

Audited Financial Statements

# Bennington County Habitat for Humanity

June 30, 2021



*Proven Expertise & Integrity*

BENNINGTON COUNTY HABITAT FOR HUMANITY

JUNE 30, 2021

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FINANCIAL STATEMENTS

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Proven Expertise & Integrity

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Bennington County Habitat for Humanity  
Manchester, Vermont

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Bennington County Habitat for Humanity (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements. The financial statements for the year ended June 30, 2020 were audited by other auditors' whose independent auditor's report expressed an unqualified opinion.

### **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, where due to fraud or error.

### **Auditors' Responsibility**

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

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 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 Bennington County Habitat for Humanity as of June 30, 2021 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.

*RHR Smith & Company*

Buxton, Maine  
January 14, 2022

BENNINGTON COUNTY HABITAT FOR HUMANITY

STATEMENTS OF FINANCIAL POSITION  
FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u> (Restated)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 858,307	\$ 539,667
Investments	10,639	10,098
Accounts receivable (net of allowance for uncollectibles)	3,124	41,582
Other receivables	-	12,373
Notes receivable, current portion	127,071	114,219
Prepaid items	7,963	5,126
TOTAL CURRENT ASSETS	<u>1,007,104</u>	<u>723,065</u>
FIXED ASSETS:		
Land and improvements	121,002	141,760
Construction in progress	495,937	799,305
Buildings and improvements	217,904	217,904
Vehicles and equipment	17,762	17,762
	<u>852,605</u>	<u>1,176,731</u>
Less accumulated depreciation	<u>(63,314)</u>	<u>(51,045)</u>
NET FIXED ASSETS	<u>789,291</u>	<u>1,125,686</u>
OTHER NONCURRENT ASSETS:		
Notes receivable, noncurrent portion	795,689	746,814
TOTAL OTHER NONCURRENT ASSETS	<u>1,584,980</u>	<u>1,872,500</u>
TOTAL ASSETS	<u>\$ 2,592,084</u>	<u>\$ 2,595,565</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 19,377	\$ 16,028
Accrued liabilities	13,595	7,812
Payroll Protection Program loan	-	33,100
Escrow accounts	26,380	30,605
TOTAL CURRENT LIABILITIES	<u>59,352</u>	<u>87,545</u>
TOTAL LIABILITIES	<u>59,352</u>	<u>87,545</u>
NET ASSETS:		
Without external source restrictions:		
Without donor restrictions	<u>2,504,730</u>	<u>2,471,910</u>
Total net assets without external source restrictions	<u>2,504,730</u>	<u>2,471,910</u>
With external source restrictions	<u>28,002</u>	<u>36,110</u>
TOTAL NET ASSETS	<u>2,532,732</u>	<u>2,508,020</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,592,084</u>	<u>\$ 2,595,565</u>

See accompanying independent auditors' report and notes to financial statements.

BENNINGTON COUNTY HABITAT FOR HUMANITY

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	2021			2020		
	Without External Source Restrictions	With External Source Restrictions	Total	Without External Source Restrictions	With External Source Restrictions	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>						
Home and land sales	\$ 310,156	\$ -	310,156	\$ 212,058	\$ -	\$ 212,058
Contributions	191,066	-	191,066	182,164	-	182,164
Gifts in kind - goods	1,864	-	1,864	2,559	-	2,559
Grants	132,270	-	132,270	10,900	92,649	103,549
Resale store sales and fees	129,922	-	129,922	73,068	-	73,068
Amortization of mortgage discount	65,328	-	65,328	60,449	-	60,449
Investment income	1	-	1	5,700	-	5,700
Other Income	36,607	-	36,607	2,295	-	2,295
Total Revenue, Gains and Other Support	<u>867,214</u>	<u>-</u>	<u>867,214</u>	<u>549,193</u>	<u>92,649</u>	<u>641,842</u>
<b>NET ASSET RESTRICTION TRANSFERS</b>						
Revenue released from restriction	8,108	(8,108)	-	313,535	(313,535)	-
TOTAL REVENUE	<u>875,322</u>	<u>(8,108)</u>	<u>867,214</u>	<u>862,728</u>	<u>(220,886)</u>	<u>641,842</u>
<b>EXPENSES</b>						
Program services	637,433	-	637,433	504,096	-	504,096
Management and general	94,782	-	94,782	93,447	-	93,447
Fundraising	110,287	-	110,287	131,891	-	131,891
TOTAL EXPENSES	<u>842,502</u>	<u>-</u>	<u>842,502</u>	<u>729,434</u>	<u>-</u>	<u>729,434</u>
INCREASE (DECREASE) IN NET ASSETS	32,820	(8,108)	24,712	133,294	(220,886)	(87,592)
NET ASSETS - JULY 1, RESTATED	<u>2,471,910</u>	<u>36,110</u>	<u>2,508,020</u>	<u>2,338,616</u>	<u>256,996</u>	<u>2,595,612</u>
NET ASSETS - JUNE 30	<u>\$ 2,504,730</u>	<u>\$ 28,002</u>	<u>\$ 2,532,732</u>	<u>\$ 2,471,910</u>	<u>\$ 36,110</u>	<u>\$ 2,508,020</u>

