



**Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity,
Inc.**

FINANCIAL STATEMENTS

June 30, 2022 and 2021



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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity, Inc.

Opinion

We have audited the accompanying financial statements of Gwinnett County Habitat for Humanity, Inc. D/B/A Gwinnett/Walton Habitat for Humanity, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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. D/B/A Gwinnett/Walton Habitat for Humanity, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Gwinnett County Habitat for Humanity, Inc. D/B/A Gwinnett/Walton Habitat for Humanity, Inc. as of June 30, 2021, were audited by other auditors whose report dated November 15, 2021, expressed an unmodified opinion on those financial statements.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
July 14, 2023



FINANCIAL STATEMENTS



Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity, Inc.
Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 2,921,410	\$ 824,905
Cash restricted for escrow deposits	9,567	11,111
Cash restricted for down payments	785	8,625
Accounts receivable	90,921	186,012
Promises to give, net	7,934	56,491
Note receivable	2,628	22,137
Mortgages receivable, net current portion	363,933	364,816
Inventory - ReStore	80,000	63,305
Prepaid expenses	204,294	58,518
Escrow deposits held by others	184,553	168,286
Total current assets	3,866,025	1,764,206
Non-current assets		
Note receivable, less current portion	-	43,568
Promises to give, net, less current portion	-	5,527
Mortgages receivable, net, less current portion	2,742,784	2,755,112
Beneficial interest in assets held at the Community		
Foundation of Northeast Georgia	42,418	49,769
Home construction in progress	45,255	418,962
Property and equipment, net	40,598	60,656
Total non-current assets	2,871,055	3,333,594
Total assets	\$ 6,737,080	\$ 5,097,800

(Continued)

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 Financial Position (Continued)**

<i>June 30,</i>	2022	2021
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 65,456	\$ 80,369
Accrued tithe to Habitat International	14,439	19,621
Accrued payroll and other expenses	113,340	92,466
Liability for escrow deposits	194,120	179,397
Liability for down payments	785	8,625
Deferred rent liability	16,594	15,459
Refundable advance	60,622	-
Notes payable	-	102,884
Total liabilities	465,356	498,821
Net assets		
Without donor restrictions	6,225,727	4,322,644
With donor restrictions	45,997	276,335
Total net assets	6,271,724	4,598,979
Total liabilities and net assets	\$ 6,737,080	\$ 5,097,800

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

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants and contributions	\$ 2,160,009	\$ 576,362	\$ 2,736,371
ReStore retail store operations, net of cost of goods sold of \$205,130	2,016,168	-	2,016,168
Sales to homeowners	463,058	-	463,058
Contributions of non-financial assets	119,109	-	119,109
Mortgage interest income	108,799	-	108,799
Other income	57,331	-	57,331
ReStore income from Habitat International	11,583	-	11,583
Gain (loss) on beneficial interest	-	(7,351)	(7,351)
Net assets released from restrictions	799,349	(799,349)	-
Total revenue and other support	5,735,406	(230,338)	5,505,068
Expenses			
<i>Program services</i>			
Construction and loan program	2,434,429	-	2,434,429
ReStore	900,797	-	900,797
Total program services	3,335,226	-	3,335,226
<i>Supporting services</i>			
General and administrative	277,157	-	277,157
Fundraising	219,940	-	219,940
Total supporting services	497,097	-	497,097
Total expenses	3,832,323	-	3,832,323
Change in net assets	1,903,083	(230,338)	1,672,745
Net assets at beginning of year	4,322,644	276,335	4,598,979
Net assets at end of year	\$ 6,225,727	\$ 45,997	\$ 6,271,724

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 (Continued)

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
ReStore retail store operations, net of cost of goods sold of \$102,242	\$ 1,354,777	\$ -	\$ 1,354,777
Grants and contributions	103,192	541,722	644,914
Sales to homeowners	400,101	-	400,101
Contributions of non-financial assets	208,118	18,484	226,602
Forgiveness of Paycheck Protection Program loan	141,300	-	141,300
Mortgage interest income	111,123	-	111,123
Gain (loss) on sale of property held for sale	109,888	-	109,888
Other income	69,654	-	69,654
Gain (loss) on beneficial interest	-	9,235	9,235
Investment income - perpetual trust	-	280	280
Net assets released from restrictions	829,908	(829,908)	-
Total revenue and other support	3,328,061	(260,187)	3,067,874
Expenses			
<i>Program services</i>			
Construction and loan program	1,588,892	-	1,588,892
ReStore	805,521	-	805,521
Total program services	2,394,413	-	2,394,413
<i>Supporting services</i>			
General and administrative	210,502	-	210,502
Fundraising	170,757	-	170,757
Total supporting services	381,259	-	381,259
Total expenses	2,775,672	-	2,775,672
Change in net assets	552,389	(260,187)	292,202
Net assets at beginning of year	3,770,255	536,522	4,306,777
Net assets at end of year	\$ 4,322,644	\$ 276,335	\$ 4,598,979

