GWINNETT COUNTY
HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021 AND 2020

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

TABLE OF CONTENTS

BROOKS, McGINNIS
& COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Gwinnett County Habitat for Humanity, Inc.
d/b/a Gwinnett/Walton Habitat for Humanity, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Gwinnett County Habitat for Humanity, Inc. d/b/a Gwinnett/Walton Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gwinnett County Habitat for Humanity, Inc. 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.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
November 15, 2021

Two Premier Plaza • 5607 Glenridge Drive • Suite 650 • Atlanta, Georgia • 30342
T 404-531-4940 • F 404-531-4950 • www.brooksmcginnis.com

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 824,905	$ 501,458
Cash restricted for escrow deposits	11,111	16,023
Cash restricted for down payments	8,625	8,804
Home construction in progress	418,962	486,224
Accounts receivable	186,012	65,550
Pledges receivable, net - major gifts campaign	62,018	376,854
Inventory - ReStore	63,305	-
Prepaids	58,518	70,924
Investments	49,769	40,535
Escrow deposits held by others	168,286	160,974
Note receivable	65,705	-
Mortgages receivable, net	3,119,928	3,000,352
Property held for sale	-	5,879
Property and equipment, net	60,656	72,492
Total assets	$ 5,097,800	$ 4,806,069
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 80,369	$ 54,351
Accrued tithe to Habitat International	19,621	927
Accrued payroll and other	92,466	29,166
Liability for escrow deposits	179,397	176,997
Down payments	8,625	8,804
Deferred rent liability	15,459	-
Debt	102,884	229,047
Total liabilities	498,821	499,292
Net assets:		
Without donor restrictions:		
Expended for property and equipment, net	60,656	72,492
Available for operations	4,261,988	3,697,763
Total net assets without donor restrictions	4,322,644	3,770,255
With donor restrictions	276,335	536,522
Total net assets	4,598,979	4,306,777
Total liabilities and net assets	$ 5,097,800	$ 4,806,069

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

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Changes in net assets without donor restrictions:		
Revenues, support and gains:		
Sales to homeowners	$ 400,101	$ 535,052
Mortgage interest income	111,123	112,399
Contributions	103,693	153,205
In-kind revenue	208,118	191,073
ReStore retail store operations, net of cost of goods sold of $2,377,624 and $0	533,225	-
ReStore income from Habitat International	-	133,470
PPP Loan forgiveness grant	141,300	98,100
Investment income	9,515	2,481
Gain on sale of property held for sale	109,888	-
Other income	69,654	51,674
Total revenue without donor restrictions	1,686,617	1,277,454
Net assets released from restrictions	820,393	815,468
Total revenues, support and gains without donor restrictions	2,507,010	2,092,922
Expenses:		
Program services	1,639,442	1,716,785
Administrative and general	141,120	108,228
Fundraising	174,059	157,009
Total expenses	1,954,621	1,982,022
Increase in net assets without donor restrictions	552,389	110,900
Changes in net assets with donor restrictions:		
Contributions for home sponsorships	264,832	285,724
Contributions for major gifts campaign	24,851	150,085
Grants for property acquisition and debt forgiveness	146,332	95,355
In-kind contributions with donor restrictions	18,484	-
Other contributions with donor restrictions	105,707	43,703
Net assets released from restrictions	(820,393)	(815,468)
Decrease in net assets with donor restrictions	(260,187)	(240,601)
Increase (decrease) in net assets	292,202	(129,701)
Net assets, beginning of year	4,306,777	4,436,478
Net assets, end of year	$ 4,598,979	$ 4,306,777

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

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Administrative and General	Fundraising	Total
Cost of houses sold	$ 601,093	$ -	$ -	$ 601,093
Salaries and benefits	540,112	90,951	71,461	702,524
Payroll taxes	25,984	4,850	3,811	34,645
Contract labor	19,586	-	-	19,586
Cost of goods sold-ReStore	2,377,624	-	-	2,377,624
Tithe and SOSI fee to Habitat International	74,839	-	-	74,839
Rent	19,008	2,160	432	21,600
Insurance	14,091	2,630	2,067	18,788
Travel and entertainment	3,983	744	584	5,311
Interest	208	24	5	237
Telephone and internet	30,198	3,432	686	34,316
Accounting and professional fees	48,147	24,468	2,719	75,334
Fundraising fees	-	-	47,263	47,263
Advertising and public relations	-	-	37,630	37,630
Depreciation and amortization of improvements	23,135	356	71	23,562
Warehouse, supplies and tools	126,431	-	-	126,431
Utilities	19,485	2,214	443	22,142
Postage and freight	2,068	386	303	2,757
Office supplies and expenses	37,282	6,959	5,468	49,709
Licenses, dues and taxes	2,496	466	366	3,328
Other expenses	51,296	1,480	750	53,526
Total expenses	4,017,066	141,120	174,059	4,332,245
Less expenses included with revenues on the statements of activities:				
Cost of goods sold-ReStore	(2,377,624)	-	-	(2,377,624)
Total expenses included in the expense section of the statements of activities	$ 1,639,442	$ 141,120	$ 174,059	$ 1,954,621
Percent of total	84%	7%	9%	100%

