Habitat for Humanity of East and Central Pasco County, Inc.
(A Nonprofit Corporation)

Financial Statements
For the Year Ended
June 30, 2021

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Independent Auditors' Report

Board of Directors
Habitat for Humanity of East and Central Pasco County, Inc.
Dade City, FL 33525

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of East and Central Pasco County, Inc. ("Habitat for Humanity") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities 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 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Habitat for Humanity '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 auditor's 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.

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Certified Public Accountants & Advisors

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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 Habitat for Humanity 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 Habitat for Humanity'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.

Bodine Perry

Bodine Perry, PLLC
Zephyrhills, Florida
September 30, 2022

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Financial Position
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,154,073	$ -	$ 1,154,073
Escrow funds	70,361	-	70,361
Accounts receivable	1,397	-	1,397
Construction in progress	311,750	-	311,750
Inventory of lots for development	659,709	-	659709
Current portion non-interest bearing mortgage loans	76,000		
Thrift store inventory	4,280	-	4,280
Total Current Assets	2,277,570	-	2,201,570
Non-current Assets			
Non-interest bearing mortgage loans, less current portion	1,223,630	-	1,223,630
Discount on non-interest bearing mortgage loans	(635,334)	-	(635,334)
Total Non-current Assets	588,296	-	588,296
Property and Equipment			
Property and equipment	597,024	-	597,024
Land	50,975	-	50,975
Total Property and Equipment	647,999	-	647,999
Less accumulated depreciation	(232,291)	-	(232,291)
Net Property and Equipment	415,708	-	415,708
Other Assets			
Utility Deposits	410	-	410
Total Assets	$ 3,281,984	$ -	$ 3,205,984
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	$ 14,786	$ -	$ 14,786
Note payable to PCCD	66,877		66,877
Escrow accounts	73,431	-	73,431
Current portion - mortgage and notes payable	16,641	-	16,641
Total Current Liabilities	171,735	-	171,735
Long-term Liabilities			
Mortgage payable, less current portion	121,987	-	121,987
Notes payable, less current portion	51,766	-	51,766
Net Long-term Liabilities	173,753		173,753
Net Assets			
Without donor restrictions	2,936,496	-	2,936,496
With donor restrictions	-	-	-
Total Net Assets	2,936,496	-	2,936,496
Total Liabilities and Net Assets	$ 3,281,984	$ -	$ 3,281,984

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	$ 105,832	$ -	$ 105,832
Grants	407,602	-	407,602
In-kind contributions	3,600	-	3,600
Transfers to homeowners	619,715	-	619,715
United Way contributions	3,750	-	3,750
Mortgage loan discount amortization	50,668	-	50,668
Rent receipts	1,950	-	1,950
Restore revenue	744,021	-	744,021
Total Support and Revenue	1,937,138	-	1,937,138
Revenue			
Fund-Raising Receipts - other	16,164	-	16,164
Interest income	472	-	472
Other income	14,509	-	14,509
PPP loan	100,000	-	100,000
Total Other Revenue	131,145	-	131,145
Total Revenue	2,068,283	-	2,068,283
Expenses			
Program Services			-
Home construction and rehabilitation	1,024,270	-	1,024,270
ReStore	478,041	-	478,041
Management and general	51,158	-	51,158
Fund-raising	956	-	956
Total Expenses	1,554,425	-	1,554,425
Change in Net Assets	513,858	-	513,858
Net Assets at Beginning of Year	2,422,638	-	2,422,638
Net Assets at End of Year	$ 2,936,496	$ -	$ 2,936,496

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services			Support Services			
	Home Construction and Rehabilitation	ReStore	Total Program Services	Fund Raising	Management and General	Total Support Services	Total Expenses
Salaries	$ 282,334	$ 217,734	$ 500,068	$ -	$ 30,000	$ 30,000	$ 530,068
Payroll taxes	21,394	16,482	37,876	-	2,250	2,250	40,126
Employee Benefits	1,120	864	1,984	-	119	119	2,103
Grants	27,500	-	27,500	-	-	-	27,500
Office expenses	22,725	28,479	51,204	-	2,100	2,100	53,304
Occupancy	35,185	118,700	153,885	-	4,500	4,500	158,385
Travel	1,517	7,367	8,884	-	950	950	9,834
Interest	5,894	733	6,627	-	-	-	6,627
Accounting fees	-	-	-	-	3,600	3,600	3,600
Advertising and promotion	1,471	2,401	3,872	-	-	-	3,872
Insurance	25,430	15,941	41,371	-	-	-	41,371
Building material and lots	566,011	-	566,011	-	-	-	566,011
Books and Subscriptions	10,806	-	10,806	-	-	-	10,806
Volunteer services	1,841	-	1,841	-	-	-	1,841
Other	4,697	62,460	67,157	956	-	956	68,113
Depreciation expense	7,638	6,880	14,518	-	7,639	7,639	22,157
Legal fees	8,707	-	8,707	-	-	-	8,707
Total Expenses	$ 1,024,270	$ 478,041	$ 1,502,311	$ 956	$ 51,158	$ 52,114	$ 1,554,425

