HABITAT FOR HUMANITY PHILADELPHIA, INC.
AND SUBSIDIARY

Consolidated Financial Statements and Supplementary Schedules

For the years ended June 30, 2021 and 2020

(With Independent Auditors' Report thereon)

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Table of Contents
For the years ended June 30, 2021 and 2020

HFA
Certified Public Accountants + Advisors

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated 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, 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.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity Philadelphia, Inc. and Subsidiary as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of Habitat for Humanity Philadelphia, Inc. and Subsidiary taken as a whole. The 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 consolidated 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

February 4, 2022
Lakewood, New Jersey

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,295,216	$ 4,442,484
Investments	84,351	74,317
Contributions and campaign pledges receivable, net - current	1,271,990	470,752
Accounts receivable, net	54,668	68,327
Mortgage receivable, net - current	156,236	138,482
Construction in progress	-	2,001,801
Prepaid expenses	54,780	25,284
Other current assets	50	12,977
Total current assets	6,917,291	7,234,424
Non-current assets:		
Campaign pledges receivable, net of current	60,298	240,296
Mortgage receivable, net	2,808,817	2,398,024
Completed houses under lease purchase	85,000	85,000
Deposits	10,000	10,000
Property and equipment, net	899,558	919,875
Total non-current assets	3,863,673	3,653,195
Total assets	$ 10,780,964	$ 10,887,619
Current liabilities:		
Accounts payable	$ 352,576	$ 228,505
Accrued payroll and payroll taxes	163,198	137,189
Accrued vacation	68,170	78,234
Accrued expenses	41,945	51,322
Notes payable - current	53,929	251,922
PPP loan payable	516,854	516,854
Total current liabilities	1,196,672	1,264,026
Long-term liabilities:		
Escrow deposits	138,697	149,526
Construction loan payable, net	-	307,370
Notes payable, net	1,247,329	1,286,480
Total long-term liabilities	1,386,026	1,743,376
Total liabilities	2,582,698	3,007,402
NET ASSETS		
Without donor restrictions	7,536,899	7,165,502
With donor restrictions	661,367	714,715
Total net assets	8,198,266	7,880,217
Total liabilities and net assets	$ 10,780,964	$ 10,887,619

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions:			
Corporations and foundations	$ 3,271,603	$ 1,668,639	$ 4,940,242
Campaign pledges	822,900	17,723	840,623
Individuals	574,187	-	574,187
Churches and schools	61,989	-	61,989
Sales to homeowners	1,795,373	-	1,795,373
ReStore	1,450,797	-	1,450,797
Donated materials and services	563,047	-	563,047
Special events	507,960	-	507,960
Amortization of mortgage discount	180,179	-	180,179
Other revenue	63,197	-	63,197
Home repairs	24,780	-	24,780
Interest	10,418	-	10,418
Net assets released from restrictions	1,739,710	(1,739,710)	-
Total revenues and support	11,066,140	(53,348)	11,012,792
Expenses:			
Program	9,009,294	-	9,009,294
Administrative	905,115	-	905,115
Fundraising	797,330	-	797,330
Total expenses	10,711,739	-	10,711,739
Change in net assets from operations	354,401	(53,348)	301,053
Non-operating income (expense):			
Investment return, net of related expenses	19,661	-	19,661
Loss on disposal of property and equipment	(2,665)	-	(2,665)
Total non-operating income, net	16,996	-	16,996
Changes in net assets	371,397	(53,348)	318,049
Net assets, beginning of year	7,165,502	714,715	7,880,217
Net assets, end of year	$ 7,536,899	$ 661,367	$ 8,198,266

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions:			
Corporations and foundations	$ 1,737,832	$ 1,358,950	$ 3,096,782
Campaign pledges	526,423	268,705	795,128
Individuals	476,350	-	476,350
Churches and schools	64,093	-	64,093
ReStore	1,136,540	-	1,136,540
Donated materials and services	845,508	-	845,508
Sales to homeowners	760,349	-	760,349
Net gain on sales and disposals of assets	588,491	-	588,491
Special events	431,023	-	431,023
Amortization of mortgage discount	161,037	-	161,037
Home repairs	43,292	-	43,292
Interest	29,614	-	29,614
Other revenue	8,177	-	8,177
Net assets released from restrictions	1,298,519	(1,298,519)	-
Total revenues and support	8,107,248	329,136	8,436,384
Expenses:			
Program	4,701,555	-	4,701,555
Administrative	860,734	-	860,734
Fundraising	796,246	-	796,246
Total expenses	6,358,535	-	6,358,535
Change in net assets from operations	1,748,713	329,136	2,077,849
Non-operating income (expense):			
Investment return, net of related expenses	7,902	-	7,902
Total non-operating income, net	7,902	-	7,902
Changes in net assets	1,756,615	329,136	2,085,751
Net assets, beginning of year	5,408,887	385,579	5,794,466
Net assets, end of year	$ 7,165,502	$ 714,715	$ 7,880,217

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, 2021

	Program Services				Support Services		
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total
Construction/Repair Costs	$ 3,808,136	$ 857,619	$ 250	$ 4,666,005	$ -	$ -	$ 4,666,005
Payroll	491,793	749,516	342,831	1,584,140	334,652	549,489	2,468,281
Mortgage amortization	784,895	-	-	784,895	-	-	784,895
Program expenses	409,123	9,094	70,865	489,082	7,516	23,858	520,456
Employee benefits	89,589	103,461	28,125	221,175	77,042	85,025	383,242
Professional fees	165,790	41,427	-	207,217	128,731	7,500	343,448
Office expense	2,060	44	249,918	252,022	37,084	439	289,545
Payroll taxes	100,451	3,980	31,242	135,673	41,308	43,159	220,140
Insurance	81,795	63,924	42,204	187,923	2,460	1,056	191,439
Rent	-	6,875	132,456	139,331	-	-	139,331
Miscellaneous	57,768	204	5,988	63,960	52,291	2,659	118,910
Depreciation	4,323	5,898	37,562	47,783	31,588	-	79,371
Bank fees	7,922	-	34,828	42,750	9,498	12,194	64,442
Travel	3,829	7,166	41,878	52,873	45	195	53,113
Tithe	-	-	-	-	52,500	-	52,500
Utilities	20,721	1,393	23,308	45,422	5,618	-	51,040
Dues and subscriptions	4,124	175	4,534	8,833	20,018	18,231	47,082
Telephone	2,120	1,026	5,665	8,811	36,456	810	46,077
Americorps	42,021	1,042	-	43,063	2,285	-	45,348
Interest	1,227	-	-	1,227	42,733	-	43,960
Special Event Costs	-	-	-	-	-	36,072	36,072
Loan origination fee amortization	14,607	-	-	14,607	1,176	-	15,783
Payroll service	-	-	-	-	11,982	-	11,982
Printing	4,123	-	-	4,123	287	7,183	11,593
Training and education	1,150	5,841	-	6,991	3,063	465	10,519
Postage and delivery	43	-	1,345	1,388	6,782	419	8,589
Campaign	-	-	-	-	-	8,276	8,276
Website	-	-	-	-	-	300	300
Total expenses	$ 6,097,610	$ 1,858,685	$ 1,052,999	$ 9,009,294	$ 905,115	$ 797,330	$ 10,711,739

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, 2020

	Program Services				Support Services		
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total
Payroll	$ 295,193	$ 571,008	$ 493,429	$ 1,359,630	$ 311,538	$ 531,430	$ 2,202,598
Construction/repair costs	889,809	428,361	1,446	1,319,616	1,435	-	1,321,051
Professional fees	351,761	51,431	-	403,192	101,823	33,565	538,580
Employee benefits	84,809	93,229	20,422	198,460	68,361	78,550	345,371
Mortgage amortization	284,592	-	-	284,592	-	-	284,592
Office expense	2,007	477	164,679	167,163	40,782	1,178	209,123
Payroll taxes	52,570	40,392	31,272	124,234	33,520	38,727	196,481
Insurance	83,440	62,099	40,268	185,807	1,119	1,118	188,044
Miscellaneous	49,873	269	17,262	67,404	55,593	42,914	165,911
Rent	-	7,500	132,456	139,956	-	-	139,956
Program expenses	54,970	6,547	49,596	111,113	10,274	8,927	130,314
Americorps	55,046	38,841	-	93,887	6,270	-	100,157
Interest	29,594	-	-	29,594	42,733	-	72,327
Depreciation	3,998	6,490	34,208	44,696	26,165	-	70,861
Tithe	-	-	-	-	62,790	-	62,790
Bank fees	2,360	-	42,206	44,566	5,267	58	49,891
Travel	9,085	10,459	19,576	39,120	3,688	3,172	45,980
Telephone	-	-	5,707	5,707	35,035	-	40,742
Utilities	9,983	-	22,231	32,214	7,069	-	39,283
Dues and subscriptions	5,008	1,712	5,503	12,223	17,353	6,319	35,895
Special event costs	-	-	-	-	-	31,089	31,089
Postage and delivery	180	-	16,395	16,575	6,039	979	23,593
Printing	3,111	-	477	3,588	3,103	13,309	20,000
Training and education	2,961	2,247	650	5,858	11,055	1,251	18,164
Loan origination fee amortization	12,360	-	-	12,360	1,176	-	13,536
Payroll service	-	-	-	-	8,191	-	8,191
Campaign	-	-	-	-	-	2,367	2,367
Website	-	-	-	-	355	1,293	1,648
Total expenses	$ 2,282,710	$ 1,321,062	$ 1,097,783	$ 4,701,555	$ 860,734	$ 796,246	$ 6,358,535