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

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Administrative and General	Fundraising	Total
Cost of houses sold	$ 927,074	$ -	$ -	$ 927,074
Salaries and benefits	449,078	68,934	68,934	586,946
Payroll taxes	19,939	3,877	3,877	27,693
Contract labor	22,242	-	20,069	42,311
Tithe and SOSI fee to Habitat International	47,964	-	-	47,964
Rent	19,008	2,160	432	21,600
Insurance	10,238	1,991	1,991	14,220
Travel and entertainment	3,728	725	725	5,178
Interest	1,221	139	28	1,388
Telephone and internet	18,761	2,132	426	21,319
Accounting and professional fees	47,162	21,767	2,419	71,348
Fundraising fees	-	-	30,899	30,899
Advertising and public relations	-	-	21,631	21,631
Depreciation and amortization of improvements	18,034	356	71	18,461
Warehouse, supplies and tools	61,567	-	-	61,567
Utilities	2,487	283	57	2,827
Postage and freight	1,440	280	280	2,000
Office supplies and expenses	20,811	4,047	4,047	28,905
Licenses, dues and taxes	1,808	352	352	2,512
Other expenses	44,223	1,185	771	46,179
Total expenses	$ 1,716,785	$ 108,228	$ 157,009	$ 1,982,022
Percent of total	87%	5%	8%	100%

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

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 292,202	$ (129,701)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization of improvements	23,562	18,461
Realized and unrealized gain on investments	(9,515)	(2,481)
Gain on sale of property held for sale	(109,888)	-
Grants for property acquisition and debt forgiveness	(146,332)	(95,355)
In-kind contributed assets	(132,815)	-
Discount on origination of non-interest bearing mortgages receivable	203,152	285,251
Amortization of discounts on non-interest bearing mortgages receivable	(151,163)	(133,194)
Change in assets and liabilities:		
(Increase) decrease in:		
Home construction in progress, net of in-kind	(462,347)	(689,563)
Accounts receivable	(101,978)	51,810
Pledges receivable - major gifts campaign	314,836	151,039
Inventory - ReStore	30,968	-
Prepaids	12,406	(45,580)
Escrow deposits held by others	(4,508)	(311)
Mortgages receivable collections	469,572	427,786
Increase (decrease) in:		
Accounts payable and accrued	94,974	36,310
Liability for escrow deposits	2,400	12,193
Down payments	(179)	2,804
Deferred rent liability	15,459	-
Total adjustments	48,604	19,170
Net cash provided by (used in) operating activities	340,806	(110,531)
Cash flows from investing activities:		
Collections on note receivable	1,795	-
Purchase of investments	-	(26,650)
Sale of investments	280	-
Acquisition of property and equipment	(5,999)	(35,560)
Acquisition costs for property held for sale	(4,100)	(1,817)
Cash proceeds from sale of property held for sale	52,367	-
Net cash provided by (used in) investing activities	44,343	(64,027)
Cash flows from financing activities:		
New borrowings on debt	36,615	212,601
Principal payments on debt	(103,408)	(33,689)
Net cash provided by (used in) financing activities	(66,793)	178,912
Net increase in cash, cash equivalents, and restricted cash	318,356	4,354
Cash, cash equivalents, and restricted cash, beginning of year	526,285	521,931
Cash, cash equivalents, and restricted cash, end of year	$ 844,641	$ 526,285

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

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Gwinnett County Habitat for Humanity, Inc. (the Organization) is a nondenominational Christian organization dedicated to eliminating poverty housing by building modest yet adequate housing in partnership with responsible, low-income families. By having volunteers and families work together in partnership, the Organization builds new hope, new relationships, and a new sense of community as well as new houses. The goal of the Organization and its affiliate, Habitat for Humanity International, Inc. (Habitat International), is to demonstrate the love of Jesus Christ, eliminate poverty housing and homelessness, and to stir the hearts and minds of others to take action on this issue. As of June 30, 2021, the Organization has built or rehabilitated 148 houses in the local community and has helped to preserve and restore homes for other families in need through its A Brush With Kindness program. Further, the Organization has provided contributions to Habitat International to help serve more than one million families around the world by providing people with safe, decent, and affordable shelter. Although Habitat International assists with information resources, training, publications, and prayer support, the Organization is primarily and directly responsible for its own operations. The Organization is supported primarily through sales to homeowners, individual, corporate, and church contributions, and volunteer services from the community. The Organization invites people from all walks of life to work together in partnership to help build houses with families in need.

