

**HABITAT FOR HUMANITY OF
GREATER LOS ANGELES, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2022
(with summarized comparative information for June 30, 2021)



HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Greater Los Angeles, Inc.
Bellflower, California

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Habitat for Humanity of Greater Los Angeles, Inc. (a California Not-for-Profit Organization, "Habitat LA") which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Habitat LA as of June 30, 2022, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat LA 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 LA'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat LA'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.

Report on Summarized Comparative Information

We have previously audited Habitat LA's June 30, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BPM LLP

Long Beach, California
March 3, 2023

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

(with summarized comparative information as of June 30, 2021)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,211,390	\$ 4,908,792
Program service grants receivable	1,618,496	-
Unconditional promises to give, net of unamortized discount	1,094,689	2,488,838
Mortgage notes receivable, net of unamortized discount	13,528,489	13,171,915
Prepaid expenses	281,786	210,252
Inventory	2,319,106	1,729,033
Construction in process	11,008,686	10,210,173
Property and equipment, net of accumulated depreciation and amortization	4,418,258	4,438,177
Deposits and other assets	982,505	765,884
Total assets	<u>\$ 57,463,405</u>	<u>\$ 37,923,064</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 290,830	\$ 1,029,314
Accrued expenses	1,366,105	1,217,473
Deferred revenue	574,300	500,471
Note payable - Paycheck Protection Program	-	1,703,287
Notes payable - governmental agencies	1,014,860	1,741,527
Notes payable - other	7,451,404	7,355,743
Total liabilities	<u>10,697,499</u>	<u>13,547,815</u>
Commitments		
Net assets:		
Without donor restrictions	44,125,849	20,907,277
With donor restrictions	2,640,057	3,467,972
Total net assets	<u>46,765,906</u>	<u>24,375,249</u>
Total liabilities and net assets	<u>\$ 57,463,405</u>	<u>\$ 37,923,064</u>

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2022
(with summarized comparative information for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Support and revenue:				
Contributions	\$ 22,373,712	\$ 1,064,804	\$ 23,438,516	\$ 4,437,081
Contributions of nonfinancial assets	291,076	1,475,611	1,766,687	894,630
Sales of homes	4,660,415	600,000	5,260,415	5,640,276
ReStore sales of donated goods received	8,665,474	-	8,665,474	7,988,306
ReStore sales of purchased products	553,920	-	553,920	808,967
ReStore value of donated goods received	9,317,616	-	9,317,616	7,997,159
Government grants	504,462	2,494,930	2,999,392	30,754
Special events revenue, net of costs of direct benefit to donors	512,667	-	512,667	547,090
Mortgage loan discount amortization	1,961,884	-	1,961,884	1,661,553
Other income	143,438	-	143,438	290,014
Net assets released from restrictions:				
Satisfaction of program/donor restrictions	6,463,260	(6,463,260)	-	-
Total revenue, gains, and other support	55,447,924	(827,915)	54,620,009	30,295,830
Expenses:				
Program services:				
Homeownership	10,513,631	-	10,513,631	8,387,082
Home repair	3,566,711	-	3,566,711	2,845,287
Restore	16,961,175	-	16,961,175	15,742,044
Total program services	31,041,517	-	31,041,517	26,974,413
Supporting services:				
Fundraising	1,579,397	-	1,579,397	1,601,453
Management and general	1,192,876	-	1,192,876	1,225,456
Total supporting services	2,772,273	-	2,772,273	2,826,909
Total functional expenses	33,813,790	-	33,813,790	29,801,322
Unallocated payments to national organization	138,355	-	138,355	86,628
Total expenses	33,952,145	-	33,952,145	29,887,950
Increase in net assets from operations	21,495,779	(827,915)	20,667,864	407,880
Increase in net assets from non-operating activities:				
Forgiveness of debt and interest - Paycheck Protection Program	1,722,793	-	1,722,793	1,583,261
Change in net assets	23,218,572	(827,915)	22,390,657	1,991,141
Net assets, beginning of year	20,907,277	3,467,972	24,375,249	22,384,108
Net assets, end of year	\$ 44,125,849	\$ 2,640,057	\$ 46,765,906	\$ 24,375,249

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

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022
(with summarized comparative information for the year ended June 30, 2021)

	2022							
	Program Services			Supporting Services				
	Homeownership	Home Repair	Restore	Fundraising	Management and General	Totals	2021 Totals	
Cost of homes sold - construction costs	\$ 4,851,783	\$ -	\$ -	\$ -	\$ -	\$ 4,851,783	\$ 4,098,788	
Cost of homes sold - mortgage discount expense	2,491,981	-	-	-	-	2,491,981	1,963,308	
Cost of goods sold - ReStore	-	-	915,740	-	-	915,740	882,861	
Value of donated items sold - ReStore	-	-	8,665,474	-	-	8,665,474	7,978,524	
Salaries	1,289,191	1,092,901	3,554,569	679,420	828,254	7,444,335	6,915,890	
Payroll taxes and benefits	226,991	205,561	820,683	127,784	148,298	1,529,317	1,370,574	
Americorp	42,395	-	-	-	-	42,395	61,379	
Bank fees and charges	11,289	-	160,933	155,805	132	328,159	328,805	
Home repair	-	1,855,236	-	-	-	1,855,236	1,036,500	
Build events and community programs	566,162	118,228	-	234,870	-	919,260	850,777	
Special events other costs	-	-	-	204,437	-	204,437	141,586	
Depreciation	63,832	-	-	-	-	63,832	67,674	
Facilities - rent / lease costs	-	-	780,338	-	-	780,338	741,531	
Insurance	66,561	19,243	117,343	-	520	203,667	196,654	
Interest and amortization of loan fees	281,878	-	-	-	-	281,878	286,299	
Office and other	243,581	98,693	295,656	27,313	33,386	698,629	784,975	
Professional and outside services	102,653	96,344	629,971	138,026	153,354	1,120,348	998,607	
Real estate - closing and development	70,628	-	-	-	-	70,628	10,178	
Telephone	19,779	19,779	76,988	8,444	14,305	139,295	113,543	
Travel	37,979	6,942	19,061	3,298	14,627	81,907	23,269	
Utilities and facility maintenance	100,248	33,602	562,985	-	-	696,835	593,729	
Vehicle rent and operating costs	46,700	20,182	361,434	-	-	428,316	355,871	
Totals	\$ 10,513,631	\$ 3,566,711	\$ 16,961,175	\$ 1,579,397	\$ 1,192,876	\$ 33,813,790	\$ 29,801,322	

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

(with summarized comparative information for the year ended June 30, 2021)

	2022	2021
Operating activities:		
Change in net assets	\$ 22,390,657	\$ 1,991,141
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Origination of non-interest bearing mortgages, net	(3,015,200)	(2,563,000)
Issuance of unamortized mortgage discounts	2,491,981	1,963,308
Mortgage discount amortization	(913,886)	(1,661,556)
Net change in discount on multi-year pledges	(26,110)	(13,094)
In-kind contributions of property, construction costs, and other assets	(629,008)	(1,670,479)
Forgiveness of debt Paycheck Protection Program	(1,722,793)	(1,583,261)
Forgiveness/transfer of notes payable, government agencies and related accrued interest to homeowners	(725,000)	(1,555,394)
Depreciation	63,832	67,674
(Increase) decrease in assets:		
Program service grants receivable	(1,618,496)	47,134
Contributions receivable	1,420,259	295,461
Prepaid expenses	(71,534)	(32,687)
Inventories	(590,073)	134,433
Construction in process, net of non-cash items	(169,505)	412,382
Deposits and other assets (except loan fees)	(216,621)	117,290
Increase (decrease) in liabilities:		
Accounts payable	(738,479)	385,812
Accrued expenses	154,031	123,245
Deposits and impounds	-	11,658
Deferred revenue	73,829	(100,470)
Net cash and cash equivalents provided by (used in) operating activities	16,157,884	(3,630,403)
Investing activities:		
Acquisition of property and equipment	(43,913)	(103,398)
Mortgage payments received	1,080,529	1,904,294
Net cash and cash equivalents provided by investing activities	1,036,616	1,800,896
Financing activities:		
Proceeds on revolving line of credit	1,139,372	1,168,000
Payments on revolving line of credit	(760,000)	(122,000)
Cash proceeds from notes payable	1,073,311	668,139
Cash proceeds from Paycheck Protection Program	-	1,703,287
Principal payments on notes payable	(1,339,186)	(1,208,684)
Payments on capitalized lease obligations payable	(5,399)	(6,961)
Net cash and cash equivalents provided by financing activities	108,098	2,201,781
Net change in cash and cash equivalents	17,302,598	372,274
Cash and cash equivalents, beginning of the year	4,908,792	4,536,518
Cash and cash equivalents, end of the year	\$ 22,211,390	\$ 4,908,792