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 Functional Expenses

For the year ended June 30, 2022

	Program Services			Supporting Services		Total
	Construction and loan program	ReStore	Programs subtotal	General and administrative	Fundraising	
Salaries, payroll taxes and benefits	\$ 795,270	\$ 546,433	\$ 1,341,703	\$ 131,223	\$ 103,104	\$ 1,576,030
Cost of houses sold	868,021	-	868,021	-	-	868,021
Tithe and SOSI fee to Habitat International	314,404	-	314,404	-	-	314,404
Rent	-	255,829	255,829	-	-	255,829
Cost of goods sold-ReStore	-	205,130	205,130	-	-	205,130
Warehouse, supplies and tools	146,947	19,600	166,547	-	-	166,547
Accounting and professional fees	43,216	28,259	71,475	58,841	7,612	137,928
Advertising and public relations	-	8,720	8,720	-	78,309	87,029
Bank fees	-	-	-	59,394	-	59,394
Office supplies and expenses	41,414	-	41,414	7,731	6,074	55,219
Other expenses	48,596	-	48,596	2,458	1,932	52,986
Utilities	28,034	18,343	46,377	3,186	637	50,200
Repairs and maintenance	37,978	-	37,978	4,316	863	43,157
Telephone and internet	33,944	-	33,944	3,857	771	38,572
Insurance	20,051	-	20,051	3,743	2,941	26,735
Contract labor	26,638	-	26,638	-	-	26,638
Depreciation and amortization	20,829	1,745	22,574	711	142	23,427
Vehicle fuel and maintenance	-	21,868	21,868	-	-	21,868
Bad debt	-	-	-	-	16,222	16,222
Travel and entertainment	5,521	-	5,521	1,031	810	7,362
Licenses, dues and taxes	2,297	-	2,297	429	337	3,063
Postage and freight	1,269	-	1,269	237	186	1,692
Total	2,434,429	1,105,927	3,540,356	277,157	219,940	4,037,453
Less expenses included with revenues on the statement of activities:						
Cost of goods sold-ReStore	-	(205,130)	(205,130)	-	-	(205,130)
Total expenses included in the expense section of the statements of activities	\$ 2,434,429	\$ 900,797	\$ 3,335,226	\$ 277,157	\$ 219,940	\$ 3,832,323

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 Functional Expenses (Continued)

For the year ended June 30, 2021

	Program Services			Supporting Services		Total
	Construction and loan program	ReStore	Programs subtotal	General and administrative	Fundraising	
Salaries, payroll taxes and benefits	\$ 566,097	\$ 422,654	\$ 988,751	\$ 95,801	\$ 75,272	\$ 1,159,824
Cost of houses sold	601,092	-	601,092	-	-	601,092
Rent	-	240,879	240,879	-	-	240,879
Warehouse, supplies and tools	129,659	62,876	192,535	-	-	192,535
Accounting and professional fees	20,961	30,828	51,789	54,373	47,264	153,426
Cost of goods sold-ReStore	-	102,242	102,242	-	-	102,242
Tithe and SOSI fee to Habitat International	74,839	-	74,839	-	-	74,839
Advertising and public relations	-	13,430	13,430	-	37,630	51,060
Office supplies and expenses	37,220	-	37,220	6,948	5,459	49,627
Bank fees	-	-	-	41,582	-	41,582
Other expenses	39,941	-	39,941	509	400	40,850
Utilities	19,485	13,375	32,860	2,214	443	35,517
Telephone and internet	30,198	-	30,198	3,432	686	34,316
Depreciation and amortization	20,964	1,745	22,709	711	142	23,562
Vehicle fuel and maintenance	-	19,734	19,734	-	-	19,734
Contract labor	19,586	-	19,586	-	-	19,586
Insurance	14,092	-	14,092	2,630	2,067	18,789
Repairs and maintenance	6,208	-	6,208	706	141	7,055
Travel and entertainment	3,983	-	3,983	744	584	5,311
Licenses, dues and taxes	2,496	-	2,496	466	366	3,328
Postage and freight	2,071	-	2,071	386	303	2,760
Total	1,588,892	907,763	2,496,655	210,502	170,757	2,877,914
Less expenses included with revenues on the statement of activities:						
Cost of goods sold-ReStore	-	(102,242)	(102,242)	-	-	(102,242)
Total expenses included in the expense section of the statements of activities	\$ 1,588,892	\$ 805,521	\$ 2,394,413	\$ 210,502	\$ 170,757	\$ 2,775,672

