HABITAT FOR HUMANITY OF GREATER NEW HAVEN, INC. AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

KIRCALDIE, RANDALL & MCNAB LLC
CERTIFIED PUBLIC ACCOUNTANTS
NORTH HAVEN, CONNECTICUT 06473

Independent Auditor's Report

To the Board of Directors
Habitat for Humanity of Greater New Haven, Inc.
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity of Greater New Haven, Inc. (*a non-profit corporation*) and subsidiary, which comprise the statements of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Greater New Haven, Inc., and Subsidiary as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Habitat for Humanity of Greater New Haven, Inc., and Subsidiary's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2021, on our consideration of Habitat for Humanity of Greater New Haven, Inc.'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat for Humanity of Greater New Haven, Inc.'s, internal control over financial reporting and compliance.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
June 30, 2021

KIRCALDIE, RANDALL & MCNAB LLC
CERTIFIED PUBLIC ACCOUNTANTS
NORTH HAVEN, CONNECTICUT 06473

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Habitat for Humanity of Greater New Haven, Inc.
New Haven, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity of Greater New Haven, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat for Humanity of Greater New Haven, Inc.'s, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Greater New Haven, Inc.'s, internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat for Humanity of Greater New Haven, Inc.'s, internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity of Greater New Haven, Inc.'s, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KIRCALDIE, RANDALL & McNAB LLC

Kircaldie Randall & McNab LLC

North Haven, Connecticut
June 30, 2021

	2020	2019
Assets		
Cash	$ 873,352	$ 855,871
Accounts receivable	4,036	511
Contributions and grants receivable	585,903	321,603
Mortgages receivable, net	1,946,123	1,966,980
Prepaid expenses	23,236	21,752
Construction in progress	272,201	241,281
Security deposits	6,116	6,116
Property and equipment, net	267,250	279,278
Total Assets	**$ 3,978,217**	**$ 3,693,392**
Liabilities		
Accounts payable and accruals	$ 121,556	$ 160,651
Deposits and escrows	4,123	12,363
Mortgage notes payable	61,700	72,584
Loans payable	164,601	68,125
Total Liabilities	**$ 351,980**	**$ 313,723**
Net Assets		
Without donor restrictions	$ 3,576,237	$ 3,324,369
With donor restrictions	50,000	55,300
Total Net Assets	**$ 3,626,237**	**$ 3,379,669**
Total Liabilities and Net Assets	**$ 3,978,217**	**$ 3,693,392**

KIRCALDIE, RANDALL & McNAB LLC

See accompanying auditor's report and notes to consolidated financial statements

Habitat for Humanity of Greater New Haven, Inc. and Subsidiary
Consolidated Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2020
(with comparative summarized totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Gains				
Contributions	$ 677,698		$ 677,698	$ 947,680
Government grants	195,531	50,000	245,531	568,697
Special events	98,321	-	98,321	22,580
In-kind donations	203,634	-	203,634	288,035
Transfers to homeowners	287,220	-	287,220	578,047
ReStore sales, net of cost of goods	428,033	-	428,033	416,449
Mortgage discount amortization	163,461	-	163,461	118,189
Gain on assets	-	-	-	20,068
Investment income	-	-	-	283,976
Interest income	3,454	-	3,454	1,349
Other revenue	14,407	-	14,407	20,903
Satisfaction of program restrictions	55,300	(55,300)	-	-
Total Revenues and Gains	**$ 2,127,059**	**$ (5,300)**	**$ 2,121,759**	**$ 3,265,973**
Expenses				
Program services	$ 1,654,799	$ -	$ 1,654,799	$ 2,088,274
Supporting services				
General and administrative	130,229	-	130,229	117,242
Fundraising	90,163	-	90,163	123,216
Total Expenses	**$ 1,875,191**	**$ -**	**$ 1,875,191**	**$ 2,328,732**
Change in Net Assets	**$ 251,868**	**$ (5,300)**	**$ 246,568**	**$ 937,241**
Net Assets - Beginning of Year	3,324,369	55,300	3,379,669	2,442,428
Net Assets - End of Year	**$ 3,576,237**	**$ 50,000**	**$ 3,626,237**	**$ 3,379,669**

See accompanying auditor's report and notes to the consolidated financial statements

Habitat for Humanity of Greater New Haven, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020
(with summarized comparative totals for 2019)