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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 318,049	$ 2,085,751
Items which did not use cash:		
Depreciation of property and equipment	79,371	70,861
Donation of construction in progress	(28,761)	(205,338)
Unrealized gain on investments	(19,661)	(9,311)
Issuance of mortgage receivables	(1,062,482)	-
Amortization of mortgage discount	(180,179)	(161,037)
Mortgages receivable discount expense	383,242	284,592
Amortization of loan origination fee	15,783	13,536
Loss on disposal of property and equipment	2,665	13,495
Change in present value discount on contributions receivable	(11,260)	2,768
Bad debt (recovery)/expense	(50,942)	25,300
Working capital changes which (used)/provided cash:		
Accounts receivable	13,659	15,952
Campaign pledges receivable	(559,038)	70,434
Construction in progress	(2,025,889)	(2,900,376)
Inventory of homes	4,056,451	1,547,706
Prepaid expenses	(29,496)	39,909
Other current assets	12,927	(7,964)
Accounts payable	124,071	72,625
Accrued payroll and payroll taxes	26,009	71,601
Accrued vacation	(10,064)	22,463
Accrued expenses	(9,377)	6,901
Escrow deposits	(10,829)	(25,628)
Net cash provided by operating activities	1,034,249	1,034,240
Cash flows from investing activities:		
Purchase of property and equipment	(61,719)	(289,144)
Proceeds from sale of property and equipment	-	4,000
Proceeds from mortgage receivables	430,872	220,474
Purchase of investments	(69,007)	(3,369)
Sale of investments	78,634	50,025
Net cash used in investing activities	378,780	(18,014)
Cash flows from financing activities:		
Proceeds from construction loan payable	-	828,517
Repayment of construction loan payable	(321,977)	(506,541)
Proceeds from notes payable	-	10,000
Repayment of notes payable	(238,320)	(51,877)
Payment of loan origination fee	-	(26,967)
Proceeds from PPP loan	-	516,854
Net cash (used)/provided by financing activities	(560,297)	769,986
Net increase in cash	852,732	1,786,212
Cash and cash equivalents, beginning of year	4,442,484	2,656,272
Cash and cash equivalents, end of year	$ 5,295,216	$ 4,442,484
Other Supplementary Information:		
Interest paid	$ 43,960	$ 72,327

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

NOTE 1: NATURE OF ORGANIZATION

Habitat for Humanity Philadelphia, Inc. (“Habitat”) 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, Habitat builds and repairs simple, decent houses with the help of low-income homeowner families. Habitat focuses its efforts in Philadelphia, Pennsylvania.

The houses built by Habitat 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.

Habitat 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 Habitat to build and repair homes.

HFHP Funding Company I, LLC (the “Company”) was organized by Habitat’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. 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 is the sole shareholder of the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated 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. Accordingly, net assets and changes therein are classified and reported as follows:

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

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. All 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 consolidated statements of activities as net assets released from restrictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Habitat and the Company listed in Note 1 (collectively, the "Organization"). Habitat and the Company 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 Company holds significant resources that must be used only for purposes of Habitat. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statements 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.

Accounts Receivable

Accounts receivable 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.

Mortgages Receivable

Mortgages receivable consists of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments, with original maturities ranging from 10 to 30 years. All of the mortgages are related to new construction and the rehabilitation of existing homes rehabilitated by the Organization. These mortgages are shown on the consolidated statements of financial position discounted at the prevailing interest rate for the time value of money provided by Habitat for Humanity International, Inc, which reflect current market conditions. The discount rate for the years ended June 30, 2021 and 2020 was 7.23% and 7.38%, respectively. Amortization revenue is recorded using the straight-line method over the lives of the mortgages.

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 provision for loan losses has been recorded as of June 30, 2021 and 2020.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions are recognized when a donor makes an unconditional promise to transfer assets to the Organization. Contributions received are recorded at fair value on the date of the gift and are recorded as contributions with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

The Organization receives donations to fund acquisition, construction and rehabilitation costs of houses. These costs are capitalized as construction in progress until the home is completed and sold to a qualified family. The Organization recognizes revenue and any related gain or loss from home sales when a closing occurs. A closing is considered to occur when title, possession and other attributes of ownership have been passed to the buyer, and the Organization is not obligated to perform significant activities after the sale.

ReStore income is generated through the sale of home furnishings, appliances, and other miscellaneous items that are donated or purchased and then sold at a reduced price. The transaction price is a fixed amount set by the Organization, and revenue is recognized at the time of sale, as that is when the performance obligation is satisfied.

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets or the notes to consolidated financial statements. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its consolidated statement of activities and changes in net assets or notes to consolidated financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (unearned revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Contributions and Campaign Pledges Receivable

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. In accordance with Accounting Standards Codification (ASC) 958-310, *Not-for-Profit Entities: Receivables*, contribution pledges due in one or more years are discounted to their net present value at the time the revenue is recorded. The Organization uses the allowance method to determine the reserve for uncollectible pledges receivable. The allowance is based on historical experience and management's analysis of specific promises made.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Service and Materials

Donated services meeting the requirements for recognition in the consolidated financial statements and donated materials are included in support and expense at their estimated fair values on the date they were contributed. The requirements for recognition of donated services in the consolidated financial statements are (a) the donated services create or enhance non-financial assets, or (b) the donated services require special skills, are provided by individuals who possess those special skills and donated services would typically be purchased by the Organization if they had not been provided by contribution.

Donated ReStore Items

Donations of ReStore items are not valued, nor is an inventory of such items used for financial reporting. This accounting treatment is based on ASC 958, *Contributions Received*, where a major uncertainty about the existence of value may indicate that an item received or given should not be recognized. ASC 845, *Initial Measurement*, also applies that fair value should be regarded as not determinable within reasonable limits if major uncertainties exist about the realizability of the value. Revenue from donated ReStore inventory is recognized when the inventory is sold.

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 with a capitalization policy of $5,000. Such donations are reported as without donor restrictions 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 useful 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.