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

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ 1,672,745	\$ 292,202
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	23,427	23,562
Net change in value of beneficial interest	7,351	(9,235)
Gain on sale of property held for sale	-	(109,888)
Grants for property acquisition and debt forgiveness	(145,902)	(146,332)
Asset transfer from Walton Habitat for Humanity, Inc.	-	(132,815)
Discount on origination of non-interest bearing mortgages receivable	346,212	203,152
Amortization of discounts on non-interest bearing mortgages receivable	(165,799)	(151,163)
Changes in assets and liabilities		
Accounts receivable	95,091	(101,978)
Promises to give	54,084	314,836
Mortgages receivable collections	629,051	469,572
Inventory - ReStore	(16,695)	30,968
Prepaid expenses	(145,776)	12,406
Escrow deposits held by others	(16,267)	(4,508)
Home construction in progress, net of in-kind	(422,546)	(462,347)
Accounts payable and accrued expenses	779	94,974
Liability for escrow deposits	14,723	2,400
Liability for down payments	(7,840)	(179)
Deferred rent liability	1,135	15,459
Refundable advance	60,622	-
Net cash provided by (used in) operating activities	1,984,395	341,086
Investing Activities		
Collections on note receivable	63,077	1,795
Purchase of property and equipment	(3,369)	(5,999)
Acquisition costs for property held for sale	-	(4,100)
Proceeds from sale of property held for sale	-	52,367
Net cash provided by (used in) investing activities	59,708	44,063

(Continued)

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 (Continued)**

<i>For the years ended June 30,</i>	2022	2021
Financing Activities		
New borrowings on debt	43,018	36,615
Principal payments on debt	-	(103,408)
Net cash provided by (used in) financing activities	43,018	(66,793)
Net change in cash, cash equivalents and restricted cash	2,087,121	318,356
Cash, cash equivalents and restricted cash, at beginning of year	844,641	526,285
Cash, cash equivalents and restricted cash, at end of year	\$ 2,931,762	\$ 844,641

Presented on the Statements of Financial Position as:

Cash and cash equivalents	\$ 2,921,410	\$ 824,905
Cash restricted for escrow deposits	9,567	11,111
Cash restricted for down payments	785	8,625
Cash, cash equivalents and restricted cash at end of year	\$ 2,931,762	\$ 844,641

Schedule of Certain Cash Flow Information

Cash paid for interest	\$ -	\$ 237
New mortgages receivable from sale of homes	\$ 629,051	\$ 561,609
Note receivable from sale of property held for sale	\$ -	\$ 67,500

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.
Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Gwinnett County Habitat for Humanity, Inc. D/B/A Gwinnett/Walton 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 financial statements include the accounts of Gwinnett Habitat for Humanity ReStore, LLC (the ReStore), an entity wholly owned by the Organization.

Effective June 30, 2021, Habitat for Humanity of Walton County merged with the Organization, and therefore, the account balances of Habitat for Humanity of Walton County are included in these financial statements for the years ended June 30, 2022 and 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, effective August 6, 2021, the Organization registered a new trade name, D/B/A Gwinnett/Walton Habitat for Humanity, Inc.

The Organization's program services consist of the following:

Construction and loan program - 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, 2022, the Organization has built or rehabilitated 161 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.

ReStore - 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.

Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts, present value discount of mortgages receivable, useful lives of property and equipment (depreciation expense), the fair value of beneficial interest in assets held at the Community Foundation of Northeast Georgia (CFNEG), valuation of in-kind donations, and allocations used in the statements of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid investments with an original maturity of 90 days or less.