	2020				2019
	Program Services	**Management and General**	**Fund Raising**	**Total**	**Total**
Cost of homes transferred	$ 928,014	$ -	$ -	$ 928,014	$ 1,260,829
Vehicle costs	16,846	-	-	16,846	25,688
Salaries and benefits	228,882	104,086	63,473	396,441	377,901
Professional fees and labor	88,244	12,429	4,635	105,308	84,272
Insurance	19,247	1,172	1,123	21,542	4,442
Telephone	11,921	1,403	1,891	15,215	15,325
Postage and mailing	1,102	62	1,788	2,952	1,881
Printing and publications	1,109	55	1,161	2,325	8,433
Equipment and supplies	8,079	1,241	1,239	10,559	11,469
Occupancy	73,951	4,252	2,082	80,285	85,641
Meetings, training, travel, dues	635	204	233	1,072	4,088
Public relations	2,458	170	170	2,798	4,682
Cost of special events	-	-	-	-	669
Tithe and fees to International	27,064	-	-	27,064	36,800
In-kind expenses	16,569	4,067	12	20,648	19,040
Interest and service charges	6,251	111	11,601	17,963	54,266
Depreciation	16,844	977	755	18,576	20,834
Discount on mortgages issued	207,583	-	-	207,583	312,472
Total expenses by function	**$ 1,654,799**	**$ 130,229**	**$ 90,163**	**$ 1,875,191**	**$ 2,328,732**

See accompanying auditor's report and notes to the consolidated financial statements

Habitat for Humanity of Greater New Haven, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Change in Net Assets	**$ 246,568**	**$ 937,241**
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,576	20,834
Changes in operating assets and liabilities		
Mortgages recorded, net of discount	(132,498)	(547,154)
Mortgage discount amortization	(163,461)	(118,188)
Mortgage payments received, net	287,816	471,635
Net changed in accounts receivable	(3,525)	(172)
Net change in contributions and grants receivable	(264,300)	(179,346)
Net change in construction in progress	(30,920)	(96,840)
Net change in prepaid expenses	(1,484)	(2,933)
Net change in security deposits	-	2,908
Net change in accounts payable and accruals	(39,095)	36,541
Net change increase in amounts on deposit	(8,240)	33,580
Net cash from (used) by operating activities	**$ (90,563)**	**$ 558,106**
Investing Activities		
Proceeds from sale and assignment of mortgages	$ 25,000	$ 54,128
Gain on sale and assignment of mortgages	-	(17,912)
Equipment purchases, net	(6,548)	(8,520)
Net cash provided (used) by investing activities	**$ 18,452**	**$ 27,696**
Financing Activities		
Increase in investment in leveraged lender	$ -	$ 1,604,436
Net change in loans payable	100,476	(1,835,223)
Net change in deferred revenue	-	(6,057)
Decrease in mortgage notes payable	(10,884)	(22,618)
Net cash used by financing activities	**$ 89,592**	**$ (259,462)**
Increase (decrease) in cash	**$ 17,481**	**$ 326,340**
Cash - Beginning of year	855,871	529,531
Total Cash - End of year	**$ 873,352**	**$ 855,871**
Supplemental disclosure of cash paid for		
Interest	$ 6,251	$ 9,343
Unrelated business income taxes	$ -	$ 300

See accompanying auditor's report and notes to the consolidated financial statements

KIRCALDIE, RANDALL & McNAB LLC

1. Organization and Purpose

Habitat for Humanity of Greater New Haven, Inc. (Habitat) is a not-for-profit organization, incorporated in the State of Connecticut in 1986. Habitat is an affiliate of Habitat for Humanity International, Inc., (HfHI) a nondenominational Christian not-for-profit organization with affiliates worldwide that seeks to eliminate poverty housing and homelessness, and to make decent shelter a matter of conscience and action. Although HfHI assists with informational and fiscal resources, Habitat is primarily responsible for its own operations.

Habitat builds and renovates affordable homes in the Greater New Haven, Connecticut area, through volunteer labor and with the assistance of the future low income homeowner families. Future homeowners are required to contribute four hundred hours of their own labor into the building of their house as well as the houses of others. Habitat houses are sold to low income families at below cost, and financed by Habitat with no interest over twenty five years. Habitat's program is funded through contributions, grants, and in-kind donations, from individuals, foundations, corporations, public agencies and religious organizations.