Accrued Vacation

Employees of the Organization are entitled to compensated absences such as 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, 2021 and 2020, the Organization had accrued vacation totaling $68,170 and $78,234, respectively.

Investment Policy

Investments of the Organization are reported at fair market value as of June 30, 2021 and 2020. Investment earnings on the consolidated statements 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)

Federal and State Income Taxes

Habitat for Humanity Philadelphia, Inc. is a non-profit entity 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. The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's consolidated 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

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

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

Recently Issued Accounting Pronouncements Not Yet Adopted

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not for Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the consolidated 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, 2021. 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 consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements Adopted in the Current Year

In May 2014, the FASB issued ASU 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, 2020. The Organization implemented this ASU during the current year and applied the standard retrospectively to each prior reporting period presented.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events occurring June 30, 2021 through February 4, 2022, which is the date the consolidated financial statements were available to be issued. See notes 11 and 27 for further information.

NOTE 3: CASH

The deposits held by the Organization consisted of demand deposits totaling $5,295,216 and $4,442,484 as of June 30, 2021 and 2020, respectively.

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash had a bank balance of $5,395,125 and $4,472,884 at June 30, 2021 and 2020, respectively. Of the bank balances, $1,247,938 and $770,980 was fully insured by depository insurance at June 30, 2021 and 2020, 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: MORTGAGES RECEIVABLE

Mortgages receivable consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Mortgages receivable	$ 6,823,159	$ 5,789,895
Less: unamortized mortgage discount	(3,858,106)	(3,253,389)
Total net mortgages receivable	2,965,053	2,536,506
Less: current portion	(156,236)	(138,482)
Long-term portion	$ 2,808,817	$ 2,398,024

NOTE 4: MORTGAGES RECEIVABLE (continued)

The balances due on the mortgages, excluding those that have been leveraged, are scheduled to be received as follows for the years ended June 30:

2022	$ 354,568
2023	343,277
2024	338,592
2025	333,767
2026	327,366
Thereafter	5,125,589
Total	$ 6,823,159

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Home repair program receivable	$ 68,334	$ 85,407
Less: allowance for doubtful accounts	(13,666)	(17,080)
Total accounts receivable, net	$ 54,668	$ 68,327

NOTE 6: INVESTMENTS

Investments consisted of the following as of June 30, 2021 and 2020:

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Common stock	$ 84,351	$ -	$ -	$ 84,351
Total investments at fair value	$ 84,351	$ -	$ -	$ 84,351

	Investments at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Common stock	$ 74,317	$ -	$ -	$ 74,317
Total investments at fair value	$ 74,317	$ -	$ -	$ 74,317

NOTE 7: CONTRIBUTIONS AND CAMPAIGN PLEDGES RECEIVABLE, NET

Contributions and campaign pledges receivable consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Contributions receivable - current	$ 902,334	$ 90,741
Campaign pledges expected to be collected in:		
Less than one year	477,964	475,014
One year to five years	63,575	318,542
Total campaign pledges receivable	541,539	793,556
Less: present value discount at a rate of 4%	(3,277)	(14,538)
Less: allowance for uncollectible amounts	(108,308)	(158,711)
Total campaign pledges receivable, net	429,954	620,307
Contributions and campaign pledges receivable, net	1,332,288	711,048
Less: current portion	(1,271,990)	(470,752)
Long-term portion	$ 60,298	$ 240,296

NOTE 8: 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, 2021 and 2020 totaled $-0- and $2,001,801, respectively.

NOTE 9: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2021	2020
Land	$ 350,395	$ 350,395
Buildings and improvements	339,853	339,853
Leasehold improvements	386,423	386,423
Office equipment	71,924	58,768
Construction equipment	27,728	27,728
Transportation equipment	204,779	193,667
	1,381,102	1,356,834
Less: accumulated depreciation	(481,544)	(436,959)
Total property and equipment, net	$ 899,558	$ 919,875

Depreciation expense for the years ended June 30, 2021 and 2020 totaled $79,371 and $70,861, respectively.

NOTE 10: 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 both June 30, 2021 and 2020 totaled $85,000.

NOTE 11: PPP LOAN PAYABLE

In April 2020, the Organization was granted a loan of $516,854, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The loan, which was in the form of a Note dated May 5, 2020, matures in May 5, 2022 and bears interest at a rate of 1.00% per annum, commencing November 5, 2020. The Note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses during the eligibility period as described in the CARES Act. The Organization received full forgiveness of the PPP loan in August 2021.

NOTE 12: 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, 2020 and 2021 was 3.75% and 4.25%, respectively. The line of credit is due and payable in full upon demand by the lender. As of June 30, 2021 and 2020, there were no balances outstanding. In September of 2020, the line of credit was increased to $1,000,000.