Restricted Cash and Escrow Accounts

Amounts included in restricted cash represent those required to be set aside by a contractual agreements for down payments on sales to homeowners of \$785 and \$8,625 at June 30, 2022 and 2021, respectively. The offsetting liability for these deposits are reflected in liability for down payments as of June 30, 2022 and 2021. The restriction will lapse when the related home sale is closed.

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, 2022 and 2021, cash restricted for escrow deposits of \$9,567 and \$11,111, 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 \$184,553 and \$168,286, respectively, as of June 30, 2022 and 2021 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 \$194,120 and \$179,397, as of June 30, 2022 and 2021, respectively. The restriction will lapse when the related expenses are incurred.

Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

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. Delinquent loan status is based on the contractual terms of the loan. 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, 2022 and 2021.

Inventory

Inventories are stated at the lower of cost or net realizable value, with the cost determined by the first-in, first-out (FIFO) basis. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

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.

Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Assets Held at the Community Foundation of Northeast Georgia

The Organization has transferred assets to The Community Foundation of Northeast Georgia (CFNEG) to be held as a beneficial interest held by third party trustees for the purpose of supporting the future needs of the Organization. Pursuant to financial accounting standards, a beneficial interest in assets held at CFNEG and revenue with donor restriction were recognized for the fair value of the assets contributed to the trust. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The Organization can use the distributions in any manner that is consistent with its mission.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. At June 30, 2022 and 2021, the Organization did not have any net assets to be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

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Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from sales to homeowners and ReStore retail sales are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. There were no performance obligation liabilities at June 30, 2022 and 2021.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

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.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries, payroll taxes and benefits, office supplies and expenses, insurance travel and entertainment, postage and freight, licenses, dues and taxes, and certain other expenses are allocated based on actual percentages of time spent in each functional area. Expenses related to telephone and internet, depreciation, utilities, and repairs and maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2022 and 2021, advertising costs totaled \$87,029 and \$51,060, respectively.

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Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. During the years ended June 30, 2022 and 2021, the Organization did not have any unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 14, 2023. See Note 22 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This change in accounting principal did not have a material impact on the financial statements.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

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Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2022	2021
Total assets at year end	\$ 6,737,080	\$ 5,097,800
Less non-financial assets		
Inventory - ReStore	(80,000)	(63,305)
Prepaid expenses	(204,294)	(58,518)
Home construction in progress	(45,255)	(418,962)
Property and equipment, net	(40,598)	(60,656)
Financial assets at year-end	6,366,933	4,496,359
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Cash restricted for escrow deposits	(9,567)	(11,111)
Cash restricted for down payments	(785)	(8,625)
Receivables - due in more than one year:		
Note receivable, net	-	(43,568)
Promises to give, net	-	(5,527)
Mortgages receivable, net	(2,742,784)	(2,755,112)
Restricted by donor with time or purpose restrictions	(45,997)	(276,335)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,567,800	\$ 1,396,081

The Organization is principally supported by contributions, sales to homeowners, and ReStore retail sales. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses of approximately \$700,000.

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE

Accounts receivable consist of the following:

<i>June 30,</i>	2022	2021
Grant through Habitat International	\$ -	\$ 57,763
Program receivables	38,200	92,043
Employee advance	4,632	3,448
Other pledges and receivables	48,089	32,758
Total accounts receivable	\$ 90,921	\$ 186,012

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Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE (Continued)

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 and capital funds. Promises to give consist of the following:

<i>June 30,</i>	2022	2021
Receivable within one year	\$ 20,934	\$ 56,491
Receivable in one to five years	-	19,742
Total promises to give	20,934	76,233
Discounted at 3.25%	-	(1,215)
Less allowance for uncollectible accounts	(13,000)	(13,000)
Promises to give, net	\$ 7,934	\$ 62,018

Note 5: NOTE RECEIVABLE

Previously, 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. The Organization received additional principal payments during the year ended June 30, 2022 and the remaining balance was paid in full during fiscal 2023. Notes receivable consist of the following:

<i>June 30,</i>	2022	2021
Receivable within one year	\$ 2,628	\$ 22,137
Receivable in one to five years	-	43,568
Total note receivable	\$ 2,628	\$ 65,705

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Note 6: MORTGAGES RECEIVABLE

As of June 30, 2022 and 2021, the total number of mortgages receivable outstanding for each year was 91 and 98, respectively. Mortgages receivable consist of the following:

<i>June 30,</i>	2022	2021
Receivable within one year	\$ 363,933	\$ 364,816
Receivable in one to five years	1,202,811	1,223,305
Receivable after five years	3,337,007	3,043,881
Total mortgages receivable	4,903,751	4,632,002
Discounted at 3.25% to 8.38%	(1,797,034)	(1,512,074)
Mortgages receivable, net	\$ 3,106,717	\$ 3,119,928

At June 30, 2022 and 2021, delinquent mortgages totaled \$122,912 and \$102,114, respectively. All loans are collateralized by the property, which would be foreclosed and re-sold in the event of default by the homeowner. All homes are estimated to have a current market value that exceeds the balance of the outstanding receivable. Therefore, the Organization does not consider any specific reserve to be needed.