See accompanying independent auditors' report and notes to financial statements.

BENNINGTON COUNTY HABITAT FOR HUMANITY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30,

	2021			
	Supporting Services			
	Program Services	Management and General	Fundraising	Totals
Salaries, benefits and payroll taxes	\$ 29,675	\$ 52,130	\$ 24,440	\$ 106,245
Advertising	1,144	440	-	1,584
Annual appeal	-	2	2,365	2,367
Computer hardware and software	572	1,805	2,839	5,216
Contributions to Habitat International	-	1,500	21,781	23,281
Cost of homes sold (net of grants)	428,133	-	-	428,133
Dues and subscriptions	-	25	-	25
Copier rental	-	600	-	600
Family and property selection	354	20	-	374
Fundraising event costs	-	-	4,625	4,625
Gifts and gift certificates	-	144	-	144
HOA expenses	941	-	-	941
Home repair projects	264	-	-	264
Imputed discount on mortgages issued	156,879	-	-	156,879
Insurance	-	5,299	-	5,299
Miscellaneous	7,742	210	153	8,105
Printing, postage and mailing service	48	4,530	368	4,946
Professional development and travel	30	30	-	60
Professional fees	2,025	10,214	1,743	13,982
Real estate taxes	6,215	-	-	6,215
Office rent	-	2,100	-	2,100
Resale store operating costs	-	-	51,973	51,973
Storage facility rental	2,220	-	-	2,220
Supplies	318	2,074	-	2,392
Telephone	-	1,390	-	1,390
Tools	873	-	-	873
Total expenses before depreciation	637,433	82,513	110,287	830,233
Depreciation	-	12,269	-	12,269
<b>TOTAL EXPENSES</b>	<b>\$ 637,433</b>	<b>\$ 94,782</b>	<b>\$ 110,287</b>	<b>\$ 842,502</b>

BENNINGTON COUNTY HABITAT FOR HUMANITY

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30,

	2020			
	Supporting Services			Totals
	Program Services	Management and General	Fundraising	
Salaries, benefits and payroll taxes	\$ 94,508	\$ 52,865	\$ 48,451	\$ 195,824
Annual appeal	-	93	2,197	2,290
Computer hardware and software	69	1,970	747	2,786
Contributions to Habitat International	-	1,500	13,912	15,412
Cost of homes sold (net of grants)	259,895	-	-	259,895
Dues and subscriptions	-	200	20	220
Copier rental	-	600	-	600
Family and property selection	598	57	-	655
Fundraising event costs	-	-	27,393	27,393
Gifts and gift certificates	-	130	-	130
HOA expenses	1,009	-	-	1,009
Home repair projects	5,113	-	-	5,113
Imputed discount on mortgages issues	127,666	-	-	127,666
Insurance	834	6,076	-	6,910
Interest expense	-	83	-	83
Miscellaneous	653	119	-	772
Printing, postage and mailing service	79	7,237	33	7,349
Professional developmen and travel	945	870	-	1,815
Professional fees	2,058	15,445	-	17,503
Puerto Rico expenses	-	-	2,820	2,820
Real estate taxes	4,808	-	-	4,808
Office rent	-	2,100	-	2,100
Resale store operating costs	-	474	24,911	25,385
Storage facility rental	2,220	-	-	2,220
Supplies	149	2,626	111	2,886
Telephone	-	1,002	-	1,002
Tools	2,519	-	-	2,519
	<u>503,123</u>	<u>93,447</u>	<u>120,595</u>	<u>717,165</u>
Total expenses before depreciation				
Depreciation	973	-	11,296	12,269
TOTAL EXPENSES	<u>\$ 504,096</u>	<u>\$ 93,447</u>	<u>\$ 131,891</u>	<u>\$ 729,434</u>

See accompanying independent auditors' report and notes to financial statements.