Effective July 1, 2020, and as further described in Notes 13 and 14, these financial statements include the accounts of Gwinnett Habitat for Humanity ReStore, LLC (the ReStore), an entity wholly owned by the Organization upon the July 1, 2020 purchase. The ReStore was formed to support the operations and mission of the Organization and is a retail operation whereby reusable and surplus building materials, home furnishings and other goods are donated and then sold to the community at a greatly reduced price.

Effective June 30, 2021, Habitat for Humanity of Walton County combined with the Organization, and therefore, the account balances of Habitat for Humanity of Walton County are included in these financial statements for the year ended June 30, 2021. Assets transferred to the Organization from Walton County consisted primarily of cash, home construction in progress, mortgages receivable, escrow deposits, and other receivables all totaling approximately $154,898, and these amounts are included in contributions with and without donor restrictions in the accompanying statement of activities for the year ended June 30, 2021. As a result of this combination, subsequent to year end and effective August 6, 2021, the Organization registered a new trade name, D/B/A Gwinnett/Walton Habitat for Humanity, Inc.

1. Nature of Organization and Significant Accounting Policies – Continued

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and in accordance with standards adopted by the American Institute of Certified Public Accountants for certain nonprofit organizations. Under this method of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

Method of Reporting

In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect (i.e., increase or decrease) this net asset category include sales to homeowners, contributions without donor restrictions, ReStore retail store income, and investment income associated with the Organization's core activities.

Net Assets With Donor Restrictions – Net assets subject to donor, 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. The Organization has no net assets with donor restriction that are required to be held in perpetuity.

Revenue and Revenue Recognition

The Organization recognizes a contribution when cash, an unconditional promise to give, or other assets are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Federal contracts and grants are conditioned upon certain performance requirements, matching requirements and the incurrence of allowable qualifying expenditures. Conditional promises to give are recognized as contributions or grants with or without donor restrictions once the condition of the promise or grant have been substantially met. Consequently, at June 30, 2021 and 2020, conditional contributions with varying contract dates approximating $490,000 and $30,000, respectively, and for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

1. Nature of Organization and Significant Accounting Policies – Continued

Revenue and Revenue Recognition – Continued

Unconditional promises to give are considered available for unrestricted use, unless specifically restricted by the donor. Donor restricted promises to give 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.

Special events revenue is recognized in the period in which the event is held, as applicable.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sales to Homeowners

Sales to homeowners represent the sales of houses built and sold to eligible low-income families. The resulting mortgages are non-interest bearing and have been discounted using rates ranging from 3.25% to 8.34%. The sales to homeowners presented in the statements of activities are net of this discount.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Advertising

Advertising costs are expensed as incurred.

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Property, Equipment, Facilities, Goods and Services

Donations of property and equipment and other goods and materials are recorded as support at their estimated fair value at the date of receipt if reasonably determinable. Certain building and other supplies have been donated to the Organization for which the value is not reasonably determinable, and therefore, is not reflected in these financial statements. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. For the year ended June 30, 2021, the estimated value of donated receivables with restrictions for various program services was $18,484, and were received as a result of the combination with Habitat for Humanity of Walton County as further described above. There were no donor-restricted in-kind contributions for the year ended June 30, 2020.

For the years ended June 30, 2021 and 2020, the estimated fair value of donated goods and services without donor restrictions, excluding ReStore retail store donations as further described in Note 13, was approximately $157,668 and $122,732, respectively.

A substantial number of volunteers have donated significant amounts of their time in the Organization's internal operations. If donated volunteer services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, GAAP requires the value of those donated services to be recorded. The estimated value of the donated services which meet the above requirements, including volunteer construction-related services, have been reflected in these financial statements at the fair value of the services received, which was approximately $50,450 and $68,341, respectively, for the years ended June 30, 2021 and 2020.

Supplemental Disclosure of Cash Flow Information

Supplemental disclosure of cash flow information includes the following as of June 30:

	2021	2020
Cash paid for interest	$ 235	$ 1,388
Mortgages receivable from sale of home construction in progress	$ 561,609	$ 762,512
Note receivable from sale of property held for sale	$ 67,500	$ -

1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents and Concentration of Credit Risk

The Organization considers all highly liquid investments available for current use with maturities of three months or less to be cash equivalents. The Organization is required to maintain homeowners' escrow deposits and down payments in a separate bank account, and this cash is included as cash restricted for escrow deposits and cash restricted for down payments, respectively. Cash and cash equivalents consist of demand deposits at a commercial bank. The account balances (as reflected in the institution's records) are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 as of June 30, 2021 and 2020. As of June 30, 2021 and 2020, there was $586,634 and $318,225, respectively, in excess of the federally insured limits.