Note 7: INVENTORY

Inventory consists primarily of donated building materials and other goods, which are sold in the ReStore retail store. 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.

Note 8: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Vehicles	\$ 83,404	\$ 83,404
Computer equipment	16,783	16,783
Leasehold improvements	41,559	41,559
Office furniture and equipment	14,946	11,577
Total depreciable property and equipment	156,692	153,323
Less accumulated depreciation	(116,094)	(92,667)
Property and equipment, net	\$ 40,598	\$ 60,656

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 amounted to \$23,427 and \$23,562, respectively.

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Note 9: LONG-TERM DEBT

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, 2022 and 2021, the amounts for which the Organization had met the requirements for converting notes payable to grants totaled \$145,902 and \$146,332, respectively, and is reflected in the statements of activities as donor restricted grants. As of June 30, 2021, the Organization had notes payable totaling \$102,884, 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. There were no notes payable at June 30, 2022.

Note 10: LINE OF CREDIT

The Organization has obtained a line of credit with a financial institution for the purpose of property acquisition with maximum borrowings of \$500,000, at the prime interest rate and a due date of August 12, 2022. Upon maturity, a new line of credit was obtained with maximum borrowings of \$250,000, at the prime interest rate and a due date of August 7, 2023. There were no borrowings outstanding as of June 30, 2022 and 2021. The prime rate was 4.75% and 3.25% as of June 30, 2022 and 2021, respectively.

Note 11: BENEFICIAL INTEREST IN ASSETS HELD AT THE COMMUNITY FOUNDATION OF NORTHEAST GEORGIA

The Organization is the beneficiary of a trust. The Community Foundation of Northeast Georgia (CFNEG) is holding the assets for the benefit of the Organization. The funds can be withdrawn at any time with the approval of the Board of Directors of the CFNEG; however, the CFNEG has legal control of the funds and if the agreement with the Organization were to terminate, the balance in the account would be retained by the CFNEG. The Organization reports the fair value of the funds as beneficial interest in assets held at CFNEG in the statements of financial position. The Organization receives distributions from the trust upon request only, which may be expended at the Organization's discretion. Distributions from the trust are recorded as investment income. Changes in the value of the Funds are reported as gains or losses in the statements of activities.

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Note 11: BENEFICIAL INTEREST IN ASSETS HELD AT THE COMMUNITY FOUNDATION OF NORTHEAST GEORGIA (Continued)

Activity for the trust is summarized below for the years ending June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Beginning balance	\$ 49,769	\$ 40,534
Distribution to the Organization	-	(280)
Change in beneficial interest in assets held at the Community Foundation of Northeast Georgia	(7,351)	9,515
Net change	(7,351)	9,235
Ending balance	\$ 42,418	\$ 49,769

Note 12: NET ASSETS

A summary of net assets with donor restrictions consists of the following:

<i>June 30,</i>	2022	2021
Purpose restricted		
Major gifts campaign for operational and capital funds	\$ -	\$ 176,999
Walton County property acquisition and home preservation	-	40,567
Other	3,579	9,000
Restricted in perpetuity		
Beneficial interest in assets held at the Community Foundation of Northeast Georgia	42,418	49,769
Total net assets with donor restrictions	\$ 45,997	\$ 276,335

A summary of the release of donor restrictions consists of the following:

<i>June 30,</i>	2022	2021
Purpose releases		
Home sponsorships	\$ 567,218	\$ 421,148
A Brush With Kindness home preservation and repair	208,659	108,893
Major gifts campaign for operational and capital funds	16,222	288,975
Other	7,250	10,892
Total net assets released from donor restrictions	\$ 799,349	\$ 829,908

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Note 13: CONTRIBUTIONS IN-KIND

All donated property, services, and goods were utilized by the Organization’s construction and loan program. There were no donor-imposed restrictions associated with the contributed space, services, or goods for the year ended June 30, 2022. For the year ended June 30, 2021, the estimated value of donated receivables with donor 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 in Note 1.