See Independent Auditors' Report and Notes to Financial Statements

Habitat for Humanity of East and Central Pasco County, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities	
Change in Net Assets	$ 513,858
Adjustments to reconcile change in Net Assets to Net Cash provided by operating activities:	
Depreciation	22,157
Transfer to homeowners	53,704
Mortgage loan discounts	50,668
(Increase) decrease in:	
Notes receivable, net of discounts	200,101
Inventory	(430)
Construction in progress	90,269
Lots for development	29,929
mortgage discounts	(149,811)
Prepaid expenses	
Other assets	2,984
Increase (Decrease) in:	
Accounts payable and accrued expenses	(154,807)
Net Cash provided by Operating Activities	658,622
Cash Flows from Investing Activities	
Purchase of property and equipment	(74,649)
Proceeds from sale of assets	-
Net Cash used by Investing Activities	(74,649)
Cash Flows from Financing Activities	
Principal payments on long-term debt	(21,895)
Payments on line of credit	-
New borrowings on purchase of property and equipment	121,483
PPP loan forgiveness	
Net Cash used by Financing Activities	99,588
Net Increase (Decrease) in Cash	683,561
Beginning Cash Balance	540,873
Ending Cash Balance	$ 1,224,434
Supplementary Cash Flow Disclosures	
Other In-Kind contributions	$ 3,600
Interest Paid during Year	$ 6,626

Note A – Summary of Significant Accounting Policies

Nature of Organization
Habitat for Humanity of East and Central Pasco County, Inc., ("Habitat") (a Florida not-for-profit corporation) was created by way of merger of East Pasco Habitat for Humanity, Inc. and Habitat for Humanity of Central Pasco County, Inc. on April 14, 2010. The organization is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations. The geographical area served by the organization covers central and eastern Pasco County and a portion of Hernando County, Florida.

East Pasco Habitat for Humanity, Inc. was originally incorporated in Florida on July 13, 1994, and Habitat for Humanity of Central Pasco County, Inc., was incorporated in Florida on December 3, 2001.

Basis of Accounting and Presentation
The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate assets without donor restrictions for specific operational purposes from time to time.

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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no temporarily or permanently restricted net assets with donor restrictions at June 30, 2021.

Cash and Cash Equivalents
The organization considers all highly liquid investments with an original material of three months or less to be cash equivalents. Funds totaling $973,633 were on deposit in excess of balances covered by FDIC at June 30, 2021.

Mortgages Receivable
The mortgages receivable consists of non-interest-bearing mortgages which are secured by real estate and payable in monthly installments over the life of the mortgage. Escrow accounts are maintained for each homeowner (restricted bank account) to fund the annual insurance and property tax amounts owed on the respective properties. No allowance for uncollectible amounts is deemed necessary.

Fair value of these mortgages is estimated by discounting the future cash flows using current rate, when the mortgage is issued, at which similar loans would be made to borrowers with similar credit ratings for the same maturity period.

Note A – Summary of Significant Accounting Policies (continued)

Transfers to Homeowners

Transfers to homeowners are recorded at the gross amount of payments to be received by Habitat over the lives of mortgages. Non-interest-bearing mortgages are discounted for the current year based upon prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight-line method over the lives of the mortgages.

In addition to the first mortgages, which are recorded as indicated, the organization also receives second or third mortgages and notes related to the transferred properties in an amount which approximates the excess of the fair market value of the homes over the actual amount to be repaid. As long as all terms and conditions related to the first mortgage are satisfied, this amount is forgiven annually based on the expected repayment terms of the first mortgage. No amounts for these second mortgages have been recorded on these financial statements.

Home Construction Costs

Costs incurred in conjunction with home construction are expensed when the home is transferred to the owner.

Following is a summary of home building activity for 2021:

	Number	Cost
Homes under construction July 1, 2020	7	$ 402,018
Plus new homes started and additional construction in 2021	2	228,460
Homes transferred to homeowners in 2021	4	(318,728)
Total homes under construction June 30, 2021	5	$ 311,750

ReStore Inventory

Inventory is comprised primarily of items donated to the organization to sell to the general public. The balance of inventory at June 30, 2021 is $4,280 and represents the sales value of donated items, and the actual cost of any purchased items available for sale. The balance represents management's best estimate of actual items in the store’s inventory at year end available for sale.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Acquisitions in excess of $500 are capitalized. 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.

