HABITAT FOR HUMANITY PHILADELPHIA, INC.
AND SUBSIDIARY

Financial Statements and Supplementary Schedules

For the years ended June 30, 2019 and 2018

(With Independent Auditor's Report thereon)

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
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For the years ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Habitat for Humanity Philadelphia, Inc. and Subsidiary

We have audited the accompanying financial statements of Habitat for Humanity Philadelphia, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Habitat for Humanity Philadelphia, Inc. and Subsidiary as of June 30, 2019 and 2018, 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.

Emphasis of Matter

Effect of Adopting New Accounting Standard

As discussed in Note 2P, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (*Topic 958*) – *Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Habitat for Humanity Philadelphia, Inc. and Subsidiary taken as a whole. The schedules of Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Statements of Functional Expenses, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

January 22, 2020
Toms River, New Jersey

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,656,272	$ 801,706
Investments	111,662	30,666
Mortgage receivable - current portion net of unamortized mortgage discount of $233,548 and $219,922, respectively	198,884	225,489
Accounts receivable, net of allowance for doubtful accounts of $20,241 and $10,088, respectively	384,598	355,646
Campaign pledges receivable - current portion	308,254	-
Construction in progress	443,793	672,459
Prepaid expenses	65,193	69,286
Other current assets	5,013	13,150
Total current assets	4,173,669	2,168,402
Property and equipment:		
Land	140,657	5,000
Buildings and improvements	726,277	726,277
Office equipment and furnishings	58,640	45,431
Construction equipment	27,728	27,728
Transportation equipment	137,388	137,388
Total property and equipment	1,090,690	941,824
Less: accumulated depreciation	(371,603)	(311,228)
Property and equipment, net	719,087	630,596
Other Assets:		
Completed houses under lease purchase	85,000	85,000
Deposits	10,000	10,000
Loan origination fee, net of accumulated amortization of $3,038 and $1,862, respectively	31,562	32,738
Mortgage receivable net of unamortized mortgage discount of $3,518,553 and $4,345,885, respectively	2,681,651	3,284,218
Campaign pledges receivable	200,977	-
Total other assets	3,009,190	3,411,956
Total assets	$ 7,901,946	$ 6,210,954

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position (continued)
June 30, 2019 and 2018

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable	$ 155,880	$ 116,773
Accrued payroll and payroll taxes	65,588	100,759
Accrued vacation	55,771	55,450
Accrued expenses	44,421	32,863
Deferred revenue	-	137,400
Lines of credit	-	250,000
Notes payable - current	247,776	55,609
Total current liabilities	569,436	748,854
Long-term liabilities:		
Escrow deposits	175,154	167,258
Notes payable	1,362,890	1,607,272
Total long-term liabilities	1,538,044	1,774,530
Total liabilities	2,107,480	2,523,384
NET ASSETS		
Without donor restrictions	5,408,887	3,536,556
With donor restrictions	385,579	151,014
Total net assets	5,794,466	3,687,570
Total liabilities and net assets	$ 7,901,946	$ 6,210,954

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Activities
For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Sales to homeowners	$ 932,000	$ -	$ 932,000
Net gain (loss) on sales and disposals of assets	1,161,163	-	1,161,163
Campaign pledges	992,020	-	992,020
Contributions:			
Individuals	398,421	-	398,421
Corporations and foundations	1,629,842	1,459,402	3,089,244
Churches and schools	113,555	-	113,555
Amortization of mortgage discount	200,605	-	200,605
Interest	6,236	-	6,236
Donated materials and services	461,235	-	461,235
Special events	429,560	-	429,560
Restore	953,448	-	953,448
Home repairs	51,348	-	51,348
Other revenue	384	-	384
Net assets released from restrictions	1,224,837	(1,224,837)	-
Total revenues and support	8,554,654	234,565	8,789,219
Expenses:			
Program	4,947,082	-	4,947,082
Administrative	887,937	-	887,937
Fundraising	854,558	-	854,558
Total expenses	6,689,577	-	6,689,577
Change in net assets from operations	1,865,077	234,565	2,099,642
Non-operating income/(expenses):			
Investment return, net of related expenses	7,254	-	7,254
Total non-operating income/(loss)	7,254	-	7,254
Changes in net assets	1,872,331	234,565	2,106,896
Net assets, beginning of year	3,536,556	151,014	3,687,570
Net assets, end of year	$ 5,408,887	$ 385,579	$ 5,794,466

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Activities
For the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Sales to homeowners	$ 750,000	$ -	$ 750,000
Contributions:			
Individuals	431,840	-	431,840
Corporations and foundations	355,415	1,498,800	1,854,215
Churches and schools	76,023	-	76,023
Government	81,116	-	81,116
Legacies and bequests	-	-	-
Amortization of mortgage discount	207,794	-	207,794
Interest	2,123	-	2,123
Donated materials and services	448,643	-	448,643
Special events	447,595	-	447,595
Restore	948,321	-	948,321
Home repairs	102,839	-	102,839
Other revenue	10,456	-	10,456
Net assets released from restrictions	1,558,236	(1,558,236)	-
Total revenues and support	5,420,401	(59,436)	5,360,965
Expenses:			
Program	4,534,137	-	4,534,137
Administrative	725,097	-	725,097
Fundraising	588,349	-	588,349
Total expenses	5,847,583	-	5,847,583
Change in net assets from operations	(427,182)	(59,436)	(486,618)
Non-operating income/(expenses):			
Investment return, net of related expenses	(128)	-	(128)
Total non-operating income/(loss)	(128)	-	(128)
Changes in net assets	(427,310)	(59,436)	(486,746)
Net assets, beginning of year	3,963,866	210,450	4,174,316
Net assets, end of year	$ 3,536,556	$ 151,014	$ 3,687,570