BENNINGTON COUNTY HABITAT FOR HUMANITY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 24,712	\$ (87,592)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	12,269	12,269
Amortization of discount on mortgage notes receivable	(65,328)	(60,449)
Imputed discount on mortgages issued	156,879	127,666
Noncash donations	(1,864)	(10,126)
Increase (decrease) in assets:		
Accounts receivable	38,458	30,218
Prepaid items	(973)	(3,664)
Other receivables	12,373	(1,399)
Increase (decrease) in liabilities:		
Accounts payable	3,349	7,442
Accrued liabilities	5,783	3,818
Escrow accounts	(4,225)	1,512
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	181,433	19,695
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(149,163)	-
Disposal of property and equipment	473,289	-
Increase (decrease) in investments	(541)	28
Construction costs (net of transfers to mortgages)	-	(279,859)
Mortgage payments received	111,722	102,426
Mortgage notes issued	(265,000)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	170,307	(177,405)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment on long-term debt	-	(16,827)
Payroll Protection Program loan proceeds	(33,100)	33,100
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(33,100)	16,273
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	318,640	(141,437)
CASH AND CASH EQUIVALENTS - JULY 1	539,667	681,104
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 858,307	\$ 539,667

See accompanying independent auditors' report and notes to financial statements.

# BENNINGTON COUNTY HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Bennington County Habitat for Humanity (herein the "Organization") is a nonprofit organization incorporated and licensed to operate in the State of Vermont. The Organization constructs affordable housing for qualified persons at a cost consistent with the buyer's ability to pay off an interest free mortgage. The Organization's primary sources of revenue include public support and government grants.

#### COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. The state of emergency expired on June 15, 2021.

#### *Impact on Finances*

The Organization does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus Aid Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA"), funding and applicable Federal and/or State programs.

#### *Expected Federal/State Support*

The Organization may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Organization expects that if

BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

those actions are necessary, that the Organization would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Organization, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Organization. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Organization.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following accounting standards updates issued by the Financial Accounting Standards Board became effective:

2017-11 Earnings Per Share, 2018-07 Compensation-Stock Compensation, 2018-08 Not-For-Profit Entities, 2018-13 Fair Value Measurement, 2018-17 Consolidation, 2019-03 Not-For-Profit Entities, 2019-08 Compensation-Stock Compensation, 2020-03 Codification Improvements and 2020-04 Reference Rate Reform.

Management has determined the impact of these updates are not material to the financial statements.

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting.

Display of Net Assets by Class

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with the provisions of FASB ASU No. 2016-14. Net assets are classified as follows:

Without external source restricted net assets – These assets result from contributions and other inflows, which have no restrictions and over which the Board of Directors retains full control to use in achieving any of its institutional purposes.

BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

With external source restricted net assets – There are two types of assets that make up the donor restricted net assets. One type results from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that can be fulfilled and removed by action of the Organization. The second type is assets subject to donor-imposed restrictions to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Restricted contributions whose restrictions are met in the year the contribution is received are reported as unrestricted. Accordingly, as of and for the years ended June 30, 2021 and 2020, the Organization had \$28,002 and \$36,110, respectively of external source restricted net assets.

Cash and Cash Equivalents

The Organization considers highly liquid investments maturing within three months of acquisition to be cash equivalents.

Receivables

Accounts receivable from other agencies are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from other agencies is written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for uncollectible accounts was estimated to be \$0 as of June 30, 2021 and 2020. Accounts receivable netted with allowances for uncollectible accounts was \$3,124 and \$53,955 for the years ended June 30, 2021 and 2020, respectively.

Mortgage notes receivable balances represent the amount charged to the homeowners for habitat houses built and secured with the real estate. Mortgages are to be paid back over an established and mutually agreed period of time. Mortgages are typically paid back on a monthly basis over varying periods depending on the homeowner's ability to pay. The mortgages are non-interest bearing. Deeds to the homes are held by the Organization. Uncollectible amounts are assessed by the Board of Directors annually.