Cash Restricted for Escrow Deposits, Escrow Deposits Held by Others and Liability for Escrow Deposits

The Organization outsources the servicing of the mortgages on the houses it has sold, with the exception of a small number of mortgages that are currently serviced in-house. As of June 30, 2021 and 2020, cash restricted for escrow deposits of $11,111 and $16,023, respectively, represents cash maintained by the Organization for the escrow monies received by homeowners for the mortgages serviced in-house. Escrow deposits held by others of $168,286 and $160,974, respectively, as of June 30, 2021 and 2020 represents the escrow monies received by homeowners and held by the third party outsourcing provider. Cash restricted for escrow deposits and escrow deposits held by others includes amounts received by homeowners for insurance, property taxes and other expenses. The offsetting liability for these costs is reflected in liability for escrow deposits of $179,397 and $176,997, respectively, as of June 30, 2021 and 2020.

Inventory

Inventory consists primarily of donated building materials and other goods which are sold in the ReStore retail store. Management believes that the inventory of donated goods and materials is not easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation; thus, it is not practical to determine the fair value of donated merchandise inventory during the course of the year. Accordingly, donated inventory is valued at zero prior to its sale. At the end of its fiscal year, the Organization generally estimates the value of donated goods and materials on hand and records the amounts as merchandise inventory with corresponding adjustments to cost of sales.

1. Nature of Organization and Significant Accounting Policies – Continued

Mortgages Receivable, Net

Mortgages receivable balances represent the amounts charged to the homeowners for houses built and consist of non-interest-bearing mortgages. The mortgages are secured by real estate and are payable in monthly installments over mutually agreed upon periods of time. Mortgages receivable are recorded upon the sale of the house, and in accordance with GAAP, are discounted based upon the prevailing market rates at the inception of the mortgage. These receivables have been discounted at rates varying from 3.25% to 8.38%. Interest income is recorded under the interest method in accordance with GAAP.

It is the policy of management to initiate foreclosure when an account is delinquent by ninety days or more. Management believes that substantially all mortgages receivable are collectible, and the losses from any uncollectible mortgages receivable would be offset by the subsequent resale of the houses. Accordingly, no allowance for uncollectible accounts has been recorded as of June 30, 2021 and 2020.

Home Construction in Progress

Home construction in progress represents those houses which are currently under construction for families. Purchased material for the construction of these houses is recorded at cost. Donated materials and labor, if applicable, are recorded at the estimated fair market value at the date of donation. Costs which apply to more than one house are allocated to the respective houses.

Property and Equipment, Net

Property and equipment are recorded at cost. The Organization follows the practice of capitalizing all expenditures over $2,500 for property and equipment. Depreciation is computed using the straight-line method over the estimated useful lives as stated below. At the time assets are retired or disposed of, cost and accumulated depreciation are eliminated from the related accounts, and gain or loss, if any, is credited or charged to income. As of June 30, 2021 and 2020, the estimated useful lives of property and equipment were as follows:

Vehicles	5 years
Computer equipment	3 - 5 years
Leasehold improvements	5 -15 years
Office furniture and equipment	7 - 10 years

1. Nature of Organization and Significant Accounting Policies – Continued

Tax Exempt Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization believes that there were no uncertain positions taken that would require recognition of a liability (or asset) or disclosure in the financial statement notes as of June 30, 2021 and 2020. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying financial statements, and the Organization had no significant unrelated business taxable income during the years ended June 30, 2021 and 2020. The IRS Form 990s' are subject to examination by the appropriate regulatory authorities for all open years, which typically include the last three years filed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries & benefits, payroll taxes, telephone & internet, and professional fees which are allocated on the basis of estimated of time and effort. The purpose of the ReStore is to raise funds to support the Organization's programs, and accordingly, expenses for operating the ReStore, including cost of goods sold and rent, are reported as program expense.

Reclassification

Amounts previously reported have been reclassified to conform to the current year financial statement presentation.

Subsequent Events

Subsequent events have been evaluated through November 15, 2021 which is the date the financial statements were available to be issued, and there were no subsequent events other than those mentioned in Notes 1 and 2.

2. Liquidity and Availability of Financial Assets

The Organization is substantially supported by contributions with and without donor restrictions and by collections on mortgages from homeowners. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative, or fundraising purposes. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization's financial assets as of June 30, 2021 and 2020 (reduced by amounts not available for general expenditure within the next 12 months) which are available within one year after this date to satisfy liabilities at this date and for future general expenditures are as follows:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 824,905	$ 501,458
Cash restricted for escrow deposits	11,111	16,023
Cash restricted for down payments	8,625	8,804
Accounts receivable	186,012	65,550
Pledges receivable, net	62,018	376,854
Investments	49,769	40,535
Note receivable	65,705	-
Mortgages receivable, net	3,119,925	3,000,352
Total financial assets	4,328,070	4,009,576
Less amounts not available for general expenditures within one year:		
Cash restricted for escrow deposits	(11,111)	(16,023)
Cash restricted for down payments	(8,625)	(8,804)
Donor restricted cash for non-recurring programs	(4,000)	(3,300)
Receivables - due in more than one year:		
Pledges receivable, net	(5,527)	(163,258)
Note receivable, net	(43,568)	-
Mortgages receivable, net	(2,755,111)	(2,883,139)
Financial assets available to meet general expenditures within one year	$ 1,500,128	$ 935,052

2. Liquidity and Availability of Financial Assets – Continued

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As described in Note 9, the Organization also has access to a $500,000 committed line of credit as of June 30, 2021 (increased from $100,000 as of June 30, 2020) which it could draw upon in the event of an unanticipated cash need.

Beginning in early calendar year 2020, the global coronavirus pandemic threatened the U.S. and global economies. This has resulted in voluntary and mandatory restrictions including limits on business activities and store closures, volatile financial markets, and has eroded consumer confidence and deepened unemployment. The Organization depends heavily on volunteer services as well as revenue from contributions, government grants, home sales, and ReStore retail sales to support its operations, and it is uncertain how the potential effects of this outbreak and resulting downturn in the financial markets may impact the Organization's activities and the ability of contributors to continue giving and volunteering.

To assist in operational cash flow during the pandemic, the Organization was granted forgivable loans from a financial institution under the Paycheck Protection Program (PPP) in the amounts of $141,300 and $98,100, respectively, during the years ended June 30, 2021 and 2020, as further discussed in Note 12. While management believes they have the resources to continue operations, their ability to do so, and the extent to which it continues, may be reliant on many interdependent factors.

3. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30:

	2021	2020
Cash without donor restrictions	$ 629,072	$ 341,790
Cash with donor restrictions	195,833	159,668
Cash and cash equivalents	824,905	501,458
Cash restricted for escrow deposits	11,111	16,023
Cash restricted for down payments	8,625	8,804
Cash, cash equivalents and restricted cash - statements of cash flows	$ 844,641	$ 526,285

The restrictions will lapse when the Organization expends the amounts in accordance with the restricted purposes specified.

4. Investments

The Organization classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with the GAAP, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments are held and valued by a Community Foundation based on the underlying assets, and as described further below, are not categorized in the fair value hierarchy. None of the Organization 's investments are considered to be Level 2 or 3 investments.

The fair market value of investments consists of the following at June 30:

	Fair Value Hierarchy Level	2021	2020
Fixed income funds	NAV*	$ 16,921	$ 14,593
Equity funds	NAV*	32,350	25,537
Sweep money funds	1	498	405
		$ 49,769	$ 40,535

*Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

5. Accounts Receivable and Pledges Receivable, Net

Accounts receivable consist of the following as of June 30:

		2021		2020
Grant through Habitat International	$	57,763	$	-
Program receivables		92,043		35,147
Employee advance		3,348		2,155
Other pledges and receivables		32,858		28,248
Total accounts receivable	$	186,012	$	65,550

Management believes the accounts receivable are fully collectible within the next fiscal year, and therefore, no allowance for uncollectible accounts has been established.

Beginning in fiscal 2019, the Organization began a major gifts campaign intended to raise operational, capital and endowment funds. Management believes the receivables are substantially collectible but has recorded an allowance for doubtful accounts for conservatism. Pledges receivable consisted of the following as of June 30:

		2021		2020
Anticipated collections of pledges due in:				
Less than one year	$	56,491	$	213,596
Two to five years		19,742		187,886
		76,233		401,482
Less present value discount on pledges receivable		(1,215)		(11,628)
Less allowance for uncollectible accounts		(13,000)		(13,000)
Total pledges receivable, net - major gifts campaign	$	62,018	$	376,854

Pledges receivable were discounted at 3.25% as of June 30, 2021 and 2020.

6. Property Held for Sale and Note Receivable

As of June 30, 2020, the Organization had property held for sale in Gwinnett County, Georgia totaling $5,879. In May 2021, the Organization sold its property held for sale which resulted in a gain on sale of $109,888 for the year ended June 30, 2021. In connection with the sale of this property, the Organization received cash totaling $52,381 and a note receivable with an original balance of $67,500. The note has an interest rate of 5% and is due in equal monthly installments of principal and interest of $2,077 beginning in June 2021. The note matures in April 2024 and is collateralized by a deed to secure debt on the property. Management believes this note receivable is fully collectible, and therefore, no allowance for doubtful accounts has been recorded. As of June 30, 2021, this note receivable totaled $65,705.