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2019

	Program Services				Support Services		
	Home Ownership	Critical Home Repair	Restore	Total Program Services	Management and General	Fundraising	Total
Americorps	$ 48,207	$ 35,163	$ -	$ 83,370	$ 5,336	$ -	$ 88,706
Bank fees	-	10	34,380	34,390	4,731	17	39,138
Campaign	-	-	-	-	-	105,529	105,529
Construction/repair costs	1,230,014	624,331	4,147	1,858,492	1,393	1,447	1,861,332
Depreciation	3,322	3,695	30,997	38,014	22,362	-	60,376
Dues and subscriptions	8,900	1,449	6,634	16,983	8,822	11,307	37,112
Employee benefits	81,073	80,478	32,945	194,496	41,759	63,464	299,719
Insurance	74,342	57,964	37,111	169,417	1,763	1,053	172,233
Interest	-	-	-	-	59,087	-	59,087
Loan origination fee amortization	-	-	-	-	1,176	-	1,176
Miscellaneous	108,404	42,084	3,188	153,676	106,121	18,131	277,928
Mortgage amortization	540,075	-	-	540,075	-	-	540,075
Office expense	7,959	1,367	32,191	41,517	22,229	1,680	65,426
Payroll	339,722	483,472	417,786	1,240,980	263,779	449,961	1,954,720
Payroll service	-	-	-	-	6,563	-	6,563
Payroll taxes	41,174	39,820	34,777	115,771	22,327	37,215	175,313
Postage and delivery	43	-	6,743	6,786	4,022	717	11,525
Printing	3,037	1	5,620	8,658	1,599	10,323	20,580
Professional fees	71,170	11,503	-	82,673	194,574	4,230	281,477
Program expenses	39,664	12,380	68,541	120,585	4,265	7,729	132,579
Rent	-	8,050	131,111	139,161	-	-	139,161
Special event costs	187	-	-	187	-	108,316	108,503
Telephone	2,680	5	4,167	6,852	30,107	-	36,959
Tithe	-	-	-	-	57,500	1,000	58,500
Training and education	10,611	2,743	395	13,749	12,214	1,078	27,041
Travel	8,408	11,534	30,543	50,485	8,648	1,861	60,994
Utilities	4,427	-	26,338	30,765	7,256	-	38,021
Website	-	-	-	-	304	29,500	29,804
Total expenses	$ 2,623,419	$ 1,416,049	$ 907,614	$ 4,947,082	$ 887,937	$ 854,558	$ 6,689,577

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2018

	Program Services				Support Services		
	Home Ownership	Critical Home Repair	Restore	Total Program Services	Management and General	Fundraising	Total
Americorps	$ 45,515	$ 20,340	$ -	$ 65,855	$ 190	$ -	$ 66,045
Bank fees	-	-	26,943	26,943	1,971	498	29,412
Construction/repair costs	769,930	864,771	11,651	1,646,352	2,458	-	1,648,810
Depreciation	2,137	2,185	26,506	30,828	19,474	-	50,302
Dues and subscriptions	4,425	2,212	6,930	13,567	6,497	2,698	22,762
Employee benefits	107,389	75,395	36,822	219,606	26,785	58,812	305,203
Insurance	71,210	54,896	35,066	161,172	1,273	982	163,427
Interest	-	-	-	-	55,506	-	55,506
Loan origination fee amortization	-	-	-	-	1,176	-	1,176
Miscellaneous	15,246	1,760	2,149	19,155	103,061	1,964	124,180
Mortgage amortization	434,004	-	-	434,004	-	-	434,004
Office expense	3,673	3,212	26,324	33,209	24,343	1,272	58,824
Payroll	383,755	502,038	406,911	1,292,704	265,424	382,326	1,940,454
Payroll service	-	-	-	-	6,453	-	6,453
Payroll taxes	64,079	37,540	34,766	136,385	24,085	22,717	183,187
Postage and delivery	527	6	21	554	3,854	3,006	7,414
Printing	1,393	605	789	2,787	1,867	9,286	13,940
Professional fees	81,954	-	-	81,954	65,147	5,343	152,444
Program expenses	37,751	16,892	64,254	118,897	5,490	500	124,887
Rent	-	7,375	127,913	135,288	-	-	135,288
Special event costs	295	-	-	295	-	93,298	93,593
Telephone	-	597	3,472	4,069	26,604	-	30,673
Tithe	11,640	-	-	11,640	60,000	-	71,640
Training and education	2,714	15,139	-	17,853	8,929	280	27,062
Travel	12,654	7,571	33,411	53,636	5,523	4,246	63,405
Utilities	1,824	65	25,075	26,964	8,838	-	35,802
Website	-	-	420	420	149	1,121	1,690
Total expenses	$ 2,052,115	$ 1,612,599	$ 869,423	$ 4,534,137	$ 725,097	$ 588,349	$ 5,847,583

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the years ended June 30, 2018 and 2017

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 2,106,896	$ (486,746)
Items which did not use cash:		
Depreciation	60,376	50,302
Donation of construction in progress	(16,640)	(33,168)
Unrealized loss on investments	7,254	(516)
Amortization of mortgage discount	339,470	226,210
Amortization of loan origination fee	1,176	1,176
Bad debt expense	185,403	62,671
Working capital changes which (used)/provided cash:		
Accounts receivable	(84,106)	100,461
Campaign pledges receivable	(639,481)	-
Mortgage receivable	289,702	(335,557)
Construction in progress	245,306	(472,274)
Prepaid expenses	4,093	(19,019)
Other current assets	8,137	16,819
Deferred revenue	(137,400)	137,400
Accounts payable	39,107	41,938
Accrued payroll and payroll taxes	(35,171)	5,025
Accrued vacation	321	14,815
Accrued expenses	11,558	(9,999)
Escrow and lease deposits	7,896	38,494
Net cash provided/(used) by operating activities	2,393,897	(661,968)
Cash flows from investing activities:		
Purchase of fixed assets	(148,866)	(118,806)
Net change in investments	(88,250)	(15,564)
Net cash used by investing activities	(237,116)	(134,370)
Cash flows from financing activities:		
Cash received from line of credit	-	250,000
Repayment of line of credit	(250,000)	-
Repayment of notes payable	(52,215)	(53,832)
Net cash (used)/provided by financing activities	(302,215)	196,168
Net increase/(decrease) in cash	1,854,566	(600,170)
Cash and cash equivalents, beginning of year	801,706	1,401,876
Cash and cash equivalents, end of year	$ 2,656,272	$ 801,706
Other Supplementary Information:		
Interest paid	$ 59,087	$ 55,506

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1: NATURE OF ORGANIZATION

Habitat for Humanity Philadelphia, Inc. (the "Organization") was incorporated in February 2003 under the laws of the Commonwealth of Pennsylvania as a nonprofit, ecumenical Christian housing ministry affiliated with Habitat for Humanity International, Inc., an organization with affiliates worldwide that seeks to eradicate poverty housing, and to make decent shelter a matter of conscience and action. Through volunteer labor and donations of money and materials, the Organization builds and repairs simple, decent houses with the help of low-income homeowner families. The Organization focuses its efforts in Philadelphia, Pennsylvania.

The houses built by the Organization and its volunteers are sold to partner families at no profit, financed with affordable, no-interest loans. The homeowners' monthly mortgage payments are used to build more houses. In addition to a down payment and the monthly mortgage payment, each homeowner family invests hundreds of hours of their own labor into the building of their house as well as the houses of others.

The Organization operates a retail business (ReStore) that accepts donated home goods and building materials that are sold to the public. Proceeds from the ReStore are used by the Organization to build and repair homes.

HFHP Funding Company I, LLC (the "Company") was organized by Habitat for Humanity Philadelphia Inc.'s board as a Pennsylvania single member limited liability company on November 8, 2016. The sole purpose of the Company is to engage solely in the activity of acquiring and holding and pledging mortgage loans and related documents originated by Habitat for Humanity Philadelphia, Inc. Mortgage loans are acquired, held and pledged so as to comply with the terms of the note purchase agreement between the Company and financial institution. Habitat for Humanity Philadelphia, Inc. is the sole shareholder of the Company. The Company was formed with a single member with the intent that it be a disregarded entity for the purpose of the Internal Revenue Code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

B. Basis of Presentation

Habitat for Humanity Philadelphia, Inc. and Subsidiary is required to report information regarding its financial position and activities that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions, as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

C. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization and Company listed in Note 1. The Organizations have common control since Habitat for Humanity Philadelphia Inc. is the sole member of the Company. There is also an element of economic interest since the HFHP Funding Company I, LLC holds significant resources that must be used only for purposes of the Habitat for Humanity Philadelphia, Inc. Inter-company transactions and balances have been eliminated in consolidation.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include unrestricted time deposits, certificates of deposit and highly liquid debt instruments with original maturities of three months or less.

F. Revenue Recognition

Contributions and donations received are recorded as support with or without donor restrictions, depending on the existence and or nature of any donor restrictions. All operating funds are available for the support of the Habitat for Humanity Philadelphia, Inc.'s operations and are therefore classified as without donor restrictions. Habitat for Humanity Philadelphia, Inc. recognizes contributions as with donor restrictions if donor imposed.

The Organization receives donations to fund acquisition, construction and rehabilitation costs of houses. These costs are capitalized as construction in progress. When the house is completed, it is

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Revenue Recognition (continued)

transferred to a qualified family and recorded as a sale of property for the mortgage balance the homeowner assumes.

Contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The fair value of pledges of contributions to be received after one year are discounted. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receive is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

G. Government Grants

Periodically, Habitat receives funding from federal financial assistance programs that supplement its traditional funding sources. Habitat recognizes the award as government grant revenue as the expenses stipulated in the grant agreement have been incurred. Grant revenue on cost-reimbursement grants is recognized after the program expenditures have been incurred. As such, Habitat recognizes revenue and records a receivable for the reimbursement amount from the granting agency. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB's) Uniform Guidance (2 CFR 200), as well as review by grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, Habitat's management believes the costs ultimately disallowed, if any, would not materially affect the consolidated financial statements.

H. Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days off depending on job classification, length of service and other factors. Vacation days earned are accrued annually as an expense. At June 30, 2019 and 2018, the Organization had compensated absences totaling $55,771 and $55,450, respectively.

I. Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivables.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Federal and State Income Taxes

Habitat for Humanity Philadelphia, Inc. is a non-profit entities as described in Section 501(c)(3), of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

HFHP Funding Company I, LLC was formed with Habitat for Humanity Philadelphia, Inc. as a single member limited liability company. As a result, the entity is recognized as a disregarded entity for the purpose of the Internal Revenue Code. A disregarded entity is not recognized for tax purposes as an entity separate from its owner.

The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service and the New Jersey Charities Registration & Investigation Form (CRI). The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

K. Property and Equipment

Land, buildings and building improvements, furniture and equipment are recorded at cost, except for donated assets, which are recorded at their estimated fair market value at the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated lives are as follows:

Building and building improvements	15-39 years
Furniture, equipment and transportation equipment	5-7 years

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

L. Contributed Service and Materials

Unpaid volunteers have made significant contributions of their time to the Organization's activities. However, the value of the contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or evaluation. Construction materials, professional services, and fixed assets donated have been recorded at their estimated fair market value.

M. Investment Policy

Investments of the Organization are reported at fair market value as June 30, 2019 and 2018. Investment earnings on the Statement of Activities include interest, dividends and gains and loses on the sale of assets. Change in market value of assets held is reported as unrealized gains and losses.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III).

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by Habitat in estimating the fair value of its financial instruments:

Mortgage receivables – The carrying amount is at net present value of the loan.

Notes payable – The carrying amount of one note is at net present value of the loan. For the remaining notes, the carrying values and interest rates are considered to approximate the net realizable value.

Accounts payable – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Common Stock – Valued at closing price reported in the active market in which the individual securities are traded.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Impact of Recently Issued Accounting Principles

Recently Issued Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which is applicable for all entities that enter into contracts with customers to transfer goods and services or enter into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance or lease contracts). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, the most industry-specific guidance. The core principal of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects. There are five steps to achieve this core principle. Entities can either apply this standard retrospectively to each prior reporting period presented or retrospectively apply with the cumulative effect at the date of initial application. This statement is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted for fiscal years beginning after December 15, 2016. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statements and related disclosures.