(See Note 4 for supplemental disclosure of cash flows.)

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Organization and Purpose

Habitat for Humanity of Greater Los Angeles, Inc. ("Habitat LA" or the "Organization"), is a California nonprofit public benefit corporation incorporated in 1990 (originally as Habitat for Humanity Harbor Area/Long Beach, CA, Inc.). Over the years, as neighboring affiliates merged into the Organization, its name changed to Habitat for Humanity South Bay/Long Beach and then effective September 8, 2005, Habitat for Humanity – Los Angeles was merged into Habitat for Humanity South Bay/Long Beach and the combined organization was renamed Habitat for Humanity of Greater Los Angeles, Inc. Habitat LA primarily serves the communities within Los Angeles County.

Habitat LA is committed to a vision of a world where everyone has a decent place to live, and as such its primary program is creating affordable homeownership. Through volunteer labor and tax-deductible donations, Habitat LA builds, renovates and repairs simple, sustainable and affordable homes in partnership with homeowner partners and volunteers. Habitat LA houses are sold to the partner homeowners at no profit and financed with affordable loans. Homeowners are selected based on need, ability to repay the Habitat mortgage, and willingness to partner. Habitat LA is not a give-away program as in addition to a down payment and monthly mortgage payments, partner homeowners who meet the selection criteria invest up to 500 hours of their own labor ("sweat equity") into the building of their homes.

Habitat LA strives to effectively address the growing housing crisis with comprehensive and creative strategies through its different housing initiatives, including new construction, affordable lending, rehabilitating existing homes, home repairs, neighborhood revitalization, disaster relief and global builds. Habitat LA operates retail stores (the "ReStores") which principally sell donated home goods and building materials to the public. Proceeds from ReStore sales are used towards the Organization's mission.

Habitat LA is an affiliate of Habitat for Humanity International, Inc. ("Habitat International") a housing ministry with ecumenical Christian roots, serving people from all faiths and walks of life. Although Habitat International assists with information resources, financial support in the form of loans and grants, technical support, and national partnerships, Habitat LA is an independently operated and governed entity.

2. Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

Habitat LA's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") has established the FASB Accounting Standards Codification ("ASC") as the sole source of authoritative accounting to be applied by nongovernmental entities in the preparation of consolidated financial statements in conformity with U.S. GAAP.

Principles of Consolidation

The accompanying consolidated financial statements as of and for the years ended June 30, 2022 and 2021 include the activities of Partnership Housing, Inc. ("PHI"), a wholly controlled subsidiary. PHI was formed as a Community Housing Development Organization ("CHDO") to be able to offer not only affordable homeownership opportunities but also affordable housing opportunities while maximizing the use of public funds available for the overall mission of eliminating substandard housing in the Greater Los Angeles Area. All material intercompany accounts and transactions have been eliminated in consolidation.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions, and such differences may be material to the consolidated financial statements.

Net Assets

Habitat LA follows the guidance, which requires that net assets be either classified as with donor restrictions or without donor restrictions. Accordingly, Habitat LA's net assets, revenues, gains, expenses, and losses are classified as with donor restrictions or without donor restrictions as follows:

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Note 20 for more information on the composition of net assets with donor restrictions and the release from restrictions thereof.

Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received, based on management's estimate of the present value of future cash flows expected to be received by the Organization. Subsequent changes in these estimates are recorded as an allowance for uncollectible promises to give.

Contributions with donor restrictions which expire during the same fiscal year in which the contributions are made are recorded as net assets with donor restrictions and released within the same year as an increase in net assets without donor restrictions and as a satisfaction of program restrictions.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Contributions, continued

Habitat LA determines whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. After a contribution has been deemed unconditional, Habitat LA considers whether the contribution is restricted on the basis of the current definition of the term *donor-imposed restriction*, which includes a consideration of how broad or narrow the purpose of the agreement is, and whether the resources are available for use only after a specified date.

Revenue from Contracts with Customers

Habitat LA revenue is recognized to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The adoption of ASC Topic 606 did not result in any significant changes in the way the Organization recognizes revenue.

Contributed Nonfinancial Assets

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 need to be purchased by the Organization. Additionally, a substantial number of volunteers have made significant contributions of their time to Habitat LA's program and supporting services. The value of this contributed time is not reflected in the consolidated financial statements since it does not require a specialized skill.

Donations of construction materials, property and equipment are recorded as in-kind contributions at their estimated fair value as of the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Habitat LA adopted Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Pursuant to this ASU 2020-07, contributed nonfinancial assets are presented as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets. Habitat LA is required to disclose (a) A disaggregation of the amount of contributed nonfinancial assets recognized within the consolidated statement of activities by category that depicts the type of contributed nonfinancial assets and (b) For each category of contributed nonfinancial assets recognized provides: (i) Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, Habitat LA will disclose a description of the programs or other activities in which those assets were used; (ii) Habitat LA's policy about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) a description of the valuation techniques and inputs used to arrive at a fair value measure; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure.

Government Funding

Habitat LA receives funds from various government agencies ("Agencies") for pre-development costs associated with the development of land acquired for construction projects pursuant to "loan agreements." The Agencies provide funding to Habitat LA generally interest-free, with specified covenants and provisions that the property be used for low-income housing during the term of the loan agreement. If Habitat LA complies with the provisions of the agreement, the loan is forgiven by the agency when the property is sold to a qualified home buyer. At the date of property closing, the covenants and provisions of the loan agreement transfer from Habitat LA to the qualified home buyer and Habitat LA is relieved of any of its obligations pursuant to the loan agreement.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Home Sales and Cost of Homes Transferred

Revenue is recognized from the sale of homes when title passes to eligible purchasers. Habitat LA generally recognizes home sale revenue based on the sum of the cash down payment, the face value of the non-interest bearing mortgage receivable, and the value of any government funding, such as notes payable forgiven or transferred to the homeowner at the time of sale.

Cost of homes sold consists of land cost, land development cost, direct and indirect costs of housing construction and capitalized interest, property taxes and overhead incurred during the development period. Cost is determined by the specific identification and per unit methods. Cost of homes sold is considered a program expense in the consolidated statement of functional activities.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, unconditional promises to give, accounts receivable, mortgage notes receivable, investments, accounts payable, and certain notes payable, which are stated at cost or settlement value which approximates fair value.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk are primarily cash and cash equivalents, unconditional promises to give, and mortgage notes receivable. Habitat LA maintains its cash balances in the form of bank demand deposits and money market accounts with major financial institutions, including securities brokerage firms, that management has determined to be credit worthy.