6. Property Held for Sale and Note Receivable – Continued

Principal maturities of the note receivable are as follows:

For the years ending June 30:		
2022	$	22,137
2023		23,270
2024		20,298
	$	65,705

7. Mortgages Receivable, Net

As of June 30, 2021 and 2020, the total number of mortgages receivable outstanding for each year was 98 and 97, respectively. Certain mortgages receivable were pledged as security for a note payable to Habitat International, as described in Note 9. Mortgages receivable consist of the following as of June 30:

		2021		2020
Mortgages receivable face value	$	4,632,002	$	4,424,004
Less unamortized discount		(1,512,074)		(1,423,652)
Mortgages receivable, net	$	3,119,928	$	3,000,352

Principal maturities of mortgages receivable are as follows:

For the years ending June 30:		
2022	$	364,816
2023		330,587
2024		316,098
2025		294,848
2026		281,772
Thereafter		3,043,881
	$	4,632,002

8. Property and Equipment, Net

Property and equipment, net consists of the following as of June 30:

	2021	2020
Vehicles	$ 83,404	$ 77,677
Computer equipment	16,783	16,783
Leasehold improvements	41,559	35,560
Office furniture and equipment	11,577	11,577
	153,323	141,597
Less accumulated depreciation	(92,667)	(69,105)
Property and equipment, net	$ 60,656	$ 72,492

For the years ended June 30, 2021 and 2020, depreciation and amortization of improvements expense was $23,562 and $18,461, respectively.

9. Debt

Debt consists of the following as of June 30:

	2021	2020
Note payable to Habitat International bearing 3.8% interest; payable in monthly installments of $2,780 including interest; due December 2020	$ -	$ 16,446
Various notes payable to Gwinnett County; non interest bearing; varying maturity dates from fiscal 2030 to 2031 (see below)	102,884	212,601
Total debt	$ 102,884	$ 229,047

The interest-bearing note payable to Habitat International totaling $16,446 as of June 30, 2020 is secured by certain mortgages receivable and related assets. Further, the Organization is required to adhere to certain loan covenants in connection with its notes payable to Habitat International and was in compliance with or obtained waivers for these loan covenants as of June 30, 2020. This loan was paid in full during fiscal 2021. Interest expense on the loan was $235 and $1,388, respectively, for the years ended June 30, 2021 and 2020.

9. Debt – Continued

The Gwinnett County Board of Commissioners (the County) awards the Organization federal pass-through grants for property acquisition to be used in its home building and rehabilitation mission. Under the terms of the agreements, the funding received is considered to be a forgivable loan, which is forgiven after homes have been sold to eligible first-time home buyers. The forgivable loans are transferred to the qualified home buyer at the time of purchase, and these transferred homeowner loans require the homeowner to continue to comply with certain provisions for specified periods of time. The Organization records these forgivable loans as notes payable until they are forgiven, at which time they are recorded as grant revenue with donor restrictions. For the years ended June 30, 2021 and 2020, the amounts for which the Organization had met the requirements for converting notes payable to grants totaled $146,332 and $95,355, respectively, and is reflected in the statements of activities as donor restricted grants for property acquisition and debt forgiveness. As of June 30, 2021 and 2020, the Organization had notes payable totaling $102,884 and $212,601, respectively, for which they had not yet met the requirements for forgiveness but expect to be converted to a grant in subsequent fiscal years by meeting the specified grant criteria.

Aggregate principal maturities of the County forgivable loans subsequent to June 30, 2021 are $102,884 due in fiscal 2030 and thereafter.

Effective July 1, 2020, the Organization entered into a note payable totaling $86,962 with Habitat for Humanity ReStore Operations Group, LLC (the LLC), a wholly owned subsidiary of Habitat International, for the acquisition of the ReStore, as further described in Note 13. This note payable was borrowed and paid in full during fiscal 2021.

