Habitat for Humanity Saint Louis Dashboard
as of May 31, 2022

RESOURCE DEVELOPMENT	**May**	**YTD**	**Notes:**		
New Donors	4	35			
New Keystone Benefit Members ($1500+ Annually/Mission Support)	4	24			
Build Benefits Pledged	$0	$123,500			
Build Benefits Recd To Date	$13,514	$102,014	Not all groups go through pledge process		
Renewed Donors	30%				
BOD Funds Pledged	$500	$30,800			
BOD: Funds Received	$1,250	$20,950			
BOD % Giving	15%	52%			
BOD Meeting Attendance	69%				
PROGRAM					
Homes Under Construction	6		Not including API / API +3		
Homes Closed	0				
Average Cost / Closed Home	n/a				
Future Build Sites Available	17	4 or 5 LaSaisonII, 6 Lookaway, 3 Gate Dist., 3 UCity			
Applicants Pipeline	50	200+			
Mortgage Loan Fund Balance	*$4,090,610*	Both Royal Banks and FirstBank renewed with a second $1 mill each			
RESTORE	**YTD Actual**	**YTD Budget**	**%**	**Annual Budget**	**Notes**
Revenue RSS	$ 182,316	$ 222,000	82%	$550,000	Sales Only
Revenue RDP	$ 170,547	$ 249,500	68%	$ 615,000	
ReStore P/L	$ 39,090	$ 94,965	41%	$ 483,241	
# of Donations	730	142 Pick Ups/Drop Offs: 89 RSS and 499 RDP			
FINANCIALS					
Income: Mission Support	$ 368,027	$ 322,440	114%	$1,281,750	
Program	$ 215,980	$ 120,505	179%	$3,949,303	
ReStore	$ 856,733	$ 1,094,808	78%	$3,084,205	
Management General	$ 101,789	$ 97,740	104%	$382,745	
Other					
TOTAL INCOME	$ 1,542,529	$ 1,635,493	94%	$8,698,003	
Expenses: Home Construction	$ 41,905	$ 28,556	147%	$3,187,635	CIP = $883,752
Operating	$ 892,456	$ 938,182	95%	$2,893,983	
ReStore	$ 817,643	$ 999,843	82%	$2,600,964	
TOTAL EXPENