

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, 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.

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, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Greater Cleveland Habitat for Humanity, Inc. and GCHFH Funding Company, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Cleveland Habitat for Humanity, Inc. and GCHFH Funding Company, LLC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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 consolidated 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 26, 2022

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,385,126	\$ 638,877
Cash designated for home builds and other operational costs	271,540	98,037
Investments	5,812,020	3,571,664
Receivables		
Mortgages receivable	8,309,441	6,889,034
Escrows receivable	64,905	68,983
Discount and reserves for mortgages and escrows receivables	(1,792,393)	(1,949,576)
Unconditional promises to give - Without donor restrictions	180,000	0
Unconditional promises to give - With donor restrictions, net	764,459	250,000
Other receivables	365,500	208,687
Prepaid expenses and deposits	16,304	17,502
Inventories		
Materials inventory	54,000	69,000
ReStore inventory	524,388	498,140
Construction in progress		
New homes	1,087,851	1,261,116
Rehab homes	636,146	460,765
Anticipated loss on home builds	(140,000)	(280,000)
Property and equipment, net	187,126	158,362
Deposits and other assets	113,454	0
Assets held for resale	5,073	0
NMTC Investment	1,862,551	0
Total Assets	\$ 19,707,491	\$11,960,591
Liabilities		
Accounts payable	\$ 159,632	\$ 141,061
Accrued expenses	398,901	234,572
Capital leases payable	84,804	58,688
Loans payable NMTC, net of loan origination fees	2,355,373	0
Notes payable	5,145,846	2,893,782
Total Liabilities	8,144,556	3,328,103
Net Assets		
Without Donor Restrictions		
Available for programs and services	7,945,654	4,658,911
Allocated to affordable housing programs	2,581,282	3,625,540
Total Net Assets Without Donor Restrictions	10,526,936	8,284,451
With Donor Restrictions	1,035,999	348,037
Total Net Assets	11,562,935	8,632,488
Total Liabilities and Net Assets	\$ 19,707,491	\$11,960,591

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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 2,607,161	\$ 937,962	\$ 3,545,123
Grants and PPP funding	1,148,950	0	1,148,950
Home sales, net	2,100,769	0	2,100,769
ReStore sales activity			
Gross sales	2,706,758	0	2,706,758
Donated inventory	2,101,142	0	2,101,142
Less: Cost of sales	(2,299,702)	0	(2,299,702)
Special events			
Gross revenue	152,355	0	152,355
Less: Direct expenses	(19,771)	0	(19,771)
Investment income	227,854	0	227,854
Service fees and other income	57,587	0	57,587
	<u>8,783,103</u>	<u>937,962</u>	<u>9,721,065</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>250,000</u>	<u>(250,000)</u>	<u>0</u>
Total Reclassifications	<u>250,000</u>	<u>(250,000)</u>	<u>0</u>
Total Support and Revenues	9,033,103	687,962	9,721,065
Expenses			
Program services	6,029,413	0	6,029,413
General and administrative	381,871	0	381,871
Fundraising and development	379,334	0	379,334
Total Expenses	<u>6,790,618</u>	<u>0</u>	<u>6,790,618</u>
Change in Net Assets	2,242,485	687,962	2,930,447
Net Assets at Beginning of Year	<u>8,284,451</u>	<u>348,037</u>	<u>8,632,488</u>
Net Assets at End of Year	10,526,936	1,035,999	11,562,935
Net Assets With Donor Restrictions	0	(1,035,999)	(1,035,999)
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(2,581,282)</u>	<u>0</u>	<u>(2,581,282)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 7,945,654</u>	<u>\$ 0</u>	<u>\$ 7,945,654</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 ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Contributions	\$ 1,958,014	\$ 109,942	\$ 2,067,956
Grants and PPP funding	529,662	0	529,662
Gain on sale of mortgages	27,061	0	27,061
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	372,510	0	372,510
	<u>6,657,508</u>	<u>109,942</u>	<u>6,767,450</u>
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
Expenses			
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	<u>6,170,118</u>	<u>0</u>	<u>6,170,118</u>
Change in Net Assets	771,176	(173,844)	597,332
Net Assets at Beginning of Year	<u>7,513,275</u>	<u>521,881</u>	<u>8,035,156</u>
Net Assets at End of Year	8,284,451	348,037	8,632,488
Net Assets With Donor Restrictions	0	(348,037)	(348,037)
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(3,625,540)</u>	<u>0</u>	<u>(3,625,540)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 4,658,911</u>	<u>\$ 0</u>	<u>\$ 4,658,911</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, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and Related Expenses				
Salaries	\$ 1,672,760	\$ 180,631	\$ 237,835	\$ 2,091,226
Payroll taxes	189,045	22,295	24,898	236,238
Employee benefits	310,192	36,582	40,854	387,628
Total Salaries and Related Expenses	2,171,997	239,508	303,587	2,715,092
Other Operating Expenses				
Advertising	30,524	0	2,875	33,399
Banking fees and charges	45,558	2,015	0	47,573
Costs of home construction	2,894,421	0	0	2,894,421
Depreciation, net of redistribution to CIP	19,565	0	0	19,565
Debt issuance costs	17,988	0	0	17,988
Mortgage portfolio costs				
Present value discount on mortgages issued	(61,979)	0	0	(61,979)
Imputed interest	(122,604)	0	0	(122,604)
Other portfolio costs	65,725	0	0	65,725
Dues and subscriptions	1,250	219	1,060	2,529
Equipment rental	12,056	2,807	2,844	17,707
Gifts and awards	41,442	0	0	41,442
Insurance	63,969	4,875	3,241	72,085
Interest	1,918	14,130	0	16,048
Miscellaneous operating expenses	18,151	1,648	0	19,799
Office and computer supplies	30,544	1,543	7,545	39,632
Postage and delivery	9,295	1,992	1,992	13,279
Professional fees and contract services	207,461	37,014	25,660	270,135
Rent and insurance	365,370	52,826	17,867	436,063
Repairs and maintenance	37,196	5,616	3,370	46,182
Security	13,280	690	690	14,660
Telephone	21,036	1,747	3,509	26,292
Travel, mileage and lodging	14,287	5,854	1,965	22,106
Utilities	92,448	9,387	3,129	104,964
Vehicle expense	38,515	0	0	38,515
Total Other Operating Expenses	3,857,416	142,363	75,747	4,075,526
Total Expenses	\$ 6,029,413	\$ 381,871	\$ 379,334	\$ 6,790,618
	89%	5%	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, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and Related Expenses				
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
Other Operating Expenses				
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 mortgages issued	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
	89%	5%	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, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,930,447	\$ 597,332
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,366	60,056
Gain on disposal of fixed assets	0	(27,061)
Payroll Protection Program loan funds recognized as revenue	(528,950)	(504,662)
Reserves for mortgages and escrows receivable	27,400	705,153
Amortization of mortgage loan discount	(122,604)	(823,562)
Change in assets held for sale	(5,073)	9,400
Discount on mortgages issued	(61,979)	478,613
Cash provided (used) by changes in certain assets and liabilities:		
Mortgage receivable - New mortgages issued	(2,026,461)	(1,182,410)
Mortgage receivable - Payments received	672,106	457,139
Escrow receivable	4,078	45,441
Unconditional promises to give	(694,459)	424,095
Other receivables	(156,813)	(116,973)
Materials Inventory	15,000	15,000
ReStore inventory	(26,248)	(47,666)
Homes under construction	(2,116)	(308,443)
Anticipated loss on future home sales	(140,000)	(19,726)
Prepaid expenses and deposits	1,198	24,578
Deposits and other assets	(113,454)	0
Accounts payable	18,571	8,730
Accrued expenses	164,329	73,075
Net Cash Provided (Used) by Operating Activities	5,338	(131,891)
Cash Flows from Investing Activities		
Investment activity, net	(2,240,356)	(654,829)
Proceeds from asset disposal	0	35,116
Investment in NMTC	(1,862,551)	0
Purchase of fixed assets	(17,070)	(10,038)
Net Cash Used by Investing Activities	(4,119,977)	(629,751)
Cash Flows from Financing Activities		
Proceeds from Payroll Protection Program loan	528,950	504,662
Net payments on accelerated asset recovery loans	(66,052)	(26,230)
Proceeds from loans payable NMTC, net of loan origination fees	2,355,373	0
Net proceeds (repayments) on long-term debt	2,252,064	(187,267)
Net payments under capitalized lease obligations	(35,944)	(45,482)
Net Cash Provided by Financing Activities	5,034,391	245,683
Net Increase (Decrease) in Cash and Cash Equivalents	919,752	(515,959)
Cash and Cash Equivalents at Beginning of Year	736,914	1,252,873
Cash and Cash Equivalents at End of Year	1,656,666	736,914

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, 2021 AND 2020

(CONTINUED FROM PREVIOUS PAGE)

	<u>2021</u>	<u>2020</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 16,048	\$ 2,371
Supplemental Disclosure of Non-Cash Transactions:		
Vehicles acquired under capital lease obligations	\$ 62,060	\$ 0
Non-cash contributions of inventory received at fair market value	2,101,142	1,570,123
Non-cash cost of sales recognized	2,299,702	1,870,489

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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,385,126	\$ 638,877
Cash designated for home builds and other operational costs	<u>271,540</u>	<u>98,037</u>
	<u>\$ 1,656,666</u>	<u>\$ 736,914</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, 2021 and 2020.

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 7.23% 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, 2021 AND 2020

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, 2021 and 2020, GCHFH estimates that 2% 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, 2021 and 2020, the reserve for loan loss was \$147,700 and \$113,000, 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, 2021, there were 2 homes in pre-foreclosure with a balance of \$146,714. As of December 31, 2020, there were 3 homes in pre-foreclosure with a balance due of \$176,885. As of December 31, 2021 and 2020, the reserve for anticipated loss on foreclosed properties was \$36,500 and \$38,500, 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.

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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

GCHFH received loans from a local bank pursuant to the Paycheck Protection Program (PPP) in the amounts of \$504,662 (April 14, 2020) and \$528,950 (February 3, 2021). The loans bearing interest at a fixed rate of 1.00%. Loan payments were to be deferred for borrowers who applied for forgiveness until the U.S. Small Business Administration (SBA) remitted the borrower's loan forgiveness amounts to the lender. Outstanding principal amounts not forgiven were due in 24 equal installments of principal plus interest. Permitted expenses include certain payroll costs, covered rent, and covered utility payments incurred by the GCHFH.

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

Paycheck Protection Program Funding (Continued)

As of both December 31, 2021 and 2020, management considered the bank and SBA approval of forgiveness to be administrative requirements and not a barrier. As such, GCHFH recognized \$528,950 and \$504,662 as grant revenue, offsetting the permitted expenses during the fiscal years ended December 31, 2021 and 2020, respectively. During 2021 both loans were fully forgiven.

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, 2021 and 2020 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.

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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.

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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:

	<u>2021</u>	<u>2020</u>
Revenues recognized at a point time:		
ReStore sales	\$ 2,706,758	\$ 2,069,687
Home sales, net	2,100,769	1,562,000
Other income	<u>37,806</u>	<u>31,781</u>
	<u>4,845,333</u>	<u>3,663,468</u>
Total revenue recognized subject to ASC Topic 606	<u>\$ 4,845,333</u>	<u>\$ 3,663,468</u>

New Markets Tax Credit Financing

During 2021, GCHFH invested in two New Markets Tax Credit (NMTC) financing joint ventures with two other Habitat affiliates, to take advantage of tax credit equity financing (see Note R).

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, 2021 and 2020, advertising costs were \$32,501 and \$37,442, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, GCHFH had no other significant concentrations of credit risk.

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

Recently Adopted Accounting Pronouncements

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.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). This update addresses presentation and disclosure of contributed nonfinancial assets. This update will require a not-for-profit to present contributed nonfinancial assets as a separate line item in the Consolidated Statements of Activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the Consolidated Statements of Activities disaggregated by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial assets recognized include the following qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, to disclose a description of the programs or other activities in which those assets were used), GCHFH's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used to arrive at a fair value measure if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The ASU is to be applied on a retrospective basis and effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Earlier adoption is permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

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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, 2021. Management is currently evaluating the impact the pending adoption of the new standard will have on its consolidated financial statements.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a public health emergency and on March 11, 2020 declared COVID-19 a pandemic. COVID-19 continues to cause business disruption through mandated and voluntary closings of many of GCHFH’s facilities, 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, 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.

Subsequent Events

GCHFH has evaluated its December 31, 2021 consolidated financial statements for subsequent events through the date the consolidated financial statements were available to be issued and all relevant subsequent information is included within the applicable notes to the consolidated financial statements.

NOTE B - PROMISES TO GIVE

Unconditional promises to give as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Promises to give without donor restrictions	\$ 180,000	\$ 0
Restricted for neighborhood revitalization, home builds and rehabs	777,000	250,000
Total unconditional promises to give	957,000	250,000
Less: Unamortized discount	(12,541)	0
Net Unconditional Promises to Give	\$ 944,459	\$ 250,000

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NOTE B - PROMISES TO GIVE (CONTINUED)

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 607,000	\$ 250,000
One to five years	<u>350,000</u>	<u>0</u>
Total Amounts Due	<u>\$ 957,000</u>	<u>\$ 250,000</u>

Conditional promises to give at December 31, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Completion of home construction phases	\$ 0	\$ 84,500
Total Conditional Promises to Give	<u>\$ 0</u>	<u>\$ 84,500</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, 2021 and 2020 consist of the following:

	<u>Number</u>	<u>Costs</u>
New homes - January 1, 2021	15	\$ 1,261,116
Additional costs incurred on beginning homes		1,674,865
New homes started during the year	3	6,687
New homes transferred out during the year	<u>(9)</u>	<u>(1,854,817)</u>
New homes December 31, 2021	<u>9</u>	<u>\$ 1,087,851</u>
	<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>

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NOTE C - CONSTRUCTION IN PROGRESS (CONTINUED)

Construction in progress on rehab homes as December 31, 2021 and 2020 consist of the following:

	Number	Costs
Rehab homes under construction - January 1, 2021	14	\$ 460,765
Additional costs incurred on beginning homes		519,262
Rehab homes started during the year	21	636,146
Rehab homes transferred out during the year	(14)	(980,027)
Rehab homes under construction - December 31, 2021	21	\$ 636,146
	Number	Costs
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	(9)	(1,027,258)
Rehab homes under construction - December 31, 2020	9	\$ 460,765

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.

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NOTE D - MORTGAGES RECEIVABLE (CONTINUED)

The mortgage receivable balance as of December 31, 2021 and 2020 is comprised of the following items:

	2021		
	Total	Current Portion	Long-Term Portion
Mortgage receivable - Gross	\$ 8,309,441	\$ 640,438	\$ 7,669,003
Less:			
Discount on mortgages receivable	(1,597,993)	(283,632)	(1,314,361)
Allowance for foreclosure risk	(36,500)	0	(36,500)
Allowance for loan loss on non-AAR loans	(147,700)	0	(147,700)
Allowance for substitutions on AAR loans	(10,200)	0	(10,200)
Mortgage receivable - Net	<u>\$ 6,517,048</u>	<u>\$ 356,806</u>	<u>\$ 6,160,242</u>
	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>

During the year ended December 31, 2021, 23 homes were sold to qualified families recognizing \$2,119,000 of revenue from the sales. During the year ended December 31, 2020, 13 homes were sold to qualified families recognizing \$1,317,000 of revenue from the sale. 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 in 2020, recognizing \$270,000 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.

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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, 2021 and 2020 in the amount of \$10,200 and \$15,500, respectively.

As of December 31, 2021 and 2020, there were 8 and 11 mortgages, respectively, 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 \$128,336 and \$194,388, respectively, as of December 31, 2021 and 2020. 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, 2021 and 2020 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.

During 2021, 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 \$2,022,191 and used the proceeds to purchase 25 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.

During 2021, 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 \$514,928 and used the proceeds to purchase 5 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and effective January 1, 2022 will be 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.

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NOTE F - PROPERTY AND EQUIPMENT

Property and equipment, as of the year ended December 31, 2021 and 2020 are comprised of the following:

	2021	2020
Office equipment	\$ 148,673	\$ 148,673
Leasehold improvements	95,373	78,303
Vehicles under capital lease	394,204	332,145
Vehicles	6,994	31,993
Construction equipment	107,031	107,030
	752,275	698,144
Less: Accumulated depreciation	565,149	539,782
	\$ 187,126	\$ 158,362

Depreciation expense, net of redistribution to CIP for the years ended December 31, 2021 and 2020 totaled \$19,565 and \$20,755, 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, 2021 and 2020.

	2021		
	Cost	Fair Value	Unrealized (Loss)
Cash equivalents	\$ 371,706	\$ 371,706	\$ 0
Mutual funds	3,946,993	3,834,556	(112,437)
Exchange traded funds	1,613,557	1,605,758	(7,799)
	\$5,932,256	\$5,812,020	\$ (120,236)
	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

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:

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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, 2021 and 2020.

	2021			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	\$ 371,706	\$ 371,706	\$ 0	\$ 0
Mutual funds	3,834,556	3,834,556	0	0
Exchange traded	1,605,758	1,605,758	0	0
Total investments at fair vaue	5,812,020	5,812,020	0	0
Donated inventory at fair value	524,388	0	0	524,388
Donated home held for resale	5,073	0	0	5,073
Total assets at fair value	<u>\$6,341,481</u>	<u>\$5,812,020</u>	<u>\$ 0</u>	<u>\$ 529,461</u>
	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>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Donated home	\$ 5,073	\$ 0
Total assets held for resale	<u>\$ 5,073</u>	<u>\$ 0</u>

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% as of both December 31, 2021 and 2020) and is collateralized by essentially all the assets of GCHFH. Amounts outstanding were \$0 as of both the years ended December 31, 2021 and 2020.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE K - NOTES PAYABLE

Long-term debt as of December 31, 2021 and 2020 is comprised of the following:

	2021	2020
Note payable to a bank, with an original amount of \$1,204,938, 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.	\$ 984,086	\$ 1,084,020
Note payable to a bank, with an original amount of \$1,985,230, 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.	1,667,404	1,809,762
Note payable to a bank, with an original amount of \$2,022,191, secured by 25 homeowner mortgages (See Note E). Payments due in monthly installments of \$10,691, without interest until March 2025 at which time the payment gradually decreases until the maturity date of July 2046.	1,979,428	0
Note payable to a bank, with an original amount of \$514,928, secured by 5 homeowner mortgages (See Note E). Payments due in monthly installments of \$2,466, without interest until November 2036 at which time the payment gradually decreases until the maturity date of October 2044.	514,928	0
Total Notes Payable	5,145,846	2,893,782
Less: Current maturities	354,981	203,170
	\$ 4,790,865	\$ 2,690,612

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE K - NOTES PAYABLE (CONITNUED)

Required annual principal payments for the next five years as of December 31, 2021 are as follows:

2022		\$ 354,981
2023		357,447
2024		352,588
2025		349,144
2026		347,302
Thereafter		<u>3,384,383</u>
Total		<u>\$ 5,145,846</u>

NOTE L – CAPITAL AND OPERATING LEASES

As of December 31, 2021 and 2020, 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.

The original capitalized cost of the property under lease purchase agreements amounted to \$394,204 and \$332,145 as of December 31, 2021 and 2020, respectively. Accumulated depreciation on the property amounted to \$295,477 and \$259,818 as of December 31, 2021 and 2020, 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, 2021:

2022		\$ 32,416
2023		23,794
2024		15,891
2025		12,746
2026		<u>2,124</u>
		86,971
Less: Amount representing interest		<u>2,167</u>
Present value of minimum lease payments		<u>\$ 84,804</u>

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 \$417,062 and \$422,352 for the years ended December 31, 2021 and 2020, respectively.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE L – CAPITAL AND OPERATING LEASES (CONTINUED)

As of December 31, 2021, the future minimum lease commitments under operating leases are as follows:

2022		\$ 427,562
2023		429,062
2024		287,675
2025		273,625
2026		264,000
Thereafter		<u>506,000</u>
		<u>\$ 2,187,924</u>

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.

Net assets with donor restrictions as of December 31, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Restricted for future home rehabs	\$ 902,962	\$ 250,000
Restricted for mortgage relief	98,037	98,037
Restricted for Neighborhood Revitalization Program staffing	<u>35,000</u>	<u>0</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,035,999</u>	<u>\$ 348,037</u>

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 \$89,424 and \$38,750 for the years ended December 31, 2021 and 2020, respectively.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE N – RELATED PARTY TRANSACTIONS (CONTINUED)

As of 2014 GCHFH is required to pay an annual affiliate fee. During both the years ended December 31, 2021 and 2020, 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, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Inventory contributed for sale at <i>ReStore</i>	<u>\$ 2,101,142</u>	<u>\$1,570,123</u>
	<u>\$ 2,101,142</u>	<u>\$1,570,123</u>

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.

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, 2021 and 2020, GCHFH's contributions, net of forfeitures, amount to \$91,528 and \$83,448, respectively. The plan was amended in the calendar year ended December 31, 2021 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2020 and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 2017.

NOTE R – NEW MARKETS TAX CREDIT INVESTMENT AND LOANS PAYABLE

In 2021 GCHFH invested, along with two other Habitat affiliates, into two joint ventures named HFHI NMTC SUB-CDE IV, LLC (IV CDE) and HFHI NMTC SUB-CDE V, LLC (V CDE) to take advantage of NMTC financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new markets tax credits to be applied against their federal tax liability. GCHFH invested a combination of cash (\$1,051,945) and construction in progress (\$824,734) totaling \$1,876,679 for a 30.28% share of project proceeds and secured a loan in the amount of \$2,273,349 payable to IV CDE and \$252,594 payable to V CDE. The net proceeds resulting from the joint venture totaled \$347,252 and are being used solely for the purpose of construction and selling qualified housing properties to low-income residents.

GCHFH recorded a loan payable to IV CDE in the amount of \$2,273,349 and a loan payable to V CDE in the amount of \$252,594 as part of the NMTC financing transaction. Both loans have accounting periods of 7-years bearing interest at .737931% and .789723%, respectively, per annum and requiring semi-annual interest-only payments in May and November through March 2028. At the end of the 7-year term the loans will be forgiven.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**NOTE R – NEW MARKETS TAX CREDIT INVESTMENT AND LOANS PAYABLE
(CONTINUED)**

Interest only payments on the original principal amounts are required to be repaid as follows:

2022	\$	18,771
2023		18,771
2024		18,771
2025		18,771
2026		18,771
Thereafter		<u>23,411</u>
Total	\$	<u><u>117,266</u></u>

GCHFH incurred certain debt issuance costs, which are being amortized over the 7-year note terms. At the loan origination date GCHFH incurred debt issuance costs of \$94,080 for a HFHI Structuring Fee and \$80,864 for NMTC Closing Fees. Unamortized debt issuance costs are reported as a direct reduction of the loan for the year ended December 31, 2021, as summarized below:

HFHI NMTC SUB-CDE IV, LLC - Loan Payable	\$2,273,349	
HFHI NMTC SUB-CDE V, LLC - Loan Payable	<u>252,594</u>	
Total NMTC Loans Payable		\$2,525,943
Original HFHI Structuring Fee	(94,079)	
Less: Accumulated amortization	<u>2,352</u>	
Net Unamortized HFHI Structuring Fee		(91,727)
Original NMTC Closing Fees	(80,863)	
Less: Accumulated amortization	<u>2,022</u>	
Net Unamortized Closing Fees		<u>(78,841)</u>
Total Loan payable NMTC, net		<u><u>\$2,355,375</u></u>

Interest expense on the loans for the year ended December 31, 2021 was \$14,127. Amortization of the debt issuance costs amounted to \$4,374 for the year ended December 31, 2021.