NOTE 13: CONSTRUCTION LOAN PAYABLE

The construction loan payable consisted of the following as of June 30, 2021 and 2020:

	2021	2020
On August 8, 2019, the Organization entered into a construction loan agreement with FirstTrust Bank to finance the construction of the 20-home Oxford Green project. Under this agreement, the Organization can borrow up to $1,200,000. The Organization shall pay monthly interest payments at a rate of prime rate plus one half of a percent. The outstanding balance of loan along with any unpaid interest is payable in full on August 31, 2021 with an option to extend to February 28, 2022. This loan was paid in full during the year ended June 30, 2021.	$ -	$ 321,977
Less: unamortized loan origination costs	-	(14,607)
Construction loan payable, net	$ -	$ 307,370

NOTE 14: NOTES PAYABLE

The Organization had the following notes outstanding at June 30, 2021 and 2020:

	2021	2020
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 maturity of this loan was extended to October 2020. The loan is secured by Stiles Street properties. This loan was paid off in October 2020.	$ -	$ 195,795
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 $684,110 of mortgages receivable (net of discount of $1,202,095) as of June 30, 2021 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.	1,320,468	1,362,993
On April 20, 2020, the Organization was advanced an economic injury loan for $10,000 from the U.S. Small Business Administration in response to the COVID-19 pandemic to be used for working capital and normal operating expenses. The Organization expects full forgiveness of this advance.	10,000	10,000
Total notes payable	1,330,468	1,568,788
Less: current portion	(53,929)	(251,922)
Less: unamortized loan origination costs	(29,210)	(30,386)
Long-term portion, net	$ 1,247,329	$ 1,286,480

Future minimum principal payments are as follows for the year ending June 30, are as follows:

2022	$ 53,928
2023	45,265
2024	46,641
2025	48,060
2026	49,522
Thereafter	1,087,052
Total	$ 1,330,468

NOTE 15: TRANSACTION WITH HABITAT FOR HUMANITY INTERNATIONAL, INC.

The Organization annually remits a portion of its contributions without donor restrictions, excluding in-kind contributions. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2021 and 2020, the Organization remitted amounts totaling $52,500 and $62,790, respectively.

NOTE 16: 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. The Organization provides an employer matching contribution of 3% of the employees' salary. The annual contribution for the years ended June 30, 2021 and 2020 was $53,419 and $50,836, respectively.

NOTE 17: 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:

2022	$	155,348
2023		82,818
2024		9,540
	$	247,706

NOTE 18: IN-KIND DONATIONS

The Organization was the recipient of donated services and materials, which consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Professional services	$ 523,556	$ 309,163
Materials and supplies	35,010	405,150
Special event cost	3,230	68,160
Miscellaneous	1,251	63,035
Total	$ 563,047	$ 845,508

NOTE 19: FUNCTIONAL EXPENSES

The consolidated 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 20: 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, 2021 and 2020, the Organization has elected not to record a reserve amount for this contingent liability as the mortgage delinquency amount on the loans cannot be reasonably estimated.

On November 15, 2019, the Organization sold nine mortgages for $993,792. As of November 15, 2019, these mortgages had a balance of $1,014,074, less unamortized mortgage discount of $622,267 for a net value of $391,807. This transaction resulted in a gain of $601,985.

There were no sale of mortgage receivables during the year ended June 30, 2021.

NOTE 21: COMMITMENTS AND CONTINGENCIES

The Pennsylvania Housing Finance Agency (PHFA), a state agency, assumed nine 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, 2021 and 2020, the Organization was contingently liable for the balance of those mortgages totaling $67,744 and $82,943, respectively. However, as no homeowners are delinquent as of June 30, 2021 and 2020, no amounts have been recorded.

NOTE 22: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 are restricted for the following purposes:

	2021	2020
Purpose Restrictions:		
Home repair program	$ 396,669	$ 330,710
Neighborhood revitalization	118,000	10,000
DEI project	50,000	-
Office warehouse	30,000	-
House sponsorships	6,400	70,000
Time Restrictions:		
Non-current campaign pledges	60,298	304,005
Total	$ 661,367	$ 714,715

NOTE 23: 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:

	2021	2020
Purpose Restrictions:		
Home repair program	$ 853,111	$ 514,519
Construction	404,669	441,800
General operating	8,000	14,700
Neighborhood revitalization	127,500	327,500
Home ownership	85,000	-
Time Restrictions:		
Non-current campaign pledges	261,430	-
Total	$ 1,739,710	$ 1,298,519

NOTE 24: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2021	2020
Current financial assets:		
Cash and cash equivalents	$ 5,295,216	$ 4,442,484
Investments	84,351	74,317
Accounts receivable, net	54,668	68,327
Mortgage receivable, net - current	156,236	138,482
Contributions and campaign pledges receivable, net - current	1,271,990	470,752
Total current financial assets	6,862,461	5,194,362
Less: Net assets with donor restrictions for specified purposes	(601,069)	(410,710)
Financial assets available to meet general expenditures over the next twelve months	$ 6,261,392	$ 4,783,652

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Thus, certain financial assets may not be available for general expenditures within one year.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets on hand to meet 180 days of normal operating expenses, which are, on average, approximately $5,282,000. Additionally, as discussed in Note 12, the Organization has a line of credit, which can be drawn upon in a time of liquidity need.

NOTE 25: RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. In light of the uncertainty as to the severity and duration of the pandemic and actions that may be taken by governmental authorities, the impact on the Organization's revenue, cash flows, and financial position is uncertain at this time.

NOTE 26: SOURCES AND TIMING OF REVENUE

The following table presents the Organization’s support and revenues disaggregated by geography, product lines, and timing of revenue recognition.