The components of donated property, services and goods contributed to the Organization consists of the following for the years ended June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Program services		
Construction supplies	\$ 71,698	\$ 157,439
Donated services for home repairs and construction work	47,411	50,450
Receivable from merger with Habitat for Humanity of		
Walton County	-	18,484
Other	-	229
Total contributed property, services and goods	\$ 119,109	\$ 226,602

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. 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.

Note 14: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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Note 14: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Pooled investments: Valued based on NAV per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities are measured at fair value on a recurring basis, are summarized for the years ended June 30:

June 30, 2022	Level 1	Level 2	Level 3	Total
Pooled investments ^(A)	\$ -	\$ -	\$ -	\$ 42,418
Total assets at fair value	\$ -	\$ -	\$ -	\$ 42,418
June 30, 2021	Level 1	Level 2	Level 3	Total
Pooled investments ^(A)	\$ -	\$ -	\$ -	\$ 49,769
Total assets at fair value	\$ -	\$ -	\$ -	\$ 49,769

^(A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy leveling.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

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Note 14: FAIR VALUE MEASUREMENTS (Continued)

Fair Value of Investments the Calculate Net Asset Value

The fair value of investments calculated at net asset value at June 30, 2022 and 2021 of \$42,418 and \$49,769, respectively. There were no unfunded commitments at June 30, 2022 and 2021. The redemption frequency is daily and no notice is required to redeem.

Note 15: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at June 30, 2022 and 2021 in excess of federally insured limits of \$2,727,306 and \$586,634, respectively.

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 in the statements of financial position.

Note 16: COMMITMENTS

The Organization leases office space, office equipment, and ReStore facility space that qualifies for and are accounted for as operating leases. 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 \$16,594 and \$15,459 in deferred rent liability as of June 30, 2022 and 2021, respectively.

Minimum lease payments under noncancellable operating leases are as follows:

For the years ending June 30,

2023	\$	311,841
2024		294,810
2025		278,143
Total future minimum lease payments		\$ 884,794

Rent expense for the years ended June 30, 2022 and 2021 was \$255,829 and \$240,879, respectively.

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.

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Note 17: DEFINED CONTRIBUTION 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, 2022 and 2021, employer contributions to the plan totaled \$30,495 and \$17,639, respectively.

Note 18: RELATED PARTIES

During the years ended June 30, 2022 and 2021, 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 \$10,000 and \$20,000, respectively, as of June 30, 2022 and 2021, respectively.

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, 2022, the Organization contributed a tithe of \$289,404 to Habitat International, with \$14,439 still payable as of June 30, 2022. 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. Such amounts are included in program services expense in the statements of functional expenses. For each of the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Organization received contributions from Habitat International totaling \$162,857 and \$199,537, respectively, and these amounts are included in contributions in the accompanying statements of activities.

Note 19: PAYCHECK PROTECTION PROGRAM

In February 2021, in response to the global pandemic, the Organization applied for and received a \$141,300 loan through the Paycheck Protection Program under the CARES Act. The loan was forgiven on June 22, 2021 and was recorded as forgiveness of Paycheck Protection Program loan in the statement activities for the year ended June 30, 2021.

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Note 20: 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. During the year ended June 30, 2022, one homeowner sold their home prior to the specified time requirement and the Organization received \$64,637, which is recorded in sales to homeowners in the statement of activities. There were no such amounts recognized in fiscal 2021.

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 \$685,000 and \$554,000, respectively, as of June 30, 2022 and 2021.

Note 21: CONTINGENT LOSS

During the year ended June 30, 2022, the Organization prepaid two years of rent for the ReStore. The Organization's ReStore lease is a sublease to the main tenant who has now vacated the building and broken their lease. The ReStore is at risk of losing a deposit of approximately \$88,000. The Organization is pursuing a legal suit against the main tenant to recover the funds and is working with the landlord to determine the next steps for the warehouse space.

Note 22: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2022 through July 14, 2023, the date the Organization's financial statements were available to be issued. The following items occurred:

Subsequent to year-end, the Organization purchased various properties totaling approximately \$1,750,000 for future home build sites. The Organization received approximately \$1,460,000 from the Gwinnett County Board of Commissioners, which will be a forgivable loan when homes have been sold to eligible homeowners.