The concentration of credit risk of mortgage notes receivable is diversified through numerous different borrowers; however, the borrowers are concentrated in Los Angeles County. Accordingly, the Organization's ability to collect these mortgage notes receivable is dependent on the homeowners' ability to pay, which could be affected by the overall economic conditions in this geographic area. The mortgage notes receivable are secured by a trust deed on the real property which reduces the risk of loss to Habitat LA.

Habitat LA has no significant financial instruments with off-balance sheet risk of accounting loss.

At June 30, 2022 and 2021, one corporate multi-year donation pledge comprised 33% and 24%, respectively, of the balance of unconditional promises to give. Collection of these unconditional promises to give may be subject to a greater risk of uncertainty in the event of adverse economic, political or business developments, including tax law changes.

Cash and Cash Equivalents

For purposes of the consolidated statements of financial position and the consolidated statements of cash flows, Habitat LA considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Habitat LA maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Habitat LA has not experienced any losses in such accounts.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Program Service Grants Receivable

Substantially all program service grants receivable are due from government agencies. The Organization provides for losses on program service grants receivable using the allowance method. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable is impaired, when based on current information and events it is probable that the Organization will be unable to collect amounts due according to the original contractual terms of the receivable agreement.

Mortgage Notes Receivable

Mortgage notes receivable consist of non-forgivable non-interest bearing residential home loans made to qualified borrowers that are secured by a deed of trust, with terms generally ranging from 20 to 30 years. The mortgage note receivable must be probable of collection, fixed and determinable, not conditional on future events occurring and Habitat LA must have fulfilled substantially all of its obligations to the home buyer, other than normal warranty claims, prior to Habitat LA recognizing the home sale revenue and related mortgage note receivable in its consolidated financial statements. Non-forgivable and non-interest bearing mortgages that meet the forgoing recognition criteria are discounted based upon prevailing market rates for low income housing at the origination date of each mortgage.

Additionally, Habitat LA enters into forgivable mortgage notes receivable ("silent") that are secured with a second, third, fourth, and/or fifth trust deed in favor of either Habitat LA or a local government agency to ensure compliance with the terms of Habitat LA's homeownership programs. The primary purpose of these silent mortgages is to allow the mortgage holder the right to recapture a portion of any equity if the home is sold or transferred to a nonqualified homeowner before a certain number of years, usually 25 to 55, have elapsed since the original purchase. These silent mortgages also protect the homeowner by preventing predatory lenders from paying off the first mortgage and encumbering the property and the homeowner with an onerous new mortgage. These silent mortgage notes receivable typically bear no interest and are forgiven if the homeowner lives in the home for the required period of time and complies with all other covenants and restrictions per the deed of trust.

Accordingly, Habitat LA does not report a value for these silent mortgage notes receivable that are forgivable in its consolidated financial statements as it is assumed they have no economic value.

Allowance for Mortgage Notes Receivable Losses

Habitat LA uses established lending criteria to ensure that only individuals who meet the Organization's financial and credit criteria are approved to be homebuyers, and receive a non-interest bearing mortgage loan from Habitat LA. This includes a thorough review of each prospective homeowner's credit report and scores, sources of income and financial history.

Habitat LA regularly reviews its mortgage receivable portfolio and monitors the accounts for delinquencies. The Organization's allowance for credit losses is that amount considered adequate to absorb probable losses in the portfolio based on management's evaluations of the size and current risk characteristics of the mortgage notes receivable portfolio. A mortgage note receivable is considered impaired when, based on current information and events, it is probable that Habitat LA will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Allowance for Mortgage Notes Receivable Losses, continued

The allowance established for these mortgage notes receivable is based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral. As of the date of these financial statements, there were no mortgages subject to foreclosure proceedings. At June 30, 2022 and 2021, management did not record an allowance for losses within its mortgage notes receivable portfolio because the fair value of its collateral interest in the properties securing the mortgage notes receivable exceeded the net carrying value of the mortgage notes receivable. Accordingly, management believes that losses resulting from non-payment of mortgage notes receivable are not reasonably probable.

Inventories

Inventories consist primarily of building materials and supplies, which are used in the construction of homes, and donated materials including home furnishings and home improvement materials, that are sold in the ReStores. Inventories are stated at lower of cost or market with cost determined by the first-in, first-out ("FIFO") method. ReStore inventories are reported at estimated selling price, since the fair value is not reasonably determinable until the goods are sold.

Construction in Process and Finished Homes Held for Sale

Construction in process represents costs incurred to build or rehabilitate single-family homes and condominiums for eventual sale to Habitat LA homeowners. In the event a development is no longer deemed to be probable of completion, the costs previously capitalized are charged off to expense. The Organization's projects consist of new single-family home and condominium developments, and major rehabilitations of existing homes acquired by Habitat LA. Since the purpose and mission of Habitat LA is to build affordable housing for low-income individuals, the Organization does not generally write down the value of construction in process to estimated sales value, because any excess cost over sales value is a component of program services. Projects are classified as construction in process until the build/rehabilitation project is substantially completed, at which time it is reclassified as "finished homes held for sale."

Property and Equipment

Expenditures which materially increase property lives are capitalized. The cost of maintenance and repair is charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statement of activities.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Autos and trucks	3 to 5 years
Construction equipment	7 years
Furniture and equipment	5 to 7 years
Computer software and hardware	3 to 5 years
Leasehold improvements	3 to 10 years

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Deposits and Impounds

Habitat LA generally follows a policy in which any interim payments received from a qualified homebuyer prior to the close of escrow are applied as a credit towards the buyer's future mortgage note receivable obligation. Accordingly, Habitat LA records interim rent payments as a deposit liability until the home is sold.

Habitat LA collects monthly payments from homeowners for property taxes and insurance, referred to as impounds, and records a liability until the amounts are remitted by Habitat LA to the appropriate third party.

Retirement Plan

Habitat LA adopted a 401(k) plan (the "Plan") in May 2000 for the benefit of its employees. All full-time employees who have attained the age of 21 and completed 3 months of service may enter the plan on the first day of each calendar month of the plan year. During the fiscal years ended June 30, 2022 and 2021, employer contributions to the Plan were \$178,764 and \$164,017, respectively.

Income Taxes

Habitat LA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code, is subject to federal income tax. Habitat LA does not believe that during the fiscal years ended June 30, 2022 and 2021 that it had unrelated business taxable income and accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

Habitat LA accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. Habitat LA recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. Habitat LA does not believe that its income tax returns include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying consolidated financial statements.

Functional Expenses

The Organization's primary mission is providing qualified families with affordable homeownership. Costs related to this purpose, which includes the ReStore operations, are reported as program expenses in the consolidated statements of functional expenses. Activities performed by the Organization to generate funds and/or resources to support its programs and operations are reported as fundraising activities. All costs not identifiable with a specific program or fundraising activity are included as management and general expenses, which include management, finance, accounting, and human resources. Expenses directly attributable to a specific functional area of Habitat LA are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas have been allocated across program and other supporting services based on estimates of time and effort spent by staff and resources. Depreciation and amortization are allocated using an allocation developed based on a review of the assets in service compared to the functions they support.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies, continued

Special Events Revenues

The Organization conducts special events in which a portion of the gross proceeds paid by the donor represents payment for the direct costs of the benefits received by the donor at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of special events of \$161,297 and \$13,393 for the years ended June 30, 2022 and 2021, respectively, which ultimately benefit the donor rather than the Organization, are deducted from gross special events revenue. Other direct costs of special events were \$204,437 and \$141,586 for the years ended June 30, 2022 and 2021, respectively.

New Accounting Standards Not Yet Adopted

Accounting for Leases

The FASB issued ASU 2016-02, *Leases (Topic 842)*, which replaces existing lease accounting guidance. The new guidance is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for all leases with the terms exceeding twelve months. The standard requires applying modified retrospective approach at the beginning of the earliest period presented with optional practical expedients. There will be an increase in assets and liabilities on the consolidated balance sheets of Habitat LA as a result of adoption to this standard due to recording of right-of-use assets and corresponding lease liabilities. The amount of that increase will depend on the lease portfolio at the time of the adoption. Habitat LA does not expect the adoption to have a material impact on net assets. ASU 2020-05, *Leases (Topic 842)*, issued on June 30, 2020 extended the effective date for this standard to fiscal year ending June 30, 2023.

Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. FASB ASU No. 2016-13 is effective for Habitat LA for its fiscal year beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of the pending adoption of ASU 2016-13 on the Organization's financial statements and disclosures.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet dates, are comprised of the following for the years ended June 30:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 22,211,390	\$ 4,908,792
Mortgage notes receivable	550,077	572,800
Contributions and grants receivable	2,124,918	2,488,838
Total financial assets available	24,886,385	7,970,430
Less amounts not available to be used within one year:		
Pledges to be collected after year-end	820,182	1,298,924
Net assets with donor restrictions	2,640,057	3,467,972
Less net assets with donor restrictions to be met in less than a year	(766,001)	(2,343,316)
Subtotal	2,694,238	2,423,580
Financial assets available to meet general expenditures over the next twelve months	\$ 22,192,147	\$ 5,546,850

As of June 30, 2022, the Organization had \$22,192,147 of financial assets to meet cash requirements for general expenditures within one (1) year of the consolidated balance sheet date. In addition, the Organization has available a revolving line of credit to provide financial support for construction projects and general expenditures of \$5,000,000 (see Note 14), of which \$5,000,000 is available. As part of Habitat LA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

4. Supplemental Disclosure of Cash Flow Information

Following is a supplemental disclosure of cash flow information for the years ended June 30:

	2022	2021
Non-cash items:		
Recognition of in-kind contributions and related assets and expenses	\$ 1,766,687	\$ 894,630
Non-cash acquisition of property through financing	\$ -	\$ 1,703,287
Interest paid	\$ 281,878	\$ 286,299

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

5. Program Service Grants Receivable

Program service grants receivable consist of the following as of June 30:

	2022
Program service grants receivable:	
City of Santa Fe Springs	\$ 1,300,000
State of California - Department of Housing and Community Development	210,000
City of Pico	78,185
City of Inglewood	30,311
Program service grants receivable	<u>\$ 1,618,496</u>

The Organization has not recorded an allowance for uncollectible grants receivable since management believes that it is probable that all receivables will be collected.

6. Unconditional Promises to Give

Unconditional promises to give consist of the following as of June 30:

	2022	2021
Unconditional promises to give	\$ 1,326,604	\$ 2,746,863
Less: unamortized discount	(31,915)	(58,025)
Less: allowance for doubtful accounts	(200,000)	(200,000)
Unconditional promises to give, net	<u>\$ 1,094,689</u>	<u>\$ 2,488,838</u>

Unconditional promises to give which are due more than one year from the date of donation are discounted using an interest rate of approximately 2.50%. Amounts due in less than one year and in excess of one year are as follows:

	2022	2021
Amounts due in:		
Less than one year	\$ 506,422	\$ 1,447,939
One to five years	820,182	1,298,924
	<u>\$ 1,326,604</u>	<u>\$ 2,746,863</u>

7. Mortgage Notes Receivable

Mortgage notes receivable consist of non-forgivable non-interest bearing residential home loans secured by a deed of trust which are payable in monthly installments, if secured by a first deed of trust, over 20 to 30 years. These non-forgivable non-interest bearing mortgages have been discounted to and recorded at present value by Habitat LA based upon prevailing market interest rates for low income housing mortgages. The Organization recognizes the discount as interest income over the term of the mortgage note receivable using the effective interest rate method. Generally, mortgage notes receivable are discounted at the time the mortgage is originated using an interest rate of prime plus 2%.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

7. Mortgage Notes Receivable, continued

Mortgage notes receivable consist of non-forgivable non-interest bearing residential home loans secured by a deed of trust which are payable in monthly installments, if secured by a first deed of trust, over 20 to 30 years. These non-forgivable non-interest bearing mortgages have been discounted to and recorded at present value by Habitat LA based upon prevailing market interest rates for low income housing mortgages. The Organization recognizes the discount as interest income over the term of the mortgage note receivable using the effective interest rate method. Generally, mortgage notes receivable are discounted at the time the mortgage is originated using an interest rate of prime plus 2%.

In addition, Habitat LA enters into mortgage notes receivable secured by second, third, fourth, and fifth trust deeds, that are non-forgivable non-interest bearing which require a balloon payment upon the earlier of the sale or transfer of the property, or 30 years. Those second, third, fourth, and fifth mortgage notes receivable which have fixed and determinable repayment terms are reported at their present value in the accompanying consolidated financial statements.

Mortgage notes receivable, junior lien position, consist of sixteen (16) mortgages originated with funds received from the California Department of Housing and Community Development ("CalHome"). These mortgages have a term of 30 years, bear no interest, and require no payments until the earlier to occur (i) the sale or transfer of a home, or (ii) the end of the 30-year term. At the end of 30 years, the homeowner is required to repay the principal amount of the loan in full. Habitat LA imputed a 7% present value discount rate based upon prevailing market interest rates of junior lien mortgages for these notes.

At times, Habitat LA pledges various mortgage notes receivable as collateral to secure notes payable and obligations to its creditors. These arrangements may restrict the Organization's ability to sell, transfer or pledge these mortgage notes receivable to other entities.

	2022	2021
First trust deeds	\$ 12,663,410	\$ 12,987,893
Second/third/fourth/fifth trust deeds	20,397,923	19,163,923
Junior lien position	1,000,000	1,000,000
Discount to present value	(20,532,844)	(19,979,901)
Present value of mortgage notes receivable	<u>\$ 13,528,489</u>	<u>\$ 13,171,915</u>

Mortgage notes receivable and the related discount are summarized as follows as of June 30:

Scheduled mortgage notes receivable collections are summarized as follows:

Year ending June 30:	
2023	\$ 550,077
2024	542,572
2025	524,939
2026	515,456
2027	504,895
Thereafter	31,423,394
Total	<u>\$ 34,061,333</u>

Mortgage loan discount amortization revenue for the years ended June 30, 2022 and 2021 was \$1,961,884 and \$1,661,553, respectively.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Inventories

Inventories consist of the following as of June 30:

	2022	2021
Building materials for home construction projects	\$ 456,356	\$ 487,849
Inventory received for the use or sale at special events	22,000	-
ReStore inventory	1,840,750	1,241,184
	<u>\$ 2,319,106</u>	<u>\$ 1,729,033</u>

9. Home Construction Activity

Construction-in-process is summarized by project as follows as of June 30:

	2022	2021
City of Los Angeles, County of Los Angeles, and unincorporated cities	\$ 2,335,158	\$ 4,200,688
Long Beach	8,165,177	5,560,679
Lakewood	378,305	363,122
Other	120,082	75,720
Compton	9,964	9,964
	<u>\$ 11,008,686</u>	<u>\$ 10,210,173</u>

Following is a summary of home building activity during the years ended June 30:

	2022		2021	
	Number of Homes	Cost	Number of Homes	Cost
Home construction in process, beginning of year	153	\$ 10,210,173	118	\$ 7,962,076
Costs incurred during fiscal 2021 - new and existing projects	1	5,439,475	77	6,162,922
Adjustment to prior year units	1	-	(36)	-
Homes transferred to finished homes	(7)	(4,640,962)	(6)	(3,914,825)
	<u>148</u>	<u>\$ 11,008,686</u>	<u>153</u>	<u>\$ 10,210,173</u>