In February 2016, the FASB issued (ASU) 2016-02, Leases. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2020. Early implementation will be permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statements and related disclosures.

In February 2017, the FASB issued (ASU) 2017-05, Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20). The amendment clarifies the scope of asset derecognition guidance and accounting for partial sales of nonfinancial assets, such as intangible assets, land, buildings, materials and supplies. It is effective for annual periods beginning after December 15, 2018. An entity is required to apply the amendments in ASU 2017-05 at the same time that it applies the new revenue recognition standard (see ASU 2014-09 above). The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statements and related disclosures.

In June 2018, the FASB issued (ASU) 2018-08, Not for Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this Update should be applied on a modified prospective basis. Retrospective application is permitted. Organizations should apply this

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Impact of Recently Issued Accounting Principles (continued)

standard on contributions received to annual periods beginning after December 15, 2018. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

P. Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

Q. Subsequent Events

The Organization has evaluated subsequent events occurring after the Statement of Financial Position date through the date of January 22, 2020, which is the date the financial statements were available to be issued. See Note 24.

NOTE 3: CASH

The deposits held by the Organization at June 30, 2019 and 2018, and reported at fair value, are as follows:

Type	2019	2018
Deposits:		
Demand deposits	$ 2,656,272	$ 801,706
Total deposits	$ 2,656,272	$ 801,706

	2019	2018
Reconciliation of Consolidated Statements of Financial Position:		
Cash and cash equivalents	$ 2,656,272	$ 801,706
Total	$ 2,656,272	$ 801,706

NOTE 3: CASH (continued)

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash had a bank balance of $2,844,017 and $946,772 at June 30, 2019 and 2018, respectively. Of the bank balance, $850,057 and $582,404 was fully insured by depository insurance at June 30, 2019 and 2018, respectively. $1,993,960 and $364,368 was uninsured at June 30, 2019 and 2018, respectively.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. The Organization limits the amount of credit exposure to any one financial institution and invests cash in accounts with high credit quality.

NOTE 4: LIQUIDITY AND AVAILABILITY

As of June 30, 2019, Habitat for Humanity Philadelphia, Inc. had $3,860,647 of financial assets available within one year of the statement of financial position date consisting of cash of $2,656,272, short-term investments of $111,662, current mortgage receivable, net, of $198,884, accounts receivable, net, of $384,598 and campaign pledges receivable of $509,231. $385,579 of financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date. The remaining balance of $3,476,049 was unrestricted financial assets not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date as of June 30, 2019. Habitat for Humanity Philadelphia, Inc. has a goal to maintain financial assets, which consist of cash, short-term investments and receivables on hand to meet 90 days of normal operating expenses, which are, on average, approximately $1,610,000. As more fully described in Note 14, the Organization also has a committed line of credit, which it can draw upon in the event of an unanticipated liquidity need.

NOTE 5: INVESTMENTS

Investments are unrestricted assets stated at fair value and consist of equity investments. Fair value at June 30, 2019 and 2018, was $111,662 and $30,666, respectively.

	Assets as Fair Value as of June 30, 2019			
	Level 1	*Level 2*	*Level 3*	*Total*
Common stocks	$ 111,662	$ -	$ -	$ 111,662
Total assets at fair value	$ 111,662	$ -	$ -	$ 111,662

	Assets as Fair Value as of June 30, 2018			
	Level 1	*Level 2*	*Level 3*	*Total*
Common stocks	$ 30,666	$ -	$ -	$ 30,666
Total assets at fair value	$ 30,666	$ -	$ -	$ 30,666

NOTE 6: MORTGAGES RECEIVABLE

Mortgages receivable consists of mortgages to homeowners. The mortgages are non-interest bearing and are secured by real estate. The mortgage loans are payable in monthly installments ranging from $74 to $457 over 10 to 30-year terms. The mortgages are discounted using rates provided by Habitat for Humanity International, Inc., which reflect the current market conditions. The discount rate for the year ended June 30, 2019 and 2018 was 7.66% and 7.57%, respectively. Because the mortgages are secured by the deeds of the trust on the respective properties, management believes that no allowance for doubtful mortgages is necessary and no bad debt has been recorded as of and for the years ended June 30, 2019 and 2018. Mortgages receivable at June 30, 2019 and 2018 were as follows:

	2019	2018
Mortgages receivable	$ 6,632,636	$ 8,075,514
Less: unamortized mortgage discount	(3,752,101)	(4,565,807)
Total net mortgages receivable	2,880,535	3,509,707
Less: current portion	(198,884)	(225,489)
Long-term portion	$ 2,681,651	$ 3,284,218

NOTE 7: ACCOUNTS RECEIVABLE

Accounts receivables consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Grant receivable	$ 270,773	$ 186,000
Donations receivable	32,706	51,770
Home repair program	101,360	127,964
Total accounts receivable	404,839	365,734
Less: allowance for doubtful accounts	(20,241)	(10,088)
Total accounts receivable net	$ 384,598	$ 355,646

NOTE 8: CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable consisted of the following which are discounted at a rate of 4% at June 30:

	2019	2018
Campaign pledges expected to be collected in:		
Less than one year	$ 385,317	$ -
One year to five years	265,933	-
Total campaign pledges receivable	651,250	-
Less:		
Present value discount at a rate of 4%	(11,769)	
Allowances for uncollectible amounts	(130,250)	
Total campaign pledges receivable, net	509,231	-
Less: current portion	(308,254)	-
Long-term portion	$ 200,977	$ -

NOTE 9: CONSTRUCTION IN PROGRESS

Construction in progress represents costs incurred to build/rehabilitate single family dwellings. Upon completion of construction, these houses will be sold or leased under a lease purchase agreement until clear title can be transferred to the member family. The balance as of June 30, 2019 and 2018 was $443,793 and $672,459, respectively.

NOTE 10: OTHER CURRENT ASSETS

Other current assets consisted of prepaid gift cards totaling $5,013 and $13,150 as of June 30, 2019 and 2018, respectively.