2. Summary of Significant Accounting Policies

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of Habitat for Humanity of Greater New Haven, Inc., and its wholly owned subsidiary, 37 Union Ave., LLC. Habitat is the sole member of 37 Union Ave., LLC which was formed in October 2003 to acquire real property and lease it back to Habitat as office space. All material transactions and balances between the entities have been eliminated in the consolidation.

Comparative Financial Information
The accompanying consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Basis of Accounting
Habitat prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America in FASB ASC Topic 958. Under this basis, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Mortgages Receivable
Mortgages receivable consist of non-interest bearing amounts due from income eligible families who have purchased homes built or renovated by Habitat. The mortgages are secured by the real estate and payable in monthly installments over twenty five to thirty year terms. The mortgages are discounted based upon the applicable federal rates issued by the IRS for the 70% present value low income housing credit at the inception of the mortgage. The discount is amortized on a straight-line basis over the term of the mortgage.

Because mortgages receivable are secured by the real estate, and ultimately through the process of foreclosure, management believes that procedures will result in collection. Accordingly, no allowance for uncollectible accounts has been provided.

Construction in Progress
Construction in progress consists of in-kind donations and the direct costs of acquiring land and property, holding costs, and construction and rehabilitation costs. When the corresponding homes are completed and transferred to homeowners these costs are expensed.

Investment in Partnership
Habitat invested in the joint venture CCML Leverage I, LLC to take advantage of New Market Tax Credit financing. The investment is recorded at fair market value using the cost approach. The change in market value is reported as investment income.

Property and Equipment
Equipment purchased or contributed in excess of $500 is capitalized. Equipment is recorded at cost, if purchased and fair market value, if contributed. Depreciation is computed on a straight-line basis over the following useful lives:

Building and improvements	10 to 40 years
Vehicles, office and construction equipment	3 to 10 years
Furniture and fixtures	10 years
Leasehold improvements	7 to 8 years

Minor additions and renewals are expenses in the year incurred. Major additions and renewals are capitalized. There was $18,576 and $20,834 of depreciation for the years ended December 31, 2020 and 2019, respectively.

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 grantor restrictions.

Net Assets With-Donor Restrictions – Net assets subject to donor or grantor restrictions. When a restriction is met, 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. Habitat reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the revenue is recognized.

Contributions
Habitat recognizes unrestricted and unconditional contributions when received or pledged. Conditional promises to give; those with a measurable performance and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contracts and grants from the City of New Haven are conditioned upon certain performance requirements and the incurrence of qualifying expenses. Consequently, as of December 31, 2020 and 2019, conditional grants receivable of $50,000 and $43,510, respectively, have not been recognized in the accompanying consolidated financial statements.

Contributed Services and Materials
Donated property and materials are recorded as contributions at fair market value when received. Habitat recognizes contributed services if they require specialized skills. Although a substantial number of volunteers have made significant contributions of their time, their services do not meet the criteria for recognition in the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. For the years ended December 31, 2020 and 2019, Habitat valued contributed services at $12,400 and $60,709, respectively, and contributed materials at $32,534 and $227,326, respectively.

Transfers to Homeowners
Transfers to homeowners are recorded at the sales price of the home at closing. Habitat executes a Declaration of Resale Restrictions and a Quit-Claim Deed with each homeowner. These documents are attached to the land records.

Functional Allocation of Expenses
The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Other shared costs have been allocated among the programs and supporting services benefitted based on management'sestimate of the relative effort expended for the related function.

Income Taxes
Habitat is recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), that qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). Habitat is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the IRS. Habitat is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose and files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. No provision for unrelated business income tax is recorded in the financial statements. 37 Union Ave., LLC is a single member Limited Liability Company and is considered a disregarded entity for income tax purposes.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Habitat's management to make estimates and assumptions that affect the reported amounts of 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.

Deposit Concentration Risk
Habitat manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. No losses have been experienced to date in any of these accounts.

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

Cash and Cash Equivalents
For purposes of financial statement presentation, the Organization considers all highly liquid investments with a maturity of six months or less to be cash equivalents.

Recent Accounting Pronouncements:
In February 2016, the Financial Accounting and Standards Board (FASB) amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

On June 21, 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which applies to all entities that receive or make contributions. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required. For grants/contributions made, donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/release) to determine whether gifts or grants are conditional or unconditional.

For federal and other government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today.