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

9. Home Construction Activity, continued

Following is a summary of finished homes activity during the years ended June 30:

	2022		2021	
	Number of Homes	Cost	Number of Homes	Cost
Finished homes, beginning of year	-	\$ -	-	\$ -
Costs transferred to Finished Homes from construction in process	7	4,640,962	6	3,914,825
Homes transferred to new owners	(7)	(4,640,962)	(6)	(3,914,825)
	-	\$ -	-	\$ -

10. Retail Stores

Habitat LA operates three ReStore locations in the Greater Los Angeles area that sell new and used home furnishings, construction and home improvement materials to the general public. ReStore revenue is recognized at a point in time and is reported as unrestricted support, with cost of goods sold and ReStore operating expenses reported as program expenses in the consolidated statement of activities. The following is a summary of Habitat LA's retail operations for the years ended June 30:

	2022	2021
Revenue and support:		
ReStore sales	\$ 9,219,394	\$ 8,797,273
Fair market value of donated items sold	9,317,616	7,997,159
Total revenue and support	18,537,010	16,794,432
Expenses:		
Cost of goods sold - purchased	915,740	882,861
Cost of goods sold - donated	8,665,474	7,978,524
Operating expenses	7,379,961	5,589,722
Total expenses	16,961,175	14,451,107
Total ReStore revenue over expenses	\$ 1,575,835	\$ 2,343,325

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

11. Property and Equipment, Net

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

	2022	2021
Autos and trucks	\$ 374,351	\$ 365,601
Land and building	4,752,119	4,752,119
Construction equipment	13,265	13,265
Furniture and equipment	55,670	55,670
Computer software and hardware	288,060	265,419
Leasehold improvements	547,030	534,346
Total	6,030,495	5,986,420
Less: accumulated depreciation	(1,612,237)	(1,548,243)
Property and equipment, net	\$ 4,418,258	\$ 4,438,177

Depreciation expense for the years ended June 30, 2022 and 2021 was \$63,832 and \$67,674, respectively.

12. Deposits and Other Assets

Deposits and other assets consist of the following as of June 30:

	2022	2021
Deposits	\$ 690,027	\$ 470,488
Loan fees	146,667	146,667
Beneficial interest in charitable remainder trusts	76,833	76,833
Other receivables	68,978	71,896
	\$ 982,505	\$ 765,884

Habitat LA received a 47.5% interest in a charitable remainder insurance trust which it has valued at \$76,833 using a 5.0% discount rate to estimate the present value of the future benefits based on the income beneficiary's life expectancy.

13. Deferred Revenue

Deferred revenue consists of amounts advanced to the Organization under mortgage assistance grants (the "Grants") from the State of California Department of Housing and Community Development ("Cal Home") and NMTC deferred revenue (see Note 18). The Grants are to provide mortgage assistance to eligible low and moderate-income homeowners within Los Angeles County. The financial assistance to each homeowner is limited based on a calculated gap between the price of the home and the financial resources available to the homeowner. At June 30, 2022 and 2021, the Organization reported deferred revenue of \$574,300 and \$500,471, respectively.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

14. Notes Payable – Other

In December 2018, Habitat LA entered into a Credit and Security Agreement and Business Loan Agreement with Cathay Bank set forth below. The borrowings from Cathay Bank are subject to various covenants including the following financial covenants: (i) maintain a minimum liquidity of not less than \$1.5 million as of each quarter-end; (ii) maintain a minimum current ratio of not less than 2.00 to 1.00; (iii) maximum debt to tangible net worth (total net assets) ratio of not more than 2.00 to 1.00 as of each quarter-end; (iv) maintain minimum effective tangible net worth (total net assets) of not less than \$19.0 million as of each quarter-end; (v) maintain minimum net income (change in net assets) of not less than \$1.00; and (vi) maintain a consolidated debt service coverage ratio (as defined in the Cathay Bank agreements) of not less than 1.20 to 1.00. At June 30, 2022, Habitat LA was in substantial compliance with these covenants and its interpretation thereof.

Habitat LA's notes payable are summarized as follows as of June 30:

	2022	2021
Revolving loans, due on the earliest of (i) the date that is 18 months from the date the advance was made, or (ii) December 20, 2022; with interest at the U.S. prime rate plus .50%. The Note is secured by substantially all the assets of Habitat LA, including a Second Deed of Trust of up to \$5.0 million on its corporate facility located in Bellflower, California.	\$ 1,547,374	\$ 1,168,000
Term loan, payable in equal monthly principal installments of \$10,000 maturing on December 31, 2023, with interest at a fixed rate of 5.25%.	340,000	460,000
Promissory Note maturing on January 1, 2026, interest at a fixed rate of 5.07%, payable in monthly principal and interest payments of \$28,996, with the balance due at maturity. The Note is collateralized by a Deed of Trust on Habitat LA's corporate facility located in Bellflower, California.	4,530,024	4,641,954
Promissory note maturing on January 1, 2022, interest at the prime rate plus .50%, principal and interest due on February 1, 2023. The Note has an interest reserve of \$58,000 and is collateralized by a Deed of Trust on the 200 – 210 East 14 th Street, 1332 Locust Avenue, Long Beach properties.	1,000,000	1,000,000
Promissory note maturing on August 31, 2026, interest at 6.0% fixed through maturity date, principal and interest due on August 31, 2026. The Note is collateralized by a Deed of Trust on the 215 - 228 El Segundo Blvd, Los Angeles properties.	34,006	-
Promissory note maturing on August 31, 2023, interest at 6.5% fixed through maturity date, principal and interest due on August 31, 2023. The Note is collateralized by a Deed of Trust on the 1307 - 1311 W. 109 th Street, Los Angeles properties. The loan was paid off in December 2021.	-	74,050
Promissory note maturing on August 31, 2023, interest at 6.5% fixed through maturity date, principal and interest due on August 31, 2023. The Note is collateralized by a Deed of Trust on the 1310 and 1312 W. 94 th Street, Los Angeles properties. The loan was paid off in May 2022.	-	11,739
Total	<u>\$ 7,451,404</u>	<u>\$ 7,355,743</u>

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

14. Notes Payable – Other, continued

Minimum scheduled future principal payments for notes payable are summarized as follows:

For the year ending June 30:

2023	\$ 2,789,031
2024	347,973
2025	134,614
2026	4,145,778
2027	34,008
Total	<u>\$ 7,451,404</u>

15. Notes Payable – Governmental Agencies

Habitat LA is awarded grants by governmental agencies, generally in the form of loans to finance, in part, the acquisition and development of specific housing projects. The grant/loan agreements require a written Disposition and Development Agreement (“DDA”) between Habitat LA and the city granting the funds. These loans are secured by deeds of trust on the development property and are generally non-interest bearing with a maturity date of the earlier of one to two years or the sale/transfer of the property. No payments of interest or principal are due during the loan term except in the case of an “Event of Default” as defined in the loan agreement. Upon project completion, if Habitat LA sells/transfers the property to a qualified buyer, the proportionate amount of debt owed by Habitat LA on the property is forgiven as to Habitat LA but remains a lien on the property that transfers to the homeowner as a mortgage. Accordingly, at the date the property sale/transfer and fulfillment of the terms of the loan agreement occur, the amount of outstanding debt being forgiven is recorded as additional home sale proceeds by Habitat LA.

As set forth herein, the terms and conditions of notes payable – governmental agencies do not require Habitat LA to remit principal or interest payments on the obligations.

The following is a summary of Habitat LA’s notes payable – governmental agencies as of June 30:

	2022	2021
City of Los Angeles	\$ -	\$ 725,000
City of Long Beach	1,014,860	1,016,527
	<u>\$ 1,014,860</u>	<u>\$ 1,741,527</u>

16. Paycheck Protection Program

In April 2021, Habitat LA received a second-draw forgivable loan of \$1,703,287 under the Paycheck Protection Program (“PPP”) established under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The PPP is administered by the Small Business Administration (“SBA”). Under the terms of the CARES Act, PPP loan receipts can apply for, and the SBA can grant forgiveness of all or a portion of loans made under the PPP if the recipients use the PPP loan proceeds for eligible purposes, as set forth in the CARES Act. In May 2022, Habitat LA received \$1,722,793 of principal and interest in PPP loan forgiveness.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

17. Related Party Transactions

Habitat LA remits a discretionary portion of its unrestricted contributions (excluding in-kind contributions) to Habitat International on an annual basis (the "Tithe"). The Tithe is used to construct homes in economically depressed areas around the world. In addition, Habitat LA receives significant pass-through contributions on behalf of domestic and international Habitat affiliates. In general, these pass-through contributions are credited towards the Tithe. These pass-through contributions generally do not provide Habitat LA with variance power as to which affiliates the funds are designated for; accordingly, the Organization does not recognize contribution revenue upon receipt of the funds and does not record an expense upon the disbursement of these funds since Habitat LA is an agent in these transactions. During the years ended June 30, 2022 and 2021, Habitat LA recorded \$138,355 and \$86,628, respectively, in Tithes expense. At June 30, 2022 and 2021, Tithes due Habitat International were \$33,414 and \$15,059, respectively.

During the years ended June 30, 2022 and 2021, Habitat LA recorded \$97,918 and \$100,004, respectively, in contributions and pledge payments from members of Habitat LA's Board of Directors or from parties related to Board members.

18. New Market Tax Credit Transactions

In April 2015, the Organization became an investor in HFHI NMTC Leverage Lender 2013-1, LLC ("Leverage Lender") for \$1,436,986 along with three (3) other Habitat Affiliates, of which Habitat NMTC Management, LLC was the managing member. U.S. Bancorp Community Development Corporation ("USB CDC") structured the transaction in order to qualify for New Markets Tax Credits. Through a series of transactions, the Organization obtained a loan from HFHI NMTC Sub-CDE I, LLC ("CDE I") in an amount of \$2,104,359 with interest at 0.682930% per annum, payable in semi-annual payments of interest only through May 5, 2024, at which time the Organization shall make semi-annual principal payments in amounts sufficient to amortize the loan over twenty-one (21) years. The closing costs and structuring fees associated with this transaction were \$146,667, which are being amortized over seven (7) years and a cash reserve fund of \$105,647 was established. As a result of the 2015 NMTC Transaction, the Organization received \$415,059 of net cash to invest in the construction of low-income housing projects. This amount represents the net profit the Organization expects to realize on the 2015 NMTC Transaction.

The loan payable to CDE I is a below market interest rate loan. Furthermore, the cash flows of the 2015 NMTC Transaction are structured such that the Organization will not be obligated to fund any cash flow for repayment of the debt due CDE I. For consolidated financial statement presentation purposes, the Organization has offset the investment in Leverage Lender with its loan payable to CDE I based on a right of offset because of the economic substance of the 2015 NMTC Transaction. Accordingly, the Organization's financial statements report only the net asset value of the 2015 NMTC Transaction, after offsetting the discounted note payable CDE, transaction costs and the investment in LLC.

The Organization recorded net deferred revenue of \$668,291 from the 2015 NMTC Transaction, which is being amortized over seven (7) years, the expected life of the transaction. Accordingly, at June 30, 2022 and 2021, Habitat LA reported deferred revenue of \$0 and \$95,471, respectively, associated with the 2015 NMTC Transaction.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

19. Contributed Nonfinancial Assets

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	2022	2021
Materials	\$ 477,091	\$ 374,006
Services	557,596	195,624
Land	732,000	325,000
	<u>\$ 1,766,687</u>	<u>\$ 894,630</u>

Habitat LA recognized contributed nonfinancial assets within revenue, including materials, services, and land. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed materials, services, and land was utilized in the following programs: homeownership, home repair, ReStore, and fundraising. In valuing materials, Habitat LA estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. In valuing land, Habitat LA estimated the fair value on the basis of recent comparable sales prices in the area's real estate market. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar services.

20. Commitments

Habitat LA leases two ReStore facilities under non-cancellable operating leases through July 2024 and August 2027. Rent expense for the years ended June 30, 2022 and 2021 under these operating leases was \$780,338 and \$741,531, respectively. In addition, Habitat LA leases various vehicles under non-cancellable operating leases through May 2026. Vehicle rental expense for the years ended June 30, 2022 and 2021 was \$225,335 and \$208,515, respectively.

Future minimum rental payments under non-cancellable operating leases are as follows:

	Building Leases	Equipment Leases	Total
Year ending June 30:			
2023	\$ 731,954	\$ 192,951	\$ 924,905
2024	785,168	155,994	941,162
2025	515,374	148,146	663,520
2026	504,238	2,759	506,997
2027	519,365	-	519,365
Thereafter	308,190	-	308,190
Total	<u>\$ 3,364,289</u>	<u>\$ 499,850</u>	<u>\$ 3,864,139</u>

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

21. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 consist of amounts restricted by donor-imposed stipulations as follows:

	2022	2021
Home Sponsorships	\$ 1,551,838	\$ 1,781,928
Community Programs	382,943	429,357
Wildfire Relief	356,244	907,655
Charitable Remainder Trusts	142,145	142,145
Multi-Year Capital Campaign Funds	206,887	206,887
Total net assets with donor restrictions	<u>\$ 2,640,057</u>	<u>\$ 3,467,972</u>

Net assets released from restrictions are as follows for the years ended June 30:

	2022	2021
Restricted by purpose:		
Home Sponsorships	\$ 3,519,889	\$ 2,107,762
Community Programs	2,366,860	3,020,981
Wildfire Relief	576,511	534,697
Total net assets released from restrictions	<u>\$ 6,463,260</u>	<u>\$ 5,663,440</u>

22. Legal Contingencies

Habitat LA is subject to various legal proceedings and claims which arise in the normal course of its activities and that have not been fully adjudicated. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against Habitat LA in a reporting period for amounts in excess of management's expectations, Habitat LA's financial condition and operating results for that reporting period could be materially adversely affected. Although it is not possible to predict the outcome of these matters, in the opinion of management, there was not at least a reasonable possibility Habitat LA may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims.

23. Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic, which continues to spread throughout the United States and the world. COVID-19 is having an unprecedented impact on the U.S. economy as federal, state and local governments react to this public health crisis. The spread of COVID-19 has caused significant volatility in U.S. and international financial markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. Habitat LA has been able to operate its ReStores during the pandemic as they qualify as essential businesses. However, the pandemic has forced Habitat LA to cancel certain of its in person fundraising events, which has resulted in a decrease of special events revenue during the years ended June 30, 2022 and 2021. Because of these uncertainties, the Organization is unable to determine if the pandemic will have a material impact to its future operations, financial position or statement of activities.

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

24. Subsequent Events

In preparing these consolidated financial statements, Habitat LA evaluated the period from July 1, 2022 through March 3, 2023, the date that the consolidated financial statements were available to be issued, for subsequent events requiring recognition or disclosure in the accompanying consolidated financial statements.

Management concluded that no material subsequent events have occurred since June 30, 2022 that require recognition or disclosure in such consolidated financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

(with summarized comparative information as of June 30, 2021)

	2022					2021
	Habitat for Humanity - Greater Los Angeles	Partnership Housing, Inc.	Subtotal	Elimination	Consolidated	Totals
ASSETS						
Cash and cash equivalents	\$ 22,199,311	\$ 12,079	\$ 22,211,390	\$ -	\$ 22,211,390	\$ 4,908,792
Program service grants receivable	1,618,496	30,000	1,648,496	(30,000)	1,618,496	-
Unconditional promises to give, net of unamortized discount	1,094,689	-	1,094,689	-	1,094,689	2,488,838
Mortgage notes receivable, net of unamortized discount	13,355,634	172,855	13,528,489	-	13,528,489	13,171,915
Prepaid expenses	281,786	-	281,786	-	281,786	210,252
Inventories	2,319,106	-	2,319,106	-	2,319,106	1,729,033
Construction in process	11,008,686	-	11,008,686	-	11,008,686	10,210,173
Property and equipment, net of accumulated depreciation	4,418,258	-	4,418,258	-	4,418,258	4,438,177
Deposits and other assets	982,505	-	982,505	-	982,505	765,884
Total assets	<u>\$ 57,278,471</u>	<u>\$ 214,934</u>	<u>\$ 57,493,405</u>	<u>\$ (30,000)</u>	<u>\$ 57,463,405</u>	<u>\$ 37,923,064</u>
LIABILITIES AND NET ASSETS						
Accounts payable	\$ 320,228	\$ 602	\$ 320,830	\$ (30,000)	\$ 290,830	\$ 1,029,314
Accrued expenses	1,364,584	1,521	1,366,105	-	1,366,105	1,217,473
Deferred revenue	574,300	-	574,300	-	574,300	500,471
Note payable - Paycheck Protection Program	-	-	-	-	-	1,703,287
Notes payable - governmental agencies	1,014,860	-	1,014,860	-	1,014,860	1,741,527
Notes payable - other	7,451,404	-	7,451,404	-	7,451,404	7,355,743
Total liabilities	<u>10,725,376</u>	<u>2,123</u>	<u>10,727,499</u>	<u>(30,000)</u>	<u>10,697,499</u>	<u>13,547,815</u>
Commitments						
Net assets:						
Without donor restrictions	43,913,038	212,811	44,125,849	-	44,125,849	20,907,277
With donor restrictions	2,640,057	-	2,640,057	-	2,640,057	3,467,972
Total net assets	<u>46,553,095</u>	<u>212,811</u>	<u>46,765,906</u>	<u>-</u>	<u>46,765,906</u>	<u>24,375,249</u>
Total liabilities and net assets	<u>\$ 57,278,471</u>	<u>\$ 214,934</u>	<u>\$ 57,493,405</u>	<u>\$ (30,000)</u>	<u>\$ 57,463,405</u>	<u>\$ 37,923,064</u>

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2022
(with summarized comparative information for the year ended June 30, 2021)

	2022												
	Habitat for Humanity- Greater Los Angeles			Partnership Housing, Inc.			Elimination			Consolidated			
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	2021 Totals
Support and revenue:													
Contributions	\$ 22,373,712	\$ 1,064,804	\$ 23,438,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,373,712	\$ 1,064,804	\$ 23,438,516	\$ 4,437,081
Contributions of nonfinancial assets	291,076	1,475,611	1,766,687	-	-	-	-	-	-	291,076	1,475,611	1,766,687	894,630
Sales of homes	4,660,415	600,000	5,260,415	-	-	-	-	-	-	4,660,415	600,000	5,260,415	5,640,276
ReStore sales of donated goods received	8,665,474	-	8,665,474	-	-	-	-	-	-	8,665,474	-	8,665,474	7,988,306
ReStore sales of purchased products	553,920	-	553,920	-	-	-	-	-	-	553,920	-	553,920	808,967
ReStore value of donated goods received	9,317,616	-	9,317,616	-	-	-	-	-	-	9,317,616	-	9,317,616	7,997,159
Government grants	504,462	2,494,930	2,999,392	-	-	-	-	-	-	504,462	2,494,930	2,999,392	30,754
Special events revenue, net of costs of direct benefit to donors	512,667	-	512,667	-	-	-	-	-	-	512,667	-	512,667	547,090
Mortgage loan discount amortization	1,952,881	-	1,952,881	9,003	-	9,003	-	-	-	1,961,884	-	1,961,884	1,661,553
Other income	143,438	-	143,438	-	-	-	-	-	-	143,438	-	143,438	290,014
Net assets released from restrictions:													
Satisfaction of program restrictions	6,463,260	(6,463,260)	-	-	-	-	-	-	-	6,463,260	(6,463,260)	-	-
Total revenue, gains, and other support	55,438,921	(827,915)	54,611,006	9,003	-	9,003	-	-	-	55,447,924	(827,915)	54,620,009	30,295,830
Expenses:													
Program services:													
Homeownership	10,498,617	-	10,498,617	15,014	-	15,014	-	-	-	10,513,631	-	10,513,631	8,387,082
Home repair	3,566,711	-	3,566,711	-	-	-	-	-	-	3,566,711	-	3,566,711	2,845,287
Restore	16,961,175	-	16,961,175	-	-	-	-	-	-	16,961,175	-	16,961,175	15,742,044
Supporting services:													
Fundraising	1,579,397	-	1,579,397	-	-	-	-	-	-	1,579,397	-	1,579,397	1,601,453
Management and general	1,192,042	-	1,192,042	834	-	834	-	-	-	1,192,876	-	1,192,876	1,225,456
Total functional expenses	33,797,942	-	33,797,942	15,848	-	15,848	-	-	-	33,813,790	-	33,813,790	29,801,322
Unallocated payments to national organization	138,355	-	138,355	-	-	-	-	-	-	138,355	-	138,355	86,628
Total expenses	33,936,297	-	33,936,297	15,848	-	15,848	-	-	-	33,952,145	-	33,952,145	29,887,950
Increase in net assets from operations	21,502,624	(827,915)	20,674,709	(6,845)	-	(6,845)	-	-	-	21,495,779	(827,915)	20,667,864	407,880
Increase in net assets from non-operating activities:													
Forgiveness of debt - Paycheck Protection Program	1,722,793	-	1,722,793	-	-	-	-	-	-	1,722,793	-	1,722,793	1,583,261
Change in net assets	23,225,417	(827,915)	22,397,502	(6,845)	-	(6,845)	-	-	-	23,218,572	(827,915)	22,390,657	1,991,141
Net assets, beginning of year	20,687,621	3,467,972	24,155,593	219,656	-	219,656	-	-	-	20,907,277	3,467,972	24,375,249	22,384,108
Net assets, end of year	\$ 43,913,038	\$ 2,640,057	\$ 46,553,095	\$ 212,811	\$ -	\$ 212,811	\$ -	\$ -	\$ -	\$ 44,125,849	\$ 2,640,057	\$ 46,765,906	\$ 24,375,249

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

(with summarized comparative information for the year ended June 30, 2021)

	2022								
	Habitat for Humanity- Greater Los Angeles					Partnership Housing, Inc.			
	Program Services			Supporting Services		Program Services	Supporting Services		
	Homeownership	Home Repair	Restore	Fundraising	Management and General	Homeownership	Fundraising	Management and General	
Cost of homes sold - construction costs	\$ 4,851,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cost of homes sold - mortgage discount	2,491,981	-	-	-	-	-	-	-	
Cost of goods sold - ReStore	-	-	915,740	-	-	-	-	-	
Value of donated goods sold - ReStore	-	-	8,665,474	-	-	-	-	-	
Salaries	1,275,571	1,092,901	3,554,569	679,420	828,254	13,620	-	-	
Payroll taxes and benefits	225,597	205,561	820,683	127,784	148,298	1,394	-	-	
Americorp	42,395	-	-	-	-	-	-	-	
Bank fees and charges	11,289	-	160,933	155,805	-	-	-	132	
Home repair	-	1,855,236	-	-	-	-	-	-	
Build events and community programs	566,162	118,228	-	234,870	-	-	-	-	
Special events other costs	-	-	-	204,437	-	-	-	-	
Depreciation	63,832	-	-	-	-	-	-	-	
Facilities - rent / lease costs	-	-	780,338	-	-	-	-	-	
Insurance	66,561	19,243	117,343	-	-	-	-	520	
Interest and amortization of loan fees	281,878	-	-	-	-	-	-	-	
Office and other	243,581	98,693	295,656	27,313	33,204	-	-	182	
Professional and outside services	102,653	96,344	629,971	138,026	153,354	-	-	-	
Real estate - closing and development	70,628	-	-	-	-	-	-	-	
Telephone	19,779	19,779	76,988	8,444	14,305	-	-	-	
Travel	37,979	6,942	19,061	3,298	14,627	-	-	-	
Utilities and facility maintenance	100,248	33,602	562,985	-	-	-	-	-	
Vehicles	46,700	20,182	361,434	-	-	-	-	-	
Totals	\$ 10,498,617	\$ 3,566,711	\$ 16,961,175	\$ 1,579,397	\$ 1,192,042	\$ 15,014	\$ -	\$ 834	