Donated Goods and Materials

The organization records the fair value of donated goods when there is an objective basis available to measure their values as contributions in-kind in the accompanying statement of activities.

Note A – Summary of Significant Accounting Policies (continued)

Revenue Recognition
Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) met in the same reporting period, contributions are reported as net assets without donor restrictions in the accompanying statement of activities. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period or are restricted by the grantor or donor for specific purposes, are reported as restricted support. There are no net assets with donor restrictions at June 30, 2021.

The organization derived 37 percent of its revenues from ReStore sales in point-of-sale transactions. Revenues are recognized when control of goods or services is transferred to customers in an amount that reflects the consideration the organization expects to be entitled to receive in exchange for those goods and services.

ReStore income is generated through the sale of home furnishings, appliances, and other miscellaneous items that are donated or purchased and then sold at a reduced price. The transaction price is a fixed amount set by the organization, and the revenue is recognized at the time of sale as that is when the performance obligation is satisfied. If this source of income was drastically reduced or if the organization's facilities were damaged, it could have a significant effect on the activities and services of the organization.

Most not-for-profit organizations receive significant support from sources that are outside the scope of ASU (FASB ASC 606), including contributions, nonreciprocal grants and contracts and investment income.

Functional Allocation of Expenses
The costs of providing services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, support services, and fundraising functions. In addition, as the ReStore center has primarily been used for providing participants with clothing and household needs, the operating expenses of the ReStore have been allocated to program costs.

Habitat annually remits a portion of its contributions (excluding in-kind, designated and any restricted contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2021, Habitat contributed $20,000 to Habitat International. Such amount is included in program services expense in the Statements of Activities and Changes in Net Assets.

Income Taxes
The organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code under a group exemption granted to Habitat International. Under these provisions, no tax is paid on income it receives as long as it maintains its tax-exempt status. Accordingly, no provision for income taxes is provided in the accompanying financial statements. The organization annually files Form 990 as required for not-for-profit organizations. These returns are subject to examination by the applicable taxing authorities for the three preceding years. In addition, the organization qualifies for the charitable contribution deduction under Section 170(8)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(A)(2).

Management of the organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the organization’s status as a not-for-profit entity. Management believes that the organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The organization’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Note A – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Donated Services/In-Kind Contributions

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. Volunteer provided services at the organization's ReStore throughout the year are not recognized as contributions in the financial statements since the recognition criteria are not met.

A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services (which include accounting and construction services) are reflected in the statement of activities at their fair value.

Materials and other assets received as donations, for use in home construction, are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

The organization operates a retail establishment called Habitat ReStore (ReStore) which sells, at retail, various remodeling and building supplies to the general public. The store is staffed principally by paid employees, but principally sells items donated to East Pasco Habitat for Humanity, Inc. Donations to Restore are not valued nor treated as inventory items used for financial reporting purposes in accordance with provisions of ASC 958-605-25-4. A major uncertainty about the existence of value precludes donated items from being recognized at time of donation.

Note B - Cash Balances

The organization maintained cash balances as of June 30, 2021, as follows:

Cash and equivalents for general expenditures	$	127,096
Escrow		70,361
Money Market		830,001
Construction		126,615
Total available for general expenditures	$	1,154,073

All deposits are held in accounts in the name of the organization.

Notes to Financial Statements
For the Year Ended June 30, 2021

Note C - Grant Revenues

The organization received the following grants during 2021:

State Farm	$	4,851
FDFS Cove Project		237,458
Pasco County		18,257
Wells Fargo Foundation		15,000
Publix Supermarkets Charities, Inc.		20,000
Habitat of Humanity of Florida		535
Wesley Chapel Toyota		66,000
Jim Browne Chrysler, Jeep, Dodge		45,500
Total Grants	$	407,601

Note D - Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$	1,154,073
Less: restricted by donors with purpose and time restrictions		-
Total available for general expenditures	$	1,154,073

Note E - Fair Value Measurements

The Fair Value Measurements Topic of FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The organization measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1 Fair Value Measurements

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements

Inputs in other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Fair Value Measurements

Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The organization's significant financial instruments are cash, accounts receivable, accounts payable, deferred revenue, and other short-term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short-term maturity of these instruments.

Note F – Property and Equipment

The following is a summary of property and equipment, by function, as of June 30, 2021:

	Estimated Useful Life	
ReStore		
Furniture and Fixtures	7-15 yrs	$ 23,911
Equipment	7-15 yrs	79,965
Improvements	5-40 yrs	14,987
Total Restore Property and Equipment		118,863
Administrative		
Furniture and Fixtures	7-15 yrs	23,298
Equipment	7-15 yrs	88,701
Improvements	5-40 yrs	9,828
Buildings	5-40 yrs	349,256
Land	-	50,975
Other	7-15 yrs	7,078
Total Administrative Property and Equipment		529,136
Total Property and Equipment		647,999
Less accumulated depreciation		(232,291)
Net Property and Equipment		$ 415,708

Depreciation expense totaled $22,157 for the year ended June 30, 2021.