For transactions in which a non-public entity serves as a resource recipient, the entity should apply the amendments in this ASU on contributions received to annual periods beginning after December 15, 2018. For transactions in which a non-public entity serves as a resource provider, the entity should apply the amendments in this ASU on contributions made to annual periods beginning after December 15, 2019. Early adoption of the amendments is permitted. The organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the Financial Accounting and Standards Board (FASB) amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021

3. Liquidity and Availability

Financial assets available for general expenditure, without restrictions limiting their use, within one year of the date of the consolidated statements of financial position, are comprised of the following:

	2020	2019
Cash	$ 873,352	$ 855,871
Accounts receivable	4,036	511
Contributions and grants receivable	585,903	321,603
Mortgages receivable, current	299,651	389,662
Total	$ 1,762,942	$1,567,647
Less, restricted net assets	50,000	55,300
Total available	$ 1,712,942	$1,512,347

In addition to these assets, Habitat operates with a balanced budget and anticipates raising contributions and collecting sales revenue from its ReStore sufficient to cover expenditures not otherwise covered. Habitat also has a line of credit available to meet short-term cash flow needs (note 9).

4. Restricted Cash

Restricted cash consists of cash held in a separate bank account restricted to the payment of compliance, servicing and accounting costs associated with the NMTC program.

5. Contributions Receivable

As of December 31, 2020 and 2019, contributions receivable were due in less than one year. No allowance for uncollectible contributions was recorded.

6. Mortgages Receivable

Monthly mortgage installments range from $180 to $415. Historical mortgage discount rates range from 7.35% to 8.78%. Mortgages receivable on December 31st consisted of the following:

	2020	2019
Due in less than one year	$ 299,651	$ 389,662
Due in one to five years	956,386	936,815
Thereafter	2,914,112	2,994,475
	$4,170,149	$4,320,952
Less unamortized discount	2,224,026	2,353,972
	$1,946,123	$1,966,980

7. Investment in Partnership

On April 12, 2012, Habitat, along with four other Habitat for Humanity affiliates, invested in CCML Leverage I, LLC to take advantage of the NMTC program which provides tax credit incentives to investors who invest in low-income communities and is administered by the U.S. Treasury Department. Habitat's investment in CCML Leverage I, LLC totaled $1,448,866, representing a 20% ownership stake. The investment was comprised of cash in the amount of $100,000 and construction in progress of $1,348,866. As part of the arrangement, Habitat secured a 15 year loan in the amount of $1,880,000 from CCM Community Development XVII, LLC which received the tax credit allocation. For each year ended December 31, 2019, investment income was $15,684. Habitat in the 2019 year ended its program with CCML Leverage I, LLC., which resulted in recognizing income of $268,292 in the 2019 year.

8. Property and Equipment

Property and equipment as of December 31st consisted of:

	2020	2019
Land	$164,999	$164,999
Building and improvements	132,892	132,892
Vehicles	110,356	110,356
Office equipment	46,288	39,740
Furniture and fixtures	3,251	3,251
Construction equipment	35,334	35,334
Leasehold improvements	32,882	32,882
	$526,002	$519,454
Less accumulated depreciation	258,752	240,176
	$267,250	$279,278

9. Mortgage Notes and Loans Payable

Mortgage notes and loans payable as of December 31st consisted of:

	2020	2019
Mortgage notes payable	$ 48,902	$ 73,583
Loans payable	68,004	77,055
Loans payable PPP	115,000	0
Less unamortized costs	5,605	9,929
	$ 226,301	$ 140,709

	Current interest rate	Maturity date	2020	2019
Mortgage notes payable				
HOME loans	0.00%	Oct. 2024	$ 22,138	$ 27,892
People's United Bank	6.00%	March 2022	26,764	45,691
			$ 48,902	$ 73,583
Loans payable				
HfHI-SHOP #201017, #202011, #203002	0.00%	June 2021	3,296	5,340
HfHI-SHOP #204004	0.00%	June 2022	2,945	4,149
HfHI-SHOP #205003	0.00%	Dec. 2022	18,891	23,448
HfHI-SHOP #211025	0.00%	June 2022	3,032	4,278
HfHI-SHOP #221044	0.00%	July 2024	17,340	17,340
HfHI-SHOP #232004	0.00%	Dec. 2025	3,750	3,750
HfHI-SHOP #231037	0.00%	Dec. 2025	3,750	3,750
HfHI-SHOP #233007	0.00%	Dec. 2025	15,000	15,000
			$ 68,004	$ 77,055
			$ 115,000	$ 0
			$ 231,906	$ 150,638