	2021	2020
Geographic Markets		
Pennsylvania	$ 3,842,107	$ 2,379,381
Product Lines		
Sales to homeowners	$ 1,795,373	$ 760,349
ReStore	1,450,797	1,136,540
Special events	507,960	431,023
Other revenue	63,197	8,177
Home repairs	24,780	43,292
Total exchange revenue	$ 3,842,107	$ 2,379,381
Timing of Revenue Recognition		
Revenue recognized at a point in time	$ 3,842,107	$ 2,379,381
Reconciliation to Consolidated Statements of Financial Position		
Non-exchange revenue	$ 7,170,685	$ 6,057,003
Exchange revenue	3,842,107	2,379,381
Total support and revenues	$ 11,012,792	$ 8,436,384

NOTE 27: SUBSEQUENT EVENT

On July 15, 2021, the Organization sold 10 mortgage loans. Under the terms of the transaction, the Organization received the net present value of the remaining payments. As of July 15, 2021, these mortgages had a balance of $1,225,436, less unamortized mortgage discount of $749,857 for a net value of $475,579. This transaction resulted in a gain of $724,848.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position
June 30, 2021

	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 5,236,539	$ 58,677	$ -	$ 5,295,216
Investments	84,351	-	-	84,351
Contributions and campaign pledges receivable, net - current	1,271,990	-	-	1,271,990
Accounts receivable, net	54,668	-	-	54,668
Mortgage receivable, net - current	156,236	-	-	156,236
Prepaid expenses	54,780	-	-	54,780
Due to/from affiliate	-	576,564	(576,564)	-
Other current assets	50	-	-	50
Total current assets	6,858,614	635,241	(576,564)	6,917,291
Non-current assets:				
Campaign pledges receivable, net of current	60,298	-	-	60,298
Mortgage receivable, net	2,121,091	687,726	-	2,808,817
Completed houses under lease purchase	85,000	-	-	85,000
Deposits	10,000	-	-	10,000
Property and equipment, net	899,558	-	-	899,558
Total non-current assets	3,175,947	687,726	-	3,863,673
Total assets	$ 10,034,561	$ 1,322,967	$ (576,564)	$ 10,780,964
LIABILITIES				
Current liabilities:				
Accounts payable	$ 352,576	$ -	$ -	$ 352,576
Accrued payroll and payroll taxes	163,198	-	-	163,198
Accrued vacation	68,170	-	-	68,170
Accrued expenses	41,945	-	-	41,945
Due to/from affiliate	576,564	-	(576,564)	-
Notes payable - current	10,000	43,929	-	53,929
PPP loan payable	516,854	-	-	516,854
Total current liabilities	1,729,307	43,929	(576,564)	1,196,672
Long-term liabilities:				
Escrow deposits	138,697	-	-	138,697
Notes payable, net	-	1,247,329	-	1,247,329
Total long-term liabilities	138,697	1,247,329	-	1,386,026
Total liabilities	1,868,004	1,291,258	(576,564)	2,582,698
NET ASSETS				
Without donor restrictions	7,505,190	31,709	-	7,536,899
With donor restrictions	661,367	-	-	661,367
Total net assets	8,166,557	31,709	-	8,198,266
Total liabilities and net assets	$ 10,034,561	$ 1,322,967	$ (576,564)	$ 10,780,964

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position
June 30, 2020

	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,383,767	$ 58,717	$ -	$ 4,442,484
Investments	74,317	-	-	74,317
Contributions and campaign pledges receivable, net - current	470,752	-	-	470,752
Accounts receivable, net	68,327	-	-	68,327
Mortgage receivable, net - current	107,690	30,792	-	138,482
Construction in progress	2,001,801	-	-	2,001,801
Prepaid expenses	25,284	-	-	25,284
Due to/from affiliate	-	615,262	(615,262)	-
Other current assets	12,977	-	-	12,977
Total current assets	7,144,915	704,771	(615,262)	7,234,424
Non-current assets:				
Campaign pledges receivable	240,296	-	-	240,296
Mortgage receivable, net	1,744,706	653,318	-	2,398,024
Completed houses under lease purchase	85,000	-	-	85,000
Deposits	10,000	-	-	10,000
Property and equipment, net	919,875	-	-	919,875
Total non-current assets	2,999,877	653,318	-	3,653,195
Total assets	$ 10,144,792	$ 1,358,089	$ (615,262)	$ 10,887,619
LIABILITIES				
Current liabilities:				
Accounts payable	$ 228,505	$ -	$ -	$ 228,505
Accrued payroll and payroll taxes	137,189	-	-	137,189
Accrued vacation	78,234	-	-	78,234
Accrued expenses	51,322	-	-	51,322
Due to/from affiliate	615,262	-	(615,262)	-
Notes payable - current	205,795	46,127	-	251,922
PPP loan payable	516,854	-	-	516,854
Total current liabilities	1,833,161	46,127	(615,262)	1,264,026
Long-term liabilities:				
Escrow deposits	149,526	-	-	149,526
Construction loan payable, net	307,370	-	-	307,370
Notes payable	-	1,286,480	-	1,286,480
Total long-term liabilities	456,896	1,286,480	-	1,743,376
Total liabilities	2,290,057	1,332,607	(615,262)	3,007,402
NET ASSETS				
Without donor restrictions	7,140,020	25,482	-	7,165,502
With donor restrictions	714,715	-	-	714,715
Total net assets	7,854,735	25,482	-	7,880,217
Total liabilities and net assets	$ 10,144,792	$ 1,358,089	$ (615,262)	$ 10,887,619