NOTE 11: COMPLETED HOUSES UNDER LEASE PURCHASE

In some cases, houses completed and available are leased to the future homeowner until final closing and transfer of ownership occur. Prior to the transfer, the future homeowner makes payments, which the Organization holds and applies to defray closing costs. Once a family moves into the home, they are required to make monthly payments, which are applied toward real estate taxes, property and a down payment to reduce the mortgage they will assume. The balance as of June 30, 2019 and 2018, was $85,000 and $85,000, respectively.

NOTE 12: DEFERRED REVENUE

As of June 30, 2019 and 2018, deferred income consisted of the following:

	2019	2018
Fundraising	$ -	$ 119,900
Repair program	-	17,500
Total deferred revenue	$ -	$ 137,400

NOTE 13: COMMITMENTS AND CONTINGENCIES

The Pennsylvania Housing Finance Agency (PHFA), a state agency, assumed 9 mortgages held by the Organization. The Organization is responsible for maintaining the mortgages by collecting the payments. Should a homeowner become delinquent, PHFA will require repayment and discontinue the agreement for that mortgage. As of June 30, 2019 and 2018, the Organization was contingently liable for the balance of those mortgages totaling $97,023 and $111,603, respectively.

An unemployment claim arising from the normal course of operation is pending against the Organization. This claim is specifically covered by insurance and is not material. While the outcome of such actions cannot be determined at this time, legal counsel and management believe that any loss which may arise from these actions will not have a material effect on the financial position or results of operations of the organization.

NOTE 14: LINE OF CREDIT

The Organization has established a revolving line of credit with Santander Bank in the amount of $750,000 with a financial institution with an interest rate of 1% above the bank's prime rate. The interest rate as of June 30, 2019 was 6.5%. The line of credit is due and payable in full upon demand by lender. As of June 30, 2019 and 2018, balances outstanding were $0 and $250,000, respectively.

NOTE 15: NOTES PAYABLE

The Organization had the following notes outstanding at June 30, 2019 and 2018:

	2019	2018
On January 4, 2015, the Organization refinanced a loan held by Santander Bank in the amount of $270,356 at 3.85%. The loan is to be paid monthly over 5 years at $1,987 per month, principal and interest, with the total remaining principal balance becoming due after 5 years. The loan is secured by Stiles Street properties.	$ 206,403	$ 221,859
On December 5, 2016, the Organization obtained a note payable for $2,182,243 from PNC Community Development Company, LLC. Proceeds from the loan were $1,478,087. The note includes $680,056 of prepaid interest and $24,100 of loan fees. The note is secured by $778,898 of mortgages receivable (net of discount of $1,187,935) as of June 30, 2019 and requires monthly payments ranging from $252 to $6,903 based on a payment schedule that is based on the anticipated amounts to be received from those mortgages receivable. The note matures May 9, 2046.	1,404,263	1,441,022
Total net notes payable	1,610,666	1,662,881
Less: current portion	(247,776)	(55,609)
Long-term portion	$ 1,362,890	$ 1,607,272

NOTE 15: NOTES PAYABLE (continued)

Total maturities of notes payable for the year ending June 30, are as follows:

2020	247,776
2021	42,632
2022	43,928
2023	45,265
2024	46,641
2025-2029	255,369
2030-2034	296,641
2035-2039	315,724
2040-2044	281,519
2045-2046	35,171
Total	$ 1,610,666

NOTE 16: NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

	2019	2018
Construction	$ 292,069	$ 914,575
Home repair program	749,654	633,661
General operating/other	10,000	-
Neighborhood Revitalization	173,114	-
Restore	-	10,000
Total released from restriction	$ 1,224,837	$ 1,558,236

NOTE 17: TRANSACTION WITH HABITAT FOR HUMANITY INTERNATIONAL, INC.

The Organization annually remits a portion of its unrestricted contributions, excluding in-kind contributions. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2019 and 2018, the Organization made contributions totaling $58,500 and $71,640, respectively.

NOTE 18: PENSION PLAN

The Organization has a 403(b) plan where employees may make payroll deductions, which may be tax deferred in accordance with the Internal Revenue Code. All funds contributed are 100% vested in the employee's name. On November 22, 2015, the Organization increased its maximum employer matching contribution from 2% to 3% of the employees' salary. The annual contribution for the year ended June 30, 2019 and 2018 was $43,267 and $39,161, respectively.

NOTE 19: OPERATING LEASES

The Organization leases space for its Restore as well as copiers, a forklift, and a garage for storage. The last lease expires March 2024. Minimum future rental payments under the operating leases at June 30 are as follows:

2020	$	155,049
2021		148,095
2022		81,380
2023		12,720
2024		9,540
	$	406,784

NOTE 20: IN-KIND DONATIONS

The Organization was the recipient of contributed legal services in the amount of $55,494 and $48,138 for the years ended June 30, 2019 and 2018, respectively. This was recorded in donated services and materials. In-kind donations for the year ended June 30, 2019 consisted of the following:

	2019	2018
Donated services and materials	$ 461,235	$ 448,643
Total in-kind donations	$ 461,235	$ 448,643

NOTE 21: SALE OF MORTGAGE RECEIVABLES

On May 25, 2014, the Organization sold 16 mortgage loans. Under the terms of the transaction, the Organization received the net present value of the remaining payments. In addition, if the mortgaged property is sold before the 15th year anniversary, the buyer of the mortgages has agreed to pay to the Organization the difference between the mortgage loan amount, which was amortized over 30 years, and the payoff amount received.

In the event that a loan is delinquent, the Organization has agreed to reimburse the buyer of the mortgages the delinquent amount. As of June 30, 2019 and 2018, the Organization has elected not to record a reserve amount for this contingent liability due to the mortgage delinquency on the loans sold to be below 1%, which is immaterial to the financial statements.

On December 31, 2018 the Organization sold 14 mortgages for $1,875,911. As of December 31, 2018, these mortgages had a balance of $1,914,883, less unamortized mortgage discount of $1,153,176 for a net value of $761,657. This transaction resulted in a gain of $1,114,204.