Annual maturities required on mortgages and loans payable as of December 31, 2020, are as follow:

Year	Amount
2021	$ 33,764
2022	53,931
2023	7,783
2024	2,030
2025	1,784
Thereafter	17,614
Total	$ 231,906

HOME Mortgage Loans
On March 5, 1995, Habitat entered into a mortgage agreement with the City of New Haven under the United States Department of Housing and Urban Development's HOME Investment Partnership Program in the amount of $143,700. Funds were used to acquire and rehabilitate residential structures for the benefit of income eligible individuals and families. Principal is to be repaid over twenty-five years, on a quarterly basis, beginning upon the transfer of each property

to the homeowner. Outstanding principal amounts are secured by the collateral assignment of Habitat's mortgage receivable on each property.

People's United Bank Mortgage
On March 20, 2012, 37 Union Ave., LLC entered into a mortgage agreement with People's United Bank and satisfied its mortgage agreement with First Niagara Bank. The lease agreement between 37 Union Ave., LLC and Habitat for the property remains in force. The mortgage is secured by the property at 37 Union Street, New Haven, CT. Principal and interest payments are calculated on a 240 month repayment schedule and are due in 120 monthly installments, currently in the amount of $767. On March 20, 2022, one payment will be due of the remaining principal and interest. As of December 31, 2020 and 2019 the amount was $27,502 and $31,684, respectively. It is Habitat's intention to repay the mortgage evenly over the 120 month repayment schedule. As of December 31, 2020 and 2019 the net present value of the mortgage was $26,764 and $44,692, respectively.

Self-Help Homeownership Opportunity Program (SHOP) Notes
In years 2015 through 2020 Habitat executed promissory notes with Habitat for Humanity International in connection with SHOP grant agreements. Funds were used to build the infrastructure of Habitat homes for the benefit of income eligible individuals and families. Principal is to be repaid over four years, on a monthly basis. The net present value of these notes as of December 31, 2020 and 2019 was $61,700 and $68,125, respectively.

CCM Community Development XVII, LLC Loan
On April 12, 2012, Habitat secured a 15 year loan in the amount of $1,880,000 from CCM Community Development XVII, LLC, the recipient of the New Markets Tax Credit allocation. The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing to low income residents. Semi-annual payments of interest only are due in years 1 through 7 with fully amortizing semi-annual payments of principal and interest due in years 8 through 15. In connection with this arrangement, the members of CCML Leverage I, LLC have the option to buy back their affiliate's ownership interest. Exercise of this option will effectively allow Habitat to extinguish its debt owed to CCM Community Development XVII, LLC., which is completed as of the 2019 year end.

Line of Credit
On March 20, 2012, Habitat entered into a line of credit agreement with People's United Bank in the amount of $73,000. Interest on outstanding balances is calculated daily by adding 2% to the "People's United Bank Prime Rate". The line is secured by the business assets and a second mortgage on the property at 37 Union Street, New Haven, Connecticut. As of December 31, 2020 and 2019, there was no outstanding balance.

Financing Costs
Debt issuance costs are amortized on a straight-line basis over the term of the related debt. For the years ended December 31, 2020 and 2019, amortized mortgage financing costs and loan discounts were $0 and $32,758, respectively, and are included in interest expense.

PPP Loan
On April 28, 2020 Habitat for Humanity of Greater New Haven, Inc., received a loan of $115,700 through the government Paycheck Protection Program. Based on the current SBA guidelines more than half of this loan will be forgiven based on payroll and allowable operating expenses

incurred in the covered period which is the earlier of either 24 weeks after funding or December 31,2020. On December 31, 2020 the deferral period ends and the remaining loan amount not forgiven will either be returned to Peoples United Bank with accrued interest of 1% for the period or converted to a fully amortizing loan to be paid back in equal payments at an interest rate of 1% over 24 months. As of December 31, 2020 this loan was not forgiven, therefore it shows on the balance sheet as a outstanding loan.

10. Net Assets with Donor Restrictions

As of December 31 of 2020 and 2019 net assets with donor restrictions consisted of:

	2020	2019
City of New Haven land agreement	$50,000	$55,300

Donor restrictions on these net assets are temporary in nature and will be met by the passage of time or other specified events.