HFHI withheld an Affiliate Guaranty Fee of \$127,068 at the onset of the NMTC transaction. The fee is earned and paid back to GCHFH on a semi-annual basis in June and December over the 7-year accounting period of NMTC. GCHFH has earned \$13,614 as of December 31, 2021.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE S – LIQUIDITY

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,385,126	\$ 638,877
Accounts Receivable	365,500	208,687
Mortgages Receivable		
Current portion of mortgages receivable	640,438	508,509
Less: Current portion of discount on mortgages receivable	(283,632)	(239,044)
Unconditional promises to give - Without donor restrictions, due within one year	180,000	0
Investments	<u>5,812,020</u>	<u>3,571,664</u>
	<u>\$ 8,099,452</u>	<u>\$ 4,688,693</u>

In addition to the financial assets noted above, Habitat has \$271,540 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.

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

CONSOLIDATING FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	GCHFH	Funding Company	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 866,316	\$ 518,810	\$ 0	\$ 1,385,126
Cash designated for home builds and other operational costs	271,540	0	0	271,540
Investments	2,600,226	3,211,794	0	5,812,020
Receivables				
Mortgages receivable	3,731,376	4,578,065	0	8,309,441
Escrows receivable	64,905	0	0	64,905
Discount and reserves for mortgages and escrows receivables	(1,792,393)	0	0	(1,792,393)
Unconditional promises to give - Without donor restrictions	180,000	0	0	180,000
Unconditional promises to give - With donor restrictions, net	764,459	0	0	764,459
Other receivables	365,500	0	0	365,500
Prepaid expenses and deposits	16,304	0	0	16,304
Investment in subsidiary	2,945,335	0	(2,945,335)	0
Inventories				
Materials inventory	54,000	0	0	54,000
ReStore inventory	524,388	0	0	524,388
Construction in progress				
New homes	1,087,851			1,087,851
Rehab homes	636,146	0	0	636,146
Anticipated loss on home builds	(140,000)	0	0	(140,000)
Property and equipment, net	187,126	0	0	187,126
Intercompany Receivable	602	0	(602)	0
Deposits and other assets	113,454	0	0	113,454
Assets held for resale	5,073	0	0	5,073
NMTC Investment	1,862,551	0	0	1,862,551
Total Assets	<u>\$14,344,759</u>	<u>\$ 8,308,669</u>	<u>\$(2,945,937)</u>	<u>\$19,707,491</u>
Liabilities				
Accounts payable	\$ 159,632	\$ 0	\$ 0	\$ 159,632
Intercompany payable	0	602	(602)	0
Accrued expenses	398,901	0	0	398,901
Capital leases payable	84,804	0	0	84,804
Loans payable NMTC, net of loan origination fees	2,355,373	0	0	2,355,373
Notes payable	0	5,145,846	0	5,145,846
Total Liabilities	2,998,710	5,146,448	(602)	8,144,556
Net Assets				
Without Donor Restrictions				
Available for programs and services	7,160,987	784,667	0	7,945,654
Allocated to affordable housing programs	3,149,063	(567,781)	0	2,581,282
	10,310,050	216,886	0	10,526,936
Donated capital	0	2,945,335	(2,945,335)	0
Total Net Assets Without Donor Restrictions	10,310,050	3,162,221	(2,945,335)	10,526,936
With Donor Restrictions	1,035,999	0	0	1,035,999
Total Net Assets	<u>11,346,049</u>	<u>3,162,221</u>	<u>(2,945,335)</u>	<u>11,562,935</u>
Total Liabilities and Net Assets	<u>\$14,344,759</u>	<u>\$ 8,308,669</u>	<u>\$(2,945,937)</u>	<u>\$19,707,491</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, 2020