Note G - Line of Credit

The organization has an unsecured line of credit with the First National Bank of Pasco, with a maximum draw down of $150,000. The interest rate is currently 4.25%, and amount outstanding as of June 30, 2021, was $0.

Note H – Long-term Debt

On April 7, 2015, FASB issued ASU 2015-03, ASC Subtopic 835-30, *Interest-Imputation of Interest*. Under this guidance, debt issuance costs related to a recognized long-term debt liability are presented in the balance sheet as a direct deduction from the debt liability and are amortized over the life of the associated bank debt. Thus, debt issuance costs related to long-term debt are netted against “Notes Payable” on the balance sheets. The organization reflects the amortization of debt issuance costs as interest expense. Interest expense related to the amortization of debt issuance costs was $0 for the year ended June 30, 2021.

Note H – Long-term Debt (continued)

Long-term debt consists of the following:

Mortgage Payable to First National Bank of Pasco secured by real estate; fixed interest rate of 5% with 60 monthly installments of $703; and 59 payments beginning August 2023 with interest rate based on Index US Treasury securities with a maturity date of July 20, 2028	$	124,212
Note payable to First National Bank of Pasco secured by 2016 Isuzu van; fixed interest rate of 4.5% with monthly installments of $747 with a maturity date of October 5, 2022.		11,575
Note payable to Pasco County Community Development Department secured by real estate; interest rate of 0% with monthly installments of $483.35 with a maturity date of November 30, 2030.		54,607
Line of Credit with First National Bank of Pasco in the amount of $150,000; interest rate of 4.25%.		-
Total long-term debt		190,394
Less: Current portion		(16,641)
Net long-term debt	$	173,753

Future maturities of long-term debt obligations at June 30, 2021, are as follows:

June 30,	2022	$	16,641
	2023		11,088
	2024		8,249
	2025		8,372
	2026		8,501
	2027-2031		137,558
	Total	$	190,409

Note I - Operating Lease Agreements

Habitat is obligated under non-cancellable operating leases for certain real property and equipment at June 30, 2021.

Habitat is obligated under a five-year lease agreement with Zephyrhills Mini Storage, Inc. to lease real property consisting of a ReStore location in Zephyrhills, Florida. The lease term began September 1, 2010, for five years, with an option to extend for an additional five years after the original lease term ended and an option to renew the lease after the lease ends. The lease was renewed November 1, 2020, for $8,930 per month.

Note I - Operating Lease Agreements (continued)

Approximate future payments in connection with real property lease obligations are as follows:

Year Ended June 30,	Amount
2022	$ 107,160
2023	107,160
2024	107,160
2025	35,720
2026	-
Total	357,200

Habitat is obligated a under 48-month lease agreement for office equipment with Dex Imaging, LLC.

Approximate future payments in connection with equipment lease obligations are as follows:

Year Ended June 30,	Amount
2022	$ 2,460
2023	2,460
2024	2,460
2025	2,460
2026	-
Total	$ 9,840

Note J - Subsequent Events

Management has evaluated subsequent events through September 30, 2022, the date the financial statements were available to be issued.

Beginning fiscal year 2022, the organization will no longer service the financing of new mortgages for home sales. New mortgages will be serviced by the USDA. Mortgage receivables currently held by the organization will continue to be serviced by Habitat for Humanity until paid in full.

According to Habitat's attorney, Habitat had two pending litigations as of June 30, 2021, regarding delinquent payments from previous homeowners. These litigations were settled during fiscal year 2022 in which delinquent payments were paid in full.

Note J - Subsequent Events (continued)

COVID-19 Pandemic
In 2021, the continued spread of the COVID-19 pandemic is affecting the United States and may affect the Ministry's operations and those of third parties on which the Ministry relies. While the Ministry does not expect to see a material COVID-19 impact on the results of operations, given the uncertainties surrounding the duration of the outbreak, it is not currently possible to ascertain the overall impact of COVID-19 on the business. Management is monitoring the situation in order to mitigate any potential impact on the Ministry's operations and financial performance.

In 2021, the organization received a Paycheck Protection Program loan (PPP loan) in the amount of $100,000 established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and has elected to account for the funding as a conditional grant by applying ASC Topic 958-605, Revenue Recognition.

PPP Loan
Revenue is recognized when conditions are met, which include meeting full time equivalent (FTE) requirements, limiting salary reductions and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. In 2021, the Agency received notice of full forgiveness of the PPP Loan.