11. Gain on Assets

For the years ended December 31, 2020 and 2019, gains were realized from the following: 1) the sale and release of mortgages of $0 and $42,807; 2) the execution of SHOP zero percent promissory notes of $2,625 and $2,156, respectively.

12. Special Fundraising Events

During the years ended December 31, 2020 and 2019, Habitat conducted the following fundraising events:

Event	Gross Receipts	Expenses	Net Fundraising Income
2020 Gala	$103,412	$ 8,990	$ 94,422
2020 Chili Bowl	3,899	0	3,899
Total 2020	$107,311	$ 8,990	$ 98,321
2019 Regatta	$ 18,651	$ 16	$ 18,635
2019 Chili Bowl	3,928	653	3,275
Total 2019	$ 22,579	$ 669	$ 21,910

13. Pension Plan

Habitat maintains a SIMPLE IRA pension plan for employees. Employees can contribute up to the federal maximum and Habitat matches employee contributions up to 3% of the employee's salary. For the years ended December 31, 2020 and 2019, Habitat's expense was $12,503 and $14,059, respectively.

14. Operating Leases

Habitat entered into a lease commencing April 1, 2013, with Fulton Forbes, Inc. for the real property located at 286 South Colony Road, Wallingford, CT for the purpose of operating a ReStore. The lease term is for seven years with two three year options to renew and increases by 3% annually each April 1st. In April 2020 the first of the two renewal options was exercised extending the lease into the 2023 year. Rent expense for the years ended December 31, 2020 and 2019, was $42,733 and $41,448, respectively.

As of December 31, 2019 future minimum payments under this lease are as follows:

Year	Amount
2021	$ 44,014
2022	45,334
2023	11,417

15. Transactions with Habitat for Humanity International

Habitat annually tithes a portion of its contributions to HfHI which uses the funds to construct homes in economically depressed areas around the world. Habitat also pays an annual U.S. Stewardship and Organizational Sustainability Initiative fee based on its geographic service area population which HfHI uses to offset costs associated with their efforts that benefit all affiliates such as brand protection and promotion, regulatory advocacy and gifts in-kind solicitation.

For the years ended December 31, 2020 and 2019, the contributions to HfHI included in accounts payable and accrued expenses were of $49,171 and $40,359, respectively.

16. Expenditures of Federal Awards

For the year ended December 31, 2020, Habitat expended the following United States Department of Housing and Urban Development awards:

Pass Through Agency/ Program Title	Catalogue of Federal Domestic Assistance Number	Pass Through Identifier	
City of New Haven:			
Community Development Block Grant	14.218	CDBG 41/42	$76,831
HOME Investment Partnership Program	14.239	HOME	174,000
Total			$250,831

As of December 31, 2020, the principal balance of loans payable under federal awards was $22,138 for HOME loans and $68,004 for SHOP loans. As of December 31,2019, the principal balance of loans payable under federal awards was $27,891 for HOME loans and $77,055 for SHOP loans

17. Contingent Liabilities

Habitat assigns mortgages to the Connecticut Housing Financing Authority (CHFA) and guarantees repayment of these mortgages if the homeowners default. The mortgages are collateralized by the related real estate. For the year ended December 31, 2020, Habitat assigned $25,000 of a mortgage and recognized gains of $504 of the unamortized discount on that mortgages. For the year ended December 31, 2019, Habitat assigned $54,128 of a mortgages and recognized gains of $17,912 of the unamortized discount on that mortgages.

As of December 31, 2020 and 2019, Habitat was secondarily liable to CHFA for $439,729 and $542,092, respectively, equal to the total scheduled payments on the assigned mortgages through 2035. Habitat's management believes that the fair value of the collateralized real estate exceeds the amount of the debt obligation. No liability for potential losses has been recorded.

18 Uninsured Cash Balances

Habitat for Humanity of Greater New Haven, Inc., maintains their cash in bank deposits at (4) four high credit quality financial institutions. The balance at times exceeds the federally insured limits. At December 31, 2020, the cash balance did exceed the insured limit of $250,000, by $296,985. At December 31, 2019, the cash balance did exceed the insured limit of $250,000, by $291,153.

19. Subsequent Events

There were no subsequent events as evaluated by management through June 30, 2021, the date the financial statements were available to be issued.