Schedule III

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2021

	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:					
Contributions:					
Corporations and foundations	$ 3,271,603	$ -	$ 3,271,603	$ 1,668,639	$ 4,940,242
Campaign pledges	822,900	-	822,900	17,723	840,623
Individuals	574,187	-	574,187	-	574,187
Churches and schools	61,989	-	61,989	-	61,989
Sales to homeowners	1,795,373	-	1,795,373	-	1,795,373
ReStore	1,450,797	-	1,450,797	-	1,450,797
Donated materials and services	563,047	-	563,047	-	563,047
Special events	507,960	-	507,960	-	507,960
Amortization of mortgage discount	130,043	50,136	180,179	-	180,179
Other revenue	63,197	-	63,197	-	63,197
Home repairs	24,780	-	24,780	-	24,780
Interest	10,418	-	10,418	-	10,418
Net assets released from restrictions	1,739,710	-	1,739,710	(1,739,710)	-
Total revenues and support	11,016,004	50,136	11,066,140	(53,348)	11,012,792
Expenses:					
Program services	9,009,294	-	9,009,294	-	9,009,294
Management and general	861,206	43,909	905,115	-	905,115
Fundraising	797,330	-	797,330	-	797,330
Total expenses	10,667,830	43,909	10,711,739	-	10,711,739
Change in net assets from operations	348,174	6,227	354,401	(53,348)	301,053
Non-operating income (expense):					
Investment return, net of related expenses	19,661	-	19,661	-	19,661
Loss on disposal of property and equipment	(2,665)	-	(2,665)	-	(2,665)
Total non-operating income, net	16,996	-	16,996	-	16,996
Changes in net assets	365,170	6,227	371,397	(53,348)	318,049
Net assets, beginning of year	7,140,020	25,482	7,165,502	714,715	7,880,217
Net assets, end of year	$ 7,505,190	$ 31,709	$ 7,536,899	$ 661,367	$ 8,198,266

Schedule IV

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2020

	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:					
Contributions:					
Corporations and foundations	$ 1,737,832	$ -	$ 1,737,832	$ 1,358,950	$ 3,096,782
Campaign pledges	526,423	-	526,423	268,705	795,128
Individuals	476,350	-	476,350	-	476,350
Churches and schools	64,093	-	64,093	-	64,093
ReStore	1,136,540	-	1,136,540	-	1,136,540
Donated materials and services	845,508	-	845,508	-	845,508
Sales to homeowners	760,349	-	760,349	-	760,349
Net gain on sales and disposals of assets	588,491	-	588,491	-	588,491
Special events	431,023	-	431,023	-	431,023
Amortization of mortgage discount	108,597	52,440	161,037	-	161,037
Home repairs	43,292	-	43,292	-	43,292
Interest	29,602	12	29,614	-	29,614
Other revenue	8,177	-	8,177	-	8,177
Net assets released from restrictions	1,298,519	-	1,298,519	(1,298,519)	-
Total revenues and support	8,054,796	52,452	8,107,248	329,136	8,436,384
Expenses:					
Program services	4,701,555	-	4,701,555	-	4,701,555
Management and general	816,648	44,086	860,734	-	860,734
Fundraising	796,246	-	796,246	-	796,246
Total expenses	6,314,449	44,086	6,358,535	-	6,358,535
Change in net assets from operations	1,740,347	8,366	1,748,713	329,136	2,077,849
Non-operating income (expense):					
Investment return, net of related expenses	7,902	-	7,902	-	7,902
Total non-operating income, net	7,902	-	7,902	-	7,902
Changes in net assets	1,748,249	8,366	1,756,615	329,136	2,085,751
Net assets, beginning of year	5,391,771	17,116	5,408,887	385,579	5,794,466
Net assets, end of year	$ 7,140,020	$ 25,482	$ 7,165,502	$ 714,715	$ 7,880,217

Schedule V

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Functional Expenses
For the year ended June 30, 2021