NOTE 22: RESTRICTION ON NET ASSETS

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes:

	2019	2018
House sponsorships	$ 27,500	$ 14,000
Repair program	308,079	137,014
Neighborhood Revitalization	20,000	-
Vehicles	30,000	-
Total	$ 385,579	$ 151,014

NOTE 23: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses include AmeriCorps, bank fees, construction/repair costs, depreciation, dues and subscription, employee benefits, insurance, interest, loan origination fee amortization, miscellaneous, mortgage amortization, office expense, payroll, payroll service, payroll taxes, postage and delivery, printing, professional fees, program expenses, rent, special event costs, telephone, tithe, training and education, travel, utilities and website. These expenses are allocated using a variety of cost allocation techniques, including square footage, direct association or use, and time and effort.

NOTE 24: SUBSEQUENT EVENT

On August 8, 2019 the Organization secured a note payable for $1,200,000 from FirstTrust Bank to finance the construction of the Organization's 20-home Oxford Green in Sharswood project.

On November 15, 2019 the Organization sold 9 mortgages with a balance of $1,014,074, net of a $622,267 discount for $993,792 cash for a total gain of $601,985.

Schedule I

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position
June 30, 2019

	2019			
ASSETS	**Habitat for Humanity Philadelphia, Inc.**	**HFHP Funding Company 1, LLC**	**Eliminations**	**Consolidated**
Current assets:				
Cash and cash equivalents	$ 2,536,985	119,287	$ -	$ 2,656,272
Investments	111,662	-	-	111,662
Mortgage receivable - current portion net of accumulated amortization of $233,548	167,651	31,233	-	198,884
Accounts receivable, net of allowance for doubtful accounts of $20,241	384,598	-	-	384,598
Campaign pledges receivable - current portion	308,254	-	-	308,254
Construction in progress	443,793	-	-	443,793
Prepaid expenses	65,193	-	-	65,193
Due to/from affiliate	-	491,632	(491,632)	-
Other current assets	5,013	-	-	5,013
Total current assets	4,023,149	642,152	(491,632)	4,173,669
Property and equipment:				
Land	140,657	-	-	140,657
Buildings and improvements	726,277	-	-	726,277
Office equipment and furnishings	58,640	-	-	58,640
Construction equipment	27,728	-	-	27,728
Transportation equipment	137,388	-	-	137,388
Total property and equipment	1,090,690	-	-	1,090,690
Less: accumulated depreciation	(371,603)	-	-	(371,603)
Property and equipment, net	719,087	-	-	719,087
Other Assets:				
Completed houses under lease purchase	85,000	-	-	85,000
Deposits	10,000	-	-	10,000
Loan origination fee, net of accumulated amortization of $3,038	-	31,562	-	31,562
Mortgage receivable net of accumulated amortization of $3,518,553	1,933,986	747,665	-	2,681,651
Campaign pledges receivable	200,977	-	-	200,977
Total other assets	2,229,963	779,227	-	3,009,190
Total assets	$ 6,972,199	$ 1,421,379	$ (491,632)	$ 7,901,946

Schedule I
(continued)

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position (continued)
June 30, 2019

	2019			
	Habitat for Humanity Philadelphia, Inc.	**HFHP Funding Company 1, LLC**	**Eliminations**	**Consolidated**
LIABILITIES				
Current liabilities:				
Accounts payable	$ 155,880	$ -	$ -	$ 155,880
Accrued payroll and payroll taxes	65,588	-	-	65,588
Accrued vacation	55,771	-	-	55,771
Accrued expenses	44,421	-	-	44,421
Due to/from affiliate	491,632	-	(491,632)	-
Notes payable - current	206,403	41,373	-	247,776
Total current liabilities	1,019,695	41,373	(491,632)	569,436
Long-term liabilities:				
Escrow deposits	175,154	-	-	175,154
Notes payable	0	1,362,890	-	1,362,890
Total long-term liabilities	175,154	1,362,890	-	1,538,044
Total liabilities	1,194,849	1,404,263	(491,632)	2,107,480
NET ASSETS				
Without donor restrictions	5,391,771	17,116	-	5,408,887
With donor restrictions	385,579	-	-	385,579
Total net assets	5,777,350	17,116	-	5,794,466
Total liabilities and net assets	$ 6,972,199	$ 1,421,379	$ (491,632)	$ 7,901,946

Schedule II

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position
June 30, 2018

	2018			
	Habitat for Humanity Philadelphia, Inc.	**HFHP Funding Company 1, LLC**	**Eliminations**	**Consolidated**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 661,780	$ 139,926	$ -	$ 801,706
Investments	30,666	-	-	30,666
Mortgage receivable - current portion net of accumulated amortization of $219,922	205,566	19,923	-	- 225,489
Accounts receivable, net of allowance for doubtful accounts of $10,088	355,646	-	-	- 355,646
Construction in progress	672,459	-	-	672,459
Prepaid expenses	69,286	-	-	69,286
Due to/from affiliate	-	462,736	(462,736)	-
Other current assets	13,150	-	-	13,150
Total current assets	2,008,553	622,585	(462,736)	2,168,402
Property and equipment:				
Land	5,000	-	-	5,000
Buildings and improvements	726,277	-	-	726,277
Office equipment and furnishings	45,431	-	-	45,431
Construction equipment	27,728	-	-	27,728
Transportation equipment	137,388	-	-	137,388
Total property and equipment	941,824	-	-	941,824
Less: accumulated depreciation	(311,228)	-	-	(311,228)
Property and equipment, net	630,596	-	-	630,596
Other Assets:				
Completed houses under lease purchase	85,000	-	-	85,000
Deposits	10,000	-	-	10,000
Loan origination fee, net of accumulated amortization of $1,862	-	32,738	-	32,738
Mortgage receivable net of accumulated amortization of $4,345,885	2,491,035	793,183	-	3,284,218
Total other assets	2,586,035	825,921	-	3,411,956
Total assets	$ 5,225,184	$ 1,448,506	$ (462,736)	$ 6,210,954

Schedule II
(continued)

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position (continued)
June 30, 2018

