. and GCHFH Funding Company, LLC**  
Cleveland, Ohio

We have audited the consolidated financial statements of **Greater Cleveland Habitat for Humanity, Inc. and GCHFH Funding Company, LLC** as of and for the year ended December 31, 2020, and our report thereon dated March 22, 2021, which expressed an unmodified opinion on those financial statements, appears on page 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Zinner & Co. LLP*

Beachwood, Ohio

March 22, 2021

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 319,106	\$ 319,771	\$ 0	\$ 638,877
Cash designated for home builds and other operational costs	98,037	0	0	98,037
Investments	1,324,156	2,247,508	0	3,571,664
Receivables				
Mortgages receivable	4,023,610	2,865,424	0	6,889,034
Escrows receivable	68,983	0	0	68,983
Discount and reserves for mortgages and escrows receivables	(1,949,576)	0	0	(1,949,576)
Unconditional promises to give - With donor restrictions	250,000	0	0	250,000
Other receivables	208,687	0	0	208,687
Prepaid expenses and deposits	17,502	0	0	17,502
Investment in subsidiary	2,364,054	0	(2,364,054)	0
Inventories				
Materials inventory	69,000	0	0	69,000
ReStore inventory	498,140	0	0	498,140
Construction in progress				
New homes	1,261,116			1,261,116
Rehab homes	460,765	0	0	460,765
Anticipated loss on home builds	(280,000)	0	0	(280,000)
Property and equipment, net	158,362	0	0	158,362
Intercompany Receivable	0	33,359	(33,359)	0
Total Assets	<u>\$ 8,891,942</u>	<u>\$ 5,466,062</u>	<u>\$(2,397,413)</u>	<u>\$11,960,591</u>
<b>Liabilities</b>				
Accounts payable	\$ 141,061	\$ 0	\$ 0	\$ 141,061
Intercompany payable	33,359	0	(33,359)	0
Accrued expenses	234,572	0	0	234,572
Capital leases payable	58,688	0	0	58,688
Notes payable	0	2,893,782	0	2,893,782
Total Liabilities	467,680	2,893,782	(33,359)	3,328,103
<b>Net Assets</b>				
Without Donor Restrictions				
Available for programs and services	4,422,327	236,584	0	4,658,911
Allocated to affordable housing programs	3,653,898	(28,358)	0	3,625,540
	8,076,225	208,226	0	8,284,451
Donated capital	0	2,364,054	(2,364,054)	0
Total Net Assets Without Donor Restrictions	8,076,225	2,572,280	(2,364,054)	8,284,451
With Donor Restrictions	348,037	0	0	348,037
Total Net Assets	8,424,262	2,572,280	(2,364,054)	8,632,488
Total Liabilities and Net Assets	<u>\$ 8,891,942</u>	<u>\$ 5,466,062</u>	<u>\$(2,397,413)</u>	<u>\$11,960,591</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 219,357	\$ 999,730	\$ 0	\$ 1,219,087
Cash designated for home builds and other operational costs	33,786	0	0	33,786
Investments	1,136,735	1,780,100	0	2,916,835
Receivables				
Mortgages receivable	3,065,385	3,072,148	0	6,137,533
Escrows receivable	114,424	0	0	114,424
Discount and reserves for mortgages and escrows receivables	(1,589,372)	0	0	(1,589,372)
Unconditional promises to give - Without donor restrictions, net	186,000	0	0	186,000
Unconditional promises to give - With donor restrictions, net	488,095	0	0	488,095
Other receivables	91,714	0	0	91,714
Prepaid expenses and deposits	42,080	0	0	42,080
Investment in subsidiary	2,789,628	0	(2,789,628)	0
Inventories				
Materials inventory	84,000	0	0	84,000
ReStore inventory	450,474	0	0	450,474
Construction in progress				
New homes	749,808	0	0	749,808
Rehab homes	663,630	0	0	663,630
Anticipated loss on home builds	(299,726)	0	0	(299,726)
Property and equipment, net	216,435	0	0	216,435
Intercompany Receivable	0	4,476	(4,476)	0
Assets held for resale	9,400	0	0	9,400
Total Assets	<u>\$8,451,853</u>	<u>\$5,856,454</u>	<u>\$(2,794,104)</u>	<u>\$11,514,203</u>
<b>Liabilities</b>				
Accounts payable	\$ 132,331	\$ 0	\$ 0	\$ 132,331
Intercompany payable	4,476	0	(4,476)	0
Accrued expenses	161,497	0	0	161,497
Capital leases payable	104,170	0	0	104,170
Notes payable	0	3,081,049	0	3,081,049
Total Liabilities	402,474	3,081,049	(4,476)	3,479,047
<b>Net Assets</b>				
Without Donor Restrictions				
Available for programs and services	4,739,349	(5,322)	0	4,734,027
Allocated to affordable housing programs	2,788,149	(8,901)	0	2,779,248
	7,527,498	(14,223)	0	7,513,275
Donated capital	0	2,789,628	(2,789,628)	0
Total Net Assets Without Donor Restrictions	7,527,498	2,775,405	(2,789,628)	7,513,275
With Donor Restrictions	521,881	0	0	521,881
Total Net Assets	<u>8,049,379</u>	<u>2,775,405</u>	<u>(2,789,628)</u>	<u>8,035,156</u>
Total Liabilities and Net Assets	<u>\$8,451,853</u>	<u>\$5,856,454</u>	<u>\$(2,794,104)</u>	<u>\$11,514,203</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –  
WITHOUT DONOR RESTRICTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>GCHFH</b>	<b>Funding Company</b>	<b>Eliminations</b>	<b>Total</b>
<b>Support and Revenues</b>				
Contributions	\$ 2,462,676	\$ 0	\$ 0	\$ 2,462,676
Grants	25,000	0	0	25,000
Home sales, net	1,562,000	0	0	1,562,000
ReStore sales activity				
Gross sales	2,069,687	0	0	2,069,687
Donated inventory	1,570,123	0	0	1,570,123
Less: Cost of sales	(1,870,489)	0	0	(1,870,489)
Special events				
Gross revenue	84,909	0	0	84,909
Less: Direct expenses	(15,918)	0	0	(15,918)
Investment income	147,500	222,449	0	369,949
Service fees and other income	399,571	0	0	399,571
	6,435,059	222,449	0	6,657,508
Net assets released from restrictions:				
Satisfaction of program restrictions	283,786	0	0	283,786
Total Reclassifications	283,786	0	0	283,786
Total Support and Revenues	6,718,845	222,449	0	6,941,294
<b>Expenses</b>				
Program services	5,460,460	0	0	5,460,460
General and administrative	338,979	0	0	338,979
Fundraising and development	370,679	0	0	370,679
Total Expenses	6,170,118	0	0	6,170,118
<b>Change in Net Assets</b>	548,727	222,449	0	771,176
<b>Net Assets at Beginning of Year</b>	7,527,498	(14,223)	0	7,513,275
<b>Net Assets at End of Year</b>	8,076,225	208,226	0	8,284,451
<b>Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs</b>	(3,625,540)	0	0	(3,625,540)
<b>Net Assets Without Donor Restrictions Available for Programs and Services</b>	\$ 4,450,685	\$ 208,226	\$ 0	\$ 4,658,911