The Organization has obtained a line of credit with a financial institution for the purpose of property acquisition with maximum borrowings of $100,000, an interest rate of prime plus .5%, and a due date of September 18, 2020. There were no borrowings outstanding as of June 30, 2020. On August 14, 2020, the line of credit was replaced with another line of credit with the same financial institution with maximum borrowings of $500,000, an interest rate of prime, and a new maturity date of August 12, 2022. There were no borrowings outstanding as of June 30, 2021. Prime rate was 3.25% as of June 30, 2021 and 2020.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of funds the Organization has received subject to donor-imposed restrictions and consist of the following as of June 30:

	2021	2020
Home sponsorships	$ -	$ 16,360
A Brush With Kindness home preservation and repair	-	25,970
Major gifts campaign	226,768	490,892
Walton County property acquisition and home preservation	40,567	-
Other	9,000	3,300
Total net assets with donor restrictions	$ 276,335	$ 536,522

11. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	2021	2020
Home sponsorships	$ 411,633	$ 604,391
A Brush With Kindness home preservation and repair	108,893	59,786
Major gifts campaign	288,975	141,291
Other	10,892	10,000
Total net assets released from restrictions	$ 820,393	$ 815,468

12. PPP Loans and Forgiveness

As discussed in Note 2, the Organization was granted a forgivable loan from a financial institution on April 22, 2020 in the amount of $98,100 under the Paycheck Protection Program (PPP) to assist with operational cash flow during the coronavirus pandemic. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Any portion of the loan not forgiven would be payable in monthly installments of principal and interest beginning in November 2020, with a maturity date of April 22, 2022. The interest rate is fixed at 1%, and interest is deferred for the first six months of the loan. The Organization expected to meet the conditions for forgiveness of the loan, and therefore, recorded the amount as PPP grant revenue in fiscal 2020. The Organization was granted forgiveness of this loan on January 6, 2021.

12. PPP Loans and Forgiveness – Continued

The Organization was granted an additional forgivable loan under the Paycheck Protection Program on February 23, 2021 in the amount of $141,300 under the same terms and conditions. The Organization was granted forgiveness of this loan on June 22, 2021, and therefore, recorded the amount as PPP grant revenue in fiscal 2021.

13. ReStore Retail Store Operations, Net

Effective July 1, 2020 and as further discussed in Notes 1 and 14, the Organization purchased and now operates a retail home improvement store (the ReStore) in Lawrenceville, Georgia. The ReStore sells new and used building materials, home furnishings and other goods to the general public. Donations to the ReStore are made by businesses, organizations and individuals that have surplus or discontinued merchandise. Cost of goods sold is comprised of the fair market value of donated items sold and the cost of any purchased inventory sold.

Net ReStore retail store operations revenue consists of the following as of June 30, 2021:

Donations to retail store	$	1,453,830
Sales of donated and purchased items		1,439,174
Other income		17,845
Cost of goods sold		(2,377,624)
Net revenue from ReStore retail store	$	533,225

14. Related Party Transactions

During fiscal 2021 and 2020, certain homeowners with mortgages due to the Organization also served on the Board of Directors of the Organization. These members recused themselves from discussing or voting on issues involving their mortgages, which totaled approximately $20,000 and $19,000, respectively, as of June 30, 2021 and 2020.

14. Related Party Transactions – Continued

In addition to the note payable to Habitat International described in Note 9, the Organization annually remits to Habitat International a specified amount to be used to construct homes in economically depressed areas around the world. For the year ended June 30, 2021, the Organization contributed a tithe of $49,839 to Habitat International, with $19,621 still payable as of June 30, 2021. For the year ended June 30, 2020, the Organization contributed a tithe of $22,964 to Habitat International, with $927 still payable as of June 30, 2020. Such amounts are included in program services expense in the statements of functional expenses. For each of the years ended June 30, 2021 and 2020, the Organization also paid Habitat International $25,000 in affiliate fees known as Stewardship and Organizational Sustainability Initiative (SOSI), which is also included in program services in the statements of functional expenses.

For the years ended June 30, 2021 and 2020, the Organization received contributions from Habitat International totaling $199,537 and $113,821, respectively, and these amounts are included in contributions in the accompanying statements of activities.

In fiscal 2010 and 2011, the Organization owned and operated the Gwinnett Habitat for Humanity ReStore, LLC (ReStore), a retail operation. In fiscal 2013, the Organization sold the ReStore to Habitat for Humanity ReStore Operations Group, LLC, (the LLC) a wholly owned subsidiary of Habitat International. In accordance with the fiscal 2013 agreement to sell the ReStore to Habitat International, the Organization received 33% of the net revenues of the ReStore if certain criteria were met. For the year ended June 30, 2020, the Organization earned total revenue from the Habitat International ReStore in accordance with this agreement totaling $133,470, and this amount is included as ReStore income from Habitat International in the accompanying statements of activities.