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
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, net	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	0	0	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>
Liabilities				
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
Net Assets				
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	<u>8,424,262</u>	<u>2,572,280</u>	<u>(2,364,054)</u>	<u>8,632,488</u>
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 ACTIVITIES –
WITHOUT DONOR RESTRICTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 2,607,161	\$ 0	\$ 0	\$ 2,607,161
Grants and PPP funding	1,148,950	0	0	1,148,950
Home sales, net	2,100,769	0	0	2,100,769
ReStore sales activity				
Gross sales	2,706,758	0	0	2,706,758
Donated inventory	2,101,142	0	0	2,101,142
Less: Cost of sales	(2,299,702)	0	0	(2,299,702)
Special events				
Gross revenue	152,355	0	0	152,355
Less: Direct expenses	(19,771)	0	0	(19,771)
Investment income	109,238	118,616	0	227,854
Service fees and other income	57,587	0	0	57,587
	<u>8,664,487</u>	<u>118,616</u>	<u>0</u>	<u>8,783,103</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	250,000	0	0	250,000
Total Reclassifications	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>250,000</u>
Total Support and Revenues	8,914,487	118,616	0	9,033,103
Expenses				
Program services	6,029,413	0	0	6,029,413
General and administrative	271,915	109,956	0	381,871
Fundraising and development	379,334	0	0	379,334
Total Expenses	<u>6,680,662</u>	<u>109,956</u>	<u>0</u>	<u>6,790,618</u>
Change in Net Assets	2,233,825	8,660	0	2,242,485
Net Assets at Beginning of Year	<u>8,076,225</u>	<u>208,226</u>	<u>0</u>	<u>8,284,451</u>
Net Assets at End of Year	10,310,050	216,886	0	10,526,936
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(2,581,282)</u>	<u>0</u>	<u>0</u>	<u>(2,581,282)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 7,728,768</u>	<u>\$ 216,886</u>	<u>\$ 0</u>	<u>\$ 7,945,654</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

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 1,958,014	\$ 0	\$ 0	\$ 1,958,014
Grants and PPP funding	529,662	0	0	529,662
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	372,510	0	0	372,510
	<u>6,435,059</u>	<u>222,449</u>	<u>0</u>	<u>6,657,508</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	283,786	0	0	283,786
Total Reclassifications	<u>283,786</u>	<u>0</u>	<u>0</u>	<u>283,786</u>
Total Support and Revenues	<u>6,718,845</u>	<u>222,449</u>	<u>0</u>	<u>6,941,294</u>
Expenses				
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	<u>6,170,118</u>	<u>0</u>	<u>0</u>	<u>6,170,118</u>
Change in Net Assets	548,727	222,449	0	771,176
Net Assets at Beginning of Year	<u>7,527,498</u>	<u>(14,223)</u>	<u>0</u>	<u>7,513,275</u>
Net Assets at End of Year	8,076,225	208,226	0	8,284,451
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(3,625,540)</u>	<u>0</u>	<u>0</u>	<u>(3,625,540)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 4,450,685</u>	<u>\$ 208,226</u>	<u>\$ 0</u>	<u>\$ 4,658,911</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, 2021

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 937,962	\$ 0	\$ 0	\$ 937,962
	937,962	0	0	937,962
Net assets released from restrictions:				
Satisfaction of program restrictions	(250,000)	0	0	(250,000)
Total Reclassifications	(250,000)	0	0	(250,000)
Total Support and Revenues	687,962	0	0	687,962
Change in Net Assets	687,962	0	0	687,962
Net Assets at Beginning of Year	348,037	0	0	348,037
Net Assets at End of Year	<u>\$ 1,035,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,035,999</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>
Support and Revenues				
Contributions	\$ 109,942	\$ 0	\$ 0	\$ 109,942
	109,942	0	0	109,942
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>(283,786)</u>	<u>0</u>	<u>0</u>	<u>(283,786)</u>
Total Reclassifications	<u>(283,786)</u>	<u>0</u>	<u>0</u>	<u>(283,786)</u>
Total Support and Revenues	(173,844)	0	0	(173,844)
Change in Net Assets	(173,844)	0	0	(173,844)
Net Assets at Beginning of Year	<u>521,881</u>	<u>0</u>	<u>0</u>	<u>521,881</u>
Net Assets at End of Year	<u>\$ 348,037</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 348,037</u>

See accompanying independent auditor's report on consolidating information.