# BENNINGTON COUNTY HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments

The Organization carries investments in marketable securities with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

#### Contributions

The Organization records contributions received as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions or investment income is recognized.

#### Grants

The Organization receives funding from the Vermont Housing and Conservation Board (VHCB) on a project-by-project basis, subject to approval. If approved, grants recently have been in the amount of \$35,900 per house constructed to the minimum energy-efficiency standard, with \$30,000 used directly to reduce the homeowner's mortgage costs. The remaining \$5,900 of each grant award is kept by the Organization to be used for administrative costs. In the fiscal year ended June 30, 2021, \$30,000 was received from the VHCB to assist one homeowners (total grant award \$35,900). This funding is passed directly to homeowners to reduce the cost of construction and, thereby, the related mortgage.

#### Fixed Asset Acquisition

Fixed Assets are stated at cost. Additions and improvements of fixed assets in excess of \$2,000 are capitalized. Depreciation is provided by the straight-line and accelerated methods over their estimated useful lives of assets, which range from seven to thirty-nine years.

Depreciation expense for the years ended June 30, 2021 and 2020 was \$12,269 and \$12,269, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in with external source restriction or without external source restriction net assets depending on the nature of the restrictions. When a restriction expires, with external source restriction net assets are reclassified to without external source restriction net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no promises to give to value in the current year.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Organization maintains deposits at financial institutions located in Vermont. Non-interest-bearing accounts at the institution are insured with no limit by the Federal Deposit Insurance Corporation (FDIC), while interest bearing accounts are insured up to \$250,000. At times during the year the bank balances may have exceeded the FDIC limit, but no losses occurred.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Organization will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

Cash and cash equivalents as of June 30, 2021 consisted of the following:

<u>Account type</u>	<u>Bank Balance</u>
Checking account	\$ 106,950
Money market	756,521
	<u>\$ 863,471</u>

Investments:

Custodial risk for investments is that, in the event of failure of the counterparty, the Organization will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2021, the Organization's investments of \$10,639 were comprised of mutual funds with readily determinable fair values. This entire amount was covered by the Securities Investor Protection Corporation (SIPC) and consequently was not exposed to custodial risk. These investments are reported in the statement of financial position at fair value, while realized and unrealized gains and losses are reported in the statement of activities

At June 30, 2021, the Organization had the following investments:

	2021		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balance at end of year	\$ 10,098	\$ 10,639	\$ 541
Balance at beginning of year	10,076	10,098	22
Unrealized net gain for the year			541
Total net gain			\$ 563

Fair Value Hierarchy:

The organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Organization has the following recurring fair value measurements at June 30, 2021:

Credit risk - Statutes for the State of Vermont authorize the Organization to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other than states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Organization does have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Organization does have a policy related to interest rate risk.

BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 3 - CASH LIQUIDITY

The Organization's financial assets available for general expenditures within one year of the balance sheet date are as follows:

Cash and cash equivalents	\$	858,307
Accounts receivable		3,124
Investments		10,639
Notes receivable - current		127,071
	\$	<u>999,141</u>

The Organization is primarily supported by contributions from the public, Resale Store sales and grants. Because a donor's restriction or a contractual obligation requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligation come due.

NOTE 4 - MORTGAGE NOTES RECEIVABLE

As part of the Organization's mission to provide affordable housing, transfers of property to homeowners are recorded as non-interest-bearing mortgage notes receivable. These mortgage notes are valued at the finished cost of construction plus cost of the lot (total development costs) less any grants received from the Vermont Housing and Conservation Board. The term of the mortgages are 30 years.

The non-interest-bearing mortgages have been discounted at various rates ranging from 7.45% to 8.34% based upon prevailing market rates at the inception of the mortgages. Property taxes and insurance are the responsibility of the property owner. They are paid to the Organization along with their regular monthly payments and are held in escrow to be paid by the Organization when due. Discounts are amortized using the straight-line method over the lives of the mortgages.

The Organization determines uncollectible amounts annually based on payment history and homeowner's ability to pay. There were no uncollectible amounts at June 30, 2021 and 2020.



BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 4 - MORTGAGE NOTES RECEIVABLE (CONTINUED)

The following summarizes the mortgage notes receivable held by the Organization at June 30 2021 and 2020:

	2021	2020
Mortgage notes receivable	\$ 2,328,869	\$ 2,175,591
Less unamortized discount	(1,406,109)	(1,314,558)
Net mortgage notes receivable	<u>\$ 922,760</u>	<u>\$ 861,033</u>

NOTE 5 - FIXED ASSETS

The following is a summary of changes in fixed assets for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21
Non-depreciated assets:				
Land	\$ 141,760	\$ 24,398	\$ (45,156)	121,002
Construction in progress	799,305	124,765	(428,133)	495,937
	<u>941,065</u>	<u>149,163</u>	<u>(473,289)</u>	<u>616,939</u>
Depreciated assets:				
Buildings and improvements	\$ 217,904	\$ -	\$ -	\$ 217,904
Vehicle and equipment	17,762	-	-	17,762
	<u>235,666</u>	<u>-</u>	<u>-</u>	<u>235,666</u>
Less: Accumulated depreciation	<u>(51,045)</u>	<u>(12,269)</u>	<u>-</u>	<u>(63,314)</u>
	<u>184,621</u>	<u>(12,269)</u>	<u>-</u>	<u>172,352</u>
Net fixed assets	<u>\$ 1,125,686</u>	<u>\$ 136,894</u>	<u>\$ (473,289)</u>	<u>\$ 789,291</u>

NOTE 6 - ESCROW BALANCES

In certain instances, amounts for property taxes and insurance are held in escrow by the Organization. The Organization pays the escrow balances as due. Homeowner escrow balances are recorded as liabilities in the financial statements.

# BENNINGTON COUNTY HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

### NOTE 7 - NON-CASH ACTIVITIES

During the fiscal year ended June 30, 2021, the Organization sold two homes through the issuances of mortgages totaling \$265,000. The increase in mortgage notes receivable is offset by a corresponding decrease in land and construction in progress accounts.

### NOTE 8 - NET ASSETS

As of June 30, 2021, the Organization had net assets without donor source restrictions of \$2,504,730.

The following were net assets with donor source restrictions of \$28,002 as of June 30, 2021:

	2021	2020
Home repair	\$ 10,425	\$ -
Jennifer Lane	-	6,671
Playground	-	2,500
Brush with kindness	-	10,689
Nobel fund	7,650	7,650
Tools & equipment	1,327	-
Wounded Warrior	8,600	8,600
	<u>\$ 28,002</u>	<u>\$ 36,110</u>

### NOTE 9 - RELATED PARTY TRANSACTIONS

The organization quarterly remits a portion of its contributions (excluding in-kind contributions) to Habitat for Humanity International, Inc. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2021 and 2020, the Organization contributed \$23,281 and \$15,412 to Habitat for Humanity International, Inc.

For the year ended June 30, 2021, the organization paid board member Mark Onorato (Onorato Excavating) a total amount of \$4,956. The payments were for driveway paving and landscaping for the organization's mortgage properties.

### NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization lends to homeowners primarily within the geographical area of Bennington County, Vermont. The mortgage loan receivable are subject to a concentration of credit risk because borrowers might be similarly affected by changes in economic or other conditions in meeting their contractual obligations.

BENNINGTON COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 11 - INCOME TAXES

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation as defined in Section 509(a).

The Organization is generally no longer subject to examination by the Internal Revenue Service for fiscal years before June 30, 2017.

NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN

On April 14, 2020, the Organization received loan proceeds in the amount of \$33,100 under the Paycheck Protection Program ("PPP"). 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 the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight weeks (or up to twenty-four weeks) as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1% with a deferral of payments for the first ten months after the end of the borrower's loan forgiveness period. The Organization intends to use the proceeds for purposes consistent with the PPP.

The PPP loan of \$33,100, with accrued interest of \$375, was forgiven on June 2, 2021.

NOTE 13 - RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan covering substantially all employees. Under the plan, employees may contribute a statutorily determined amount of their earnings to the plan. The Organization matches an individual employee's contribution up to a maximum of 2% of the employee's compensation. Matching contributions of \$1,037 and \$468 were made for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 - SUBSEQUENT EVENTS

Bennington County Habitat for Humanity has evaluated subsequent events as of January 14, 2022, the date which the financial statements were available to be issued. The Organization has determined that there are no subsequent events.