	2018			
	Habitat for Humanity Philadelphia, Inc.	**HFHP Funding Company 1, LLC**	**Eliminations**	**Consolidated**
LIABILITIES				
Current liabilities:				
Accounts payable	$ 116,773	$ -	$ -	$ 116,773
Accrued payroll and payroll taxes	100,759	-	-	100,759
Accrued vacation	55,450	-	-	55,450
Accrued expenses	32,863	-	-	32,863
Deferred revenue	137,400	-	-	137,400
Due to/from affiliate	462,736	-	(462,736)	-
Line of credit	250,000	-	-	250,000
Notes payable - current	16,642	38,967	-	55,609
Total current liabilities	1,172,623	38,967	(462,736)	748,854
Long-term liabilities:				
Escrow deposits	167,258	-	-	167,258
Notes payable	205,216	1,402,056	-	1,607,272
Total long-term liabilities	372,474	1,402,056	-	1,774,530
Total liabilities	1,545,097	1,441,023	(462,736)	2,523,384
NET ASSETS				
Without donor restrictions	3,529,073	7,483	-	3,536,556
With donor restrictions	151,014	-	-	151,014
Total net assets	3,680,087	7,483	-	3,687,570
Total liabilities and net assets	$ 5,225,184	$ 1,448,506	$ (462,736)	$ 6,210,954

Schedule III

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2019

	Without donor restrictions			With donor restrictions	
	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Consolidated	Habitat for Humanity Philadelphia, Inc.	Consolidated Totals
Support and revenue:					
Sales to homeowners	$ 932,000	$ -	$ 932,000	$ -	$ 932,000
Net gain (loss) on sales and disposals of assets	1,161,163	-	$ 1,161,163	-	1,161,163
Campaign pledges	992,020	-	992,020	-	992,020
Contributions:					
Individuals	398,421	-	398,421	-	398,421
Corporations and foundations	1,629,842	-	1,629,842	1,459,402	3,089,244
Churches and schools	113,555	-	113,555	-	113,555
Amortization of mortgage discount	150,733	49,872	200,605	-	200,605
Interest	6,127	109	6,236	-	6,236
Donated materials and services	461,235	-	461,235	-	461,235
Donated buildings	-		-	-	-
Special events	429,560	-	429,560	-	429,560
Restore	953,448	-	953,448	-	953,448
Home repairs	51,348	-	51,348	-	51,348
Other revenue	384	-	384	-	384
Net assets released from restrictions	1,224,837	-	1,224,837	(1,224,837)	-
Total revenues and support	8,504,673	49,981	8,554,654	234,565	8,789,219
Expenses:					
Program	4,947,082	40,348	4,987,430	-	4,987,430
Management and General	847,589	-	847,589	-	847,589
Fundraising	854,558	-	854,558	-	854,558
Total expenses	6,649,229	40,348	6,689,577	-	6,689,577
Change in net assets from operations	1,855,444	9,633	1,865,077	234,565	2,099,642
Non-operating income/(expenses):					
Investment return, net of related expenses	7,254	-	7,254	-	7,254
Total non-operating income/(loss)	7,254	-	7,254	-	7,254
Changes in net assets	1,862,698	9,633	1,872,331	234,565	2,106,896
Net assets, beginning of year	3,529,073	7,483	3,536,556	151,014	3,687,570
			-		
Net assets, end of year	$ 5,391,771	$ 17,116	$ 5,408,887	$ 385,579	$ 5,794,466

Schedule IV

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2018

	Without donor restrictions			With donor restrictions	
	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Consolidated	Habitat for Humanity Philadelphia, Inc.	Consolidated Totals
Support and revenue:					
Sales to homeowners	$ 750,000	$ -	$ 750,000	$ -	$ 750,000
Contributions:					
Individuals	431,840	-	431,840	-	431,840
Corporations and foundations	355,415	-	355,415	1,498,800	1,854,215
Churches and schools	76,023	-	76,023	-	76,023
Government	81,116	-	81,116	-	81,116
Amortization of mortgage discount	157,922	49,872	207,794	-	207,794
Interest	1,865	258	2,123	-	2,123
Donated materials and services	448,643	-	448,643	-	448,643
Special events	447,595	-	447,595	-	447,595
Restore	948,321	-	948,321	-	948,321
Home repairs	102,839	-	102,839	-	102,839
Other revenue	10,456	-	10,456	-	10,456
Net assets released from restrictions	1,558,236	-	1,558,236	(1,558,236)	-
Total revenues and support	5,370,271	50,130	5,420,401	(59,436)	5,360,965
Expenses:					
Program	4,534,137	45,083	4,579,220	-	4,579,220
Administrative	680,014	-	680,014	-	680,014
Fundraising	588,349	-	588,349	-	588,349
Total expenses	5,802,500	45,083	5,847,583	-	5,847,583
Change in net assets from operations	(432,229)	5,047	(427,182)	(59,436)	(486,618)
Non-operating income/(expenses):					
Investment return, net of related expenses	(128)	-	(128)	-	(128)
Total non-operating income/(loss)	(128)	-	(128)	-	(128)
Changes in net assets	(432,357)	5,047	(427,310)	(59,436)	(486,746)
Net assets, beginning of year	3,961,430	2,436	3,963,866	210,450	4,174,316
Net assets, end of year	$ 3,529,073	$ 7,483	$ 3,536,556	$ 151,014	$ 3,687,570

Schedule V

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Functional Expenses
For the year ended June 30, 2019