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES, Continued
For the year ended June 30, 2022
(with summarized comparative information for the year ended June 30, 2021)

	2022							
	Subtotal		Eliminations		Consolidated			2021
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Totals	Totals
Cost of homes sold - construction costs	\$ 4,851,783	\$ -	\$ -	\$ -	\$ 4,851,783	\$ -	\$ 4,851,783	\$ 4,098,788
Cost of homes sold - mortgage discount	2,491,981	-	-	-	2,491,981	-	2,491,981	1,963,308
Cost of goods sold - ReStore	915,740	-	-	-	915,740	-	915,740	882,861
Value of donated goods sold - ReStore	8,665,474	-	-	-	8,665,474	-	8,665,474	7,978,524
Salaries	5,936,661	1,507,674	-	-	5,936,661	1,507,674	7,444,335	6,915,890
Payroll taxes and benefits	1,253,235	276,082	-	-	1,253,235	276,082	1,529,317	1,370,574
Americorp	42,395	-	-	-	42,395	-	42,395	61,379
Bank fees and charges	172,222	155,937	-	-	172,222	155,937	328,159	328,805
Home repair	1,855,236	-	-	-	1,855,236	-	1,855,236	1,036,500
Build events and community programs	684,390	234,870	-	-	684,390	234,870	919,260	850,777
Special events other costs	-	204,437	-	-	-	204,437	204,437	141,586
Depreciation	63,832	-	-	-	63,832	-	63,832	67,674
Facilities - rent / lease costs	780,338	-	-	-	780,338	-	780,338	741,531
Insurance	203,147	520	-	-	203,147	520	203,667	196,654
Interest and amortization of loan fees	281,878	-	-	-	281,878	-	281,878	286,299
Office and other	637,930	60,699	-	-	637,930	60,699	698,629	784,975
Professional and outside services	828,968	291,380	-	-	828,968	291,380	1,120,348	998,607
Real estate - closing and development	70,628	-	-	-	70,628	-	70,628	10,178
Telephone	116,546	22,749	-	-	116,546	22,749	139,295	113,543
Travel	63,982	17,925	-	-	63,982	17,925	81,907	23,269
Utilities and facility maintenance	696,835	-	-	-	696,835	-	696,835	593,729
Vehicles	428,316	-	-	-	428,316	-	428,316	355,871
Totals	\$ 31,041,517	\$ 2,772,273	\$ -	\$ -	\$ 31,041,517	\$ 2,772,273	\$ 33,813,790	\$ 29,801,322

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended June 30, 2022
(with summarized comparative information for the year ended June 30, 2021)

	2022					2021
	Habitat for Humanity - Greater Los Angeles	Partnership Housing, Inc.	Subtotal	Elimination	Consolidated	Totals
Operating activities:						
Change in net assets	\$ 22,397,502	\$ (6,845)	\$ 22,390,657	\$ -	\$ 22,390,657	\$ 1,991,141
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:						
Origination of non-interest bearing mortgages, net	(3,015,200)	-	(3,015,200)	-	(3,015,200)	(2,563,000)
Issuance of unamortized mortgage discounts	2,491,981	-	2,491,981	-	2,491,981	1,963,308
Mortgage discount amortization	(904,883)	(9,003)	(913,886)	-	(913,886)	(1,661,556)
Net change in discount on multi-year pledges	(26,110)	-	(26,110)	-	(26,110)	(13,094)
In-kind contributions of property, construction costs, and other assets	(629,008)	-	(629,008)	-	(629,008)	(1,670,479)
Forgiveness of debt - Paycheck Protection Program	(1,722,793)	-	(1,722,793)	-	(1,722,793)	(1,583,261)
Forgiveness / transfer of notes payable, government agencies and related accrued interest to homeowners	(725,000)	-	(725,000)	-	(725,000)	(1,555,394)
Depreciation	63,832	-	63,832	-	63,832	67,674
(Increase) decrease in assets:						
Program service grants receivable	(1,618,496)	-	(1,618,496)	-	(1,618,496)	47,134
Contributions receivable	1,420,259	-	1,420,259	-	1,420,259	295,461
Prepaid expenses	(71,534)	-	(71,534)	-	(71,534)	(32,687)
Inventories	(590,073)	-	(590,073)	-	(590,073)	134,433
Construction in process, net of non-cash items	(169,505)	-	(169,505)	-	(169,505)	412,382
Deposits and other assets (except loan fees)	(216,621)	-	(216,621)	-	(216,621)	117,290
Increase (decrease) in liabilities:						
Accounts payable	(737,934)	(545)	(738,479)	-	(738,479)	385,812
Accrued expenses, net of accrued capitalized interest and forgiven interest	152,640	1,391	154,031	-	154,031	123,245
Deposits and impounds	-	-	-	-	-	11,658
Deferred revenue	73,829	-	73,829	-	73,829	(100,470)
Net cash and cash equivalents (used in) provided by operating activities	16,172,886	(15,002)	16,157,884	-	16,157,884	(3,630,403)

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS, Continued

For the year ended June 30, 2022

(with summarized comparative information for the year ended June 30, 2021)

	2022					2021
	Habitat for Humanity - Greater Los Angeles	Partnership Housing, Inc.	Subtotal	Elimination	Consolidated	Totals
Investing activities:						
Acquisition of property and equipment	(43,913)	-	(43,913)	-	(43,913)	(103,398)
Mortgage payments received	1,080,529	-	1,080,529	-	1,080,529	1,904,294
Net cash and cash equivalents provided by investing activities	1,036,616	-	1,036,616	-	1,036,616	1,800,896
Financing activities:						
Proceeds from line of credit	1,139,372	-	1,139,372	-	1,139,372	1,168,000
Payments on line of credit	(760,000)	-	(760,000)	-	(760,000)	(122,000)
Cash proceeds from notes payable	1,073,311	-	1,073,311	-	1,073,311	668,139
Cash proceeds from Paycheck Protection Program	-	-	-	-	-	1,703,287
Principal payments on notes payable	(1,339,186)	-	(1,339,186)	-	(1,339,186)	(1,208,684)
Payments on capitalized lease obligations payable	(5,399)	-	(5,399)	-	(5,399)	(6,961)
Net cash and cash equivalents provided by (used in) financing activities	108,098	-	108,098	-	108,098	2,201,781
Net change in cash and cash equivalents	17,317,600	(15,002)	17,302,598	-	17,302,598	372,274
Cash and cash equivalents, beginning of the year	4,881,710	27,082	4,908,792	-	4,908,792	4,536,518
Cash and cash equivalents, end of the year	\$ 22,199,310	\$ 12,080	\$ 22,211,390	\$ -	\$ 22,211,390	\$ 4,908,792