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –  
WITHOUT DONOR RESTRICTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
<b>Support and Revenues</b>				
Contributions	\$ 2,117,071	\$ 0	\$ 0	\$ 2,117,071
Grants	119,997	0	0	119,997
Home sales, net	1,797,500	0	0	1,797,500
ReStore sales activity				
Gross sales	2,342,690	0	0	2,342,690
Donated inventory	2,232,080	0	0	2,232,080
Less: Cost of sales	(2,368,897)	0	0	(2,368,897)
Special events				
Gross revenue	71,070	0	0	71,070
Less: Direct expenses	(7,577)	0	0	(7,577)
Rental income	4,800	0	0	4,800
Investment income	136,234	65,529	0	201,763
Service fees and other income	39,987	0	0	39,987
	<u>6,484,955</u>	<u>65,529</u>	<u>0</u>	<u>6,550,484</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	569,977	0	0	569,977
Total Reclassifications	569,977	0	0	569,977
Total Support and Revenues	<u>7,054,932</u>	<u>65,529</u>	<u>0</u>	<u>7,120,461</u>
<b>Expenses</b>				
Program services	4,737,622	0	0	4,737,622
General and administrative	239,232	82,428	0	321,660
Fundraising and development	322,596	0	0	322,596
Total Expenses	<u>5,299,450</u>	<u>82,428</u>	<u>0</u>	<u>5,381,878</u>
<b>Change in Net Assets</b>	1,755,482	(16,899)	0	1,738,583
<b>Net Assets at Beginning of Year</b>	5,772,016	2,676	0	5,774,692
<b>Net Assets at End of Year</b>	7,527,498	(14,223)	0	7,513,275
<b>Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs</b>	<u>(2,779,248)</u>	<u>0</u>	<u>0</u>	<u>(2,779,248)</u>
<b>Net Assets Without Donor Restrictions Available for Programs and Services</b>	<u>\$ 4,748,250</u>	<u>\$ (14,223)</u>	<u>\$ 0</u>	<u>\$ 4,734,027</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –  
WITH DONOR RESTRICTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
<b>Support and Revenues</b>				
Contributions	\$ 109,942	\$ 0	\$ 0	\$ 109,942
	109,942	0	0	109,942
Net assets released from restrictions:				
Satisfaction of program restrictions	(283,786)	0	0	(283,786)
Total Reclassifications	(283,786)	0	0	(283,786)
Total Support and Revenues	(173,844)	0	0	(173,844)
<b>Change in Net Assets</b>	(173,844)	0	0	(173,844)
<b>Net Assets at Beginning of Year</b>	521,881	0	0	521,881
<b>Net Assets at End of Year</b>	<u>\$ 348,037</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 348,037</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.  
AND GCHFH FUNDING COMPANY, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –  
WITH DONOR RESTRICTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
<b>Support and Revenues</b>				
Contributions	\$ 488,970	\$ 0	\$ 0	\$ 488,970
	488,970	0	0	488,970
Net assets released from restrictions:				
Expiration of time restrictions				
Satisfaction of program restrictions	(569,977)	0	0	(569,977)
Total Reclassifications	(569,977)	0	0	(569,977)
Total Support and Revenues	(81,007)	0	0	(81,007)
<b>Change in Net Assets</b>	(81,007)	0	0	(81,007)
<b>Net Assets at Beginning of Year</b>	602,888	0	0	602,888
<b>Net Assets at End of Year</b>	<u>\$ 521,881</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 521,881</u>

See accompanying independent auditor's report on consolidating information.