	Habitat for Humanity Philadelphia, Inc.							HFHP Funding Company I, LLC		
	Program Services				Support Services			Support Services		
	Home Ownership	Critical Home Repair	Restore	Total Program Services	Management and General	Fundraising	Total	Management and General	Total	Consolidated Total
Americorps	$ 48,207	$ 35,163	$ -	$ 83,370	$ 5,336	$ -	$ 88,706	$ -	$ -	$ 88,706
Bank fees	-	10	34,380	34,390	4,731	17	39,138	-	-	39,138
Campaign	-	-	-	-	-	105,529	105,529	-	-	105,529
Construction/repair costs	1,230,014	624,331	4,147	1,858,492	1,393	1,447	1,861,332	-	-	1,861,332
Depreciation	3,322	3,695	30,997	38,014	22,362	-	60,376	-	-	60,376
Dues and subscriptions	8,900	1,449	6,634	16,983	8,822	11,307	37,112	-	-	37,112
Employee benefits	81,073	80,478	32,945	194,496	41,759	63,464	299,719	-	-	299,719
Insurance	74,342	57,964	37,111	169,417	1,763	1,053	172,233	-	-	172,233
Interest	-	-	-	-	19,915	-	19,915	39,172	39,172	59,087
Loan origination fee amortization	-	-	-	-	-	-		1,176	1,176	1,176
Miscellaneous	108,404	42,084	3,188	153,676	106,121	18,131	277,928	-	-	277,928
Mortgage amortization	540,075	-	-	540,075	-	-	540,075	-	-	540,075
Office expense	7,959	1,367	32,191	41,517	22,229	1,680	65,426	-	-	65,426
Payroll	339,722	483,472	417,786	1,240,980	263,779	449,961	1,954,720	-	-	1,954,720
Payroll service	-	-	-	-	6,563	-	6,563	-	-	6,563
Payroll taxes	41,174	39,820	34,777	115,771	22,327	37,215	175,313	-	-	175,313
Postage and delivery	43	-	6,743	6,786	4,022	717	11,525	-	-	11,525
Printing	3,037	1	5,620	8,658	1,599	10,323	20,580	-	-	20,580
Professional fees	71,170	11,503	-	82,673	194,574	4,230	281,477	-	-	281,477
Program expenses	39,664	12,380	68,541	120,585	4,265	7,729	132,579	-	-	132,579
Rent	-	8,050	131,111	139,161	-	-	139,161	-	-	139,161
Special event costs	187	-	-	187	-	108,316	108,503	-	-	108,503
Telephone	2,680	5	4,167	6,852	30,107	-	36,959	-	-	36,959
Tithe	-	-	-	-	57,500	1,000	58,500	-	-	58,500
Training and education	10,611	2,743	395	13,749	12,214	1,078	27,041	-	-	27,041
Travel	8,408	11,534	30,543	50,485	8,648	1,861	60,994	-	-	60,994
Utilities	4,427	-	26,338	30,765	7,256	-	38,021	-	-	38,021
Website	-	-	-	-	304	29,500	29,804	-	-	29,804
Total expenses	$ 2,623,419	$ 1,416,049	$ 907,614	$ 4,947,082	$ 847,589	$ 854,558	$ 6,649,229	$ 40,348	$ 40,348	$ 6,689,577

Schedule VI

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Functional Expenses
For the year ended June 30, 2018

	Habitat for Humanity Philadelphia, Inc.							HFHP Funding Company I, LLC			
	Program Services				Support Services			Program Services	Support Services		
	Home Ownership	Critical Home Repair	Restore	Total Program Services	Management and General	Fundraising	Total	Home Ownership	Management and General	Total	Consolidated Total
Americorps	$ 45,515	$ 20,340	$ -	$ 65,855	$ 190	$ -	$ 66,045	$ -	$ -	$ -	$ 66,045
Bank fees	-	-	26,943	26,943	1,931	498	29,372	-	40	40	29,412
Construction/repair costs	769,930	864,771	11,651	1,646,352	2,458	-	1,648,810	-	-	-	1,648,810
Depreciation	2,137	2,185	26,506	30,828	19,474	-	50,302	-	-	-	50,302
Dues and subscriptions	4,425	2,212	6,930	13,567	6,497	2,698	22,762	-	-	-	22,762
Employee benefits	107,389	75,395	36,822	219,606	26,785	58,812	305,203	-	-	-	305,203
Insurance	71,210	54,896	35,066	161,172	1,273	982	163,427	-	-	-	163,427
Interest	-	-	-	-	11,639	-	11,639	-	43,867	43,867	55,506
Loan origination fee amortization	-	-	-	-	-	-		-	1,176	1,176	1,176
Miscellaneous	15,246	1,760	2,149	19,155	103,061	1,964	124,180	-	-	-	124,180
Mortgage amortization	434,004	-	-	434,004	-	-	434,004	-	-	-	434,004
Office expense	3,673	3,212	26,324	33,209	24,343	1,272	58,824	-	-	-	58,824
Payroll	383,755	502,038	406,911	1,292,704	265,424	382,326	1,940,454	-	-	-	1,940,454
Payroll service	-	-	-	-	6,453	-	6,453	-	-	-	6,453
Payroll taxes	64,079	37,540	34,766	136,385	24,085	22,717	183,187	-	-	-	183,187
Postage and delivery	527	6	21	554	3,854	3,006	7,414	-	-	-	7,414
Printing	1,393	605	789	2,787	1,867	9,286	13,940	-	-	-	13,940
Professional fees	81,954	-	-	81,954	65,147	5,343	152,444	-	-	-	152,444
Program expenses	37,751	16,892	64,254	118,897	5,490	500	124,887	-	-	-	124,887
Rent	-	7,375	127,913	135,288	-	-	135,288	-	-	-	135,288
Special event costs	295	-	-	295	-	93,298	93,593	-	-	-	93,593
Telephone	-	597	3,472	4,069	26,604	-	30,673	-	-	-	30,673
Tithe	11,640	-	-	11,640	60,000	-	71,640	-	-	-	71,640
Training and education	2,714	15,139	-	17,853	8,929	280	27,062	-	-	-	27,062
Travel	12,654	7,571	33,411	53,636	5,523	4,246	63,405	-	-	-	63,405
Utilities	1,824	65	25,075	26,964	8,838	-	35,802	-	-	-	35,802
Website	-	-	420	420	149	1,121	1,690	-	-	-	1,690
Total expenses	$ 2,052,115	$ 1,612,599	$ 869,423	$ 4,534,137	$ 680,014	$ 588,349	$ 5,802,500	$ -	$ 45,083	$ 45,083	$ 5,847,583