In accordance with the above ReStore sale agreement to Habitat International, the Organization was given the option to repurchase ReStore in five years and again in ten years following the sale closing date. The Organization opted not to repurchase the ReStore at the end of the five years on July 1, 2017. However, on March 31, 2020, the Organization entered into an agreement with the LLC to repurchase the ReStore effective July 1, 2020. The purchase price of $100,000 includes the operations and the assets of the ReStore which includes inventory, leasehold improvements, and vehicles. Beginning October 31, 2020, the purchase price, reduced by $13,038 for ReStore employee accrued vacation liability at the time of purchase, was payable in quarterly installments as 33% of the quarterly net revenues generated by the Restore. The total net purchase price of $86,962 was paid in full during fiscal 2021, as described in Note 9. In addition, the LLC is to provide post-closing donation services to the Organization through the earlier of: (a) December 31, 2022, (b) closing or divesting of the ReStore facility, or (c) termination by either party. The services total $2,569 per month and can be terminated by the Organization with 30 days written notice.

14. Related Party Transactions – Continued

During fiscal 2021, the Organization paid $30,828 for these services. In conjunction with the purchase of the ReStore, the Organization also obtained a new lease agreement for the ReStore facility space effective July 1, 2020. See disclosure of this operating lease commitment included in Note 16.

15. Contingent Assets

To encourage homeowners to remain in their homes for a specified period and to prevent the selling of their homes for a profit before their mortgages are paid off, the Organization maintains shared equity rights on all of its mortgage's receivable. Upon the homeowner's sale of the home before a specified time, the Organization is entitled to receive a portion of the equity appreciation in the home, and this shared equity amount is based on the number of completed years the seller has made payments on their mortgage. The shared equity amounts are not included in the financial statements because the revenue is not expected to be realized, and the amount of shared equity cannot be reasonably estimated because the future sales price of the home is unknown. There were no such amounts recognized in fiscal 2021 or 2020.

To ensure homes are affordable to qualifying homeowners, the Organization has issued additional "silent" mortgages on certain homes, valued as the difference between the homeowner's purchase price and the appraised value of the house at the time of initial sale. A prorated portion of the silent mortgages is forgiven each year the homeowners remain in their homes. These silent mortgages are not included in the financial statements because the revenue is not expected to be realized. The total remaining balance of silent mortgages not yet forgiven totaled approximately $554,000 and $ 502,000, respectively, as of June 30, 2021 and 2020.

16. Operating Leases and Deferred Rent Liability

The Organization leases office space and office equipment that qualify for and are accounted for as operating leases. Further, in conjunction with the Organization's purchase of the ReStore as further described in Note 14, the Organization also obtained a new lease commitment for the ReStore facility space effective July 1, 2020. In addition to required monthly rent payments, the ReStore lease agreement also includes a commitment for monthly operating expenses, which are estimated to be approximately $5,679 per month.

Since the ReStore facility space lease provides for the escalation of rent payments over the lease term, the rent payments are amortized using the straight-line method over the remaining lives of the initial lease term. This resulted in $15,459 in deferred rent liability as of June 30, 2021.

16. Operating Leases and Deferred Rent Liability – Continued

Future minimum rental payments under these operating leases (including monthly operating expenses described above) are as follows:

For the years ending June 30:		
2022	$	246,435
2023		245,174
2024		228,142
2025		228,143
	$	947,894

Rent expenses (including deferred rent) for the years ended June 30, 2021 and 2020 were $240,878 and $21,600, respectively.

17. Retirement Plan

The Organization maintains a 401(k) retirement plan for its employees, and all employees are immediately eligible to participate in the plan. To receive matching contributions from the Organization, the employee must be at least eighteen years of age and have completed five hundred hours of service in a six-month period which commences on the date of employment. The Organization may make matching contributions of up to 3% of covered payroll, plus 50% of contributions that exceed 3% of covered payroll, up to 5% of covered payroll. Employees are immediately vested in all employee and employer contributions. During the year ended June 30, 2021 and 2020, employer contributions to the plan totaled $17,639 and $13,396, respectively.

18. Commitments and Contingencies

During the year ended June 30, 2021, the Organization entered into a consulting services agreement with a commitment totaling $8,300. As of June 30, 2021, the $8,300 is payable in equal installments of $2,767 on July 1, 2021, 2022 and 2023.

Also during the year ended June 30, 2021, the Organization entered into a sponsorship agreement with a commitment totaling $10,000. As of June 30, 2021, the remaining unpaid portion of the commitment totaling $7,500 is payable in fiscal 2022.

18. Commitments and Contingencies – Continued

Certain grants and contracts often require fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Organization deems the contingency unlikely. The grants and contracts may be subject to audit by the grantor, or in the case of federal, state or local funds, the related governmental unit or agency. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

19. Pending Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires lessees to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Adoption of this standard is expected to result in the Organization's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. This ASU is effective for reporting periods beginning after December 15, 2021.

Management has not yet determined the impact of this pending accounting pronouncement on the Organization's financial statements.