	Habitat for Humanity Philadelphia, Inc.							HFHP Funding Company I, LLC		
	Program Services									
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total	Management and General	Total	Consolidated Total
Construction/Repair Costs	$ 3,808,136	$ 857,619	$ 250	$ 4,666,005	$ -	$ -	$ 4,666,005	$ -	$ -	$ 4,666,005
Payroll	491,793	749,516	342,831	1,584,140	334,652	549,489	2,468,281	-	-	2,468,281
Mortgage amortization	784,895	-	-	784,895	-	-	784,895	-	-	784,895
Program expenses	409,123	9,094	70,865	489,082	7,516	23,858	520,456	-	-	520,456
Employee benefits	89,589	103,461	28,125	221,175	77,042	85,025	383,242	-	-	383,242
Professional fees	165,790	41,427	-	207,217	128,731	7,500	343,448	-	-	343,448
Office expense	2,060	44	249,918	252,022	37,084	439	289,545	-	-	289,545
Payroll taxes	100,451	3,980	31,242	135,673	41,308	43,159	220,140	-	-	220,140
Insurance	81,795	63,924	42,204	187,923	2,460	1,056	191,439	-	-	191,439
Rent	-	6,875	132,456	139,331	-	-	139,331	-	-	139,331
Miscellaneous	57,768	204	5,988	63,960	52,291	2,659	118,910	-	-	118,910
Depreciation	4,323	5,898	37,562	47,783	31,588	-	79,371	-	-	79,371
Bank fees	7,922	-	34,828	42,750	9,498	12,194	64,442	-	-	64,442
Travel	3,829	7,166	41,878	52,873	45	195	53,113	-	-	53,113
Tithe	-	-	-	-	52,500	-	52,500	-	-	52,500
Utilities	20,721	1,393	23,308	45,422	5,618	-	51,040	-	-	51,040
Dues and subscriptions	4,124	175	4,534	8,833	20,018	18,231	47,082	-	-	47,082
Telephone	2,120	1,026	5,665	8,811	36,456	810	46,077	-	-	46,077
Americorps	42,021	1,042	-	43,063	2,285	-	45,348	-	-	45,348
Interest	1,227	-	-	1,227	-	-	1,227	42,733	42,733	43,960
Special Event Costs	-	-	-	-	-	36,072	36,072	-	-	36,072
Payroll service	-	-	-	-	11,982	-	11,982	-	-	11,982
Printing	4,123	-	-	4,123	287	7,183	11,593	-	-	11,593
Training and education	1,150	5,841	-	6,991	3,063	465	10,519	-	-	10,519
Postage and delivery	43	-	1,345	1,388	6,782	419	8,589	-	-	8,589
Campaign	-	-	-	-	-	8,276	8,276	-	-	8,276
Loan origination fee amortization	14,607	-	-	14,607	-	-	14,607	1,176	1,176	15,783
Website	-	-	-	-	-	300	300	-	-	300
Total expenses	$ 6,097,610	$ 1,858,685	$ 1,052,999	$ 9,009,294	$ 861,206	$ 797,330	$ 10,667,830	$ 43,909	$ 43,909	$ 10,711,739

Schedule VI

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Functional Expenses
For the year ended June 30, 2020

	Habitat for Humanity Philadelphia, Inc.							HFHP Funding Company I, LLC		
	Program Services									
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total	Management and General	Total	Consolidated Total
Payroll	$ 295,193	$ 571,008	$ 493,429	$ 1,359,630	$ 311,538	$ 531,430	2,202,598	$ -	$ -	$ 2,202,598
Construction/repair costs	889,809	428,361	1,446	1,319,616	1,435	-	1,321,051	-	-	1,321,051
Professional fees	351,761	51,431	-	403,192	101,823	33,565	538,580	-	-	538,580
Employee benefits	84,809	93,229	20,422	198,460	68,361	78,550	345,371	-	-	345,371
Mortgage amortization	284,592	-	-	284,592	-	-	284,592	-	-	284,592
Office expense	2,007	477	164,679	167,163	40,782	1,178	209,123	-	-	209,123
Payroll taxes	52,570	40,392	31,272	124,234	33,520	38,727	196,481	-	-	196,481
Insurance	83,440	62,099	40,268	185,807	1,119	1,118	188,044	-	-	188,044
Miscellaneous	49,873	269	17,262	67,404	55,468	42,914	165,786	125	125	165,911
Rent	-	7,500	132,456	139,956	-	-	139,956	-	-	139,956
Program expenses	54,970	6,547	49,596	111,113	10,274	8,927	130,314	-	-	130,314
Americorps	55,046	38,841	-	93,887	6,270	-	100,157	-	-	100,157
Interest	29,594	-	-	29,594	-	-	29,594	42,733	42,733	72,327
Depreciation	3,998	6,490	34,208	44,696	26,165	-	70,861	-	-	70,861
Tithe	-	-	-	-	62,790	-	62,790	-	-	62,790
Bank fees	2,360	-	42,206	44,566	5,215	58	49,839	52	52	49,891
Travel	9,085	10,459	19,576	39,120	3,688	3,172	45,980	-	-	45,980
Telephone	-	-	5,707	5,707	35,035	-	40,742	-	-	40,742
Utilities	9,983	-	22,231	32,214	7,069	-	39,283	-	-	39,283
Dues and subscriptions	5,008	1,712	5,503	12,223	17,353	6,319	35,895	-	-	35,895
Special event costs	-	-	-	-	-	31,089	31,089	-	-	31,089
Postage and delivery	180	-	16,395	16,575	6,039	979	23,593	-	-	23,593
Printing	3,111	-	477	3,588	3,103	13,309	20,000	-	-	20,000
Training and education	2,961	2,247	650	5,858	11,055	1,251	18,164	-	-	18,164
Loan origination fee amortization	12,360	-	-	12,360	-	-	12,360	1,176	1,176	13,536
Payroll service	-	-	-	-	8,191	-	8,191	-	-	8,191
Campaign	-	-	-	-	-	2,367	2,367	-	-	2,367
Website	-	-	-	-	355	1,293	1,648	-	-	1,648
Total expenses	$ 2,282,710	$ 1,321,062	$ 1,097,783	$ 4,701,555	$ 816,648	$ 796,246	$ 6,314,449	$ 44,086	$ 44,086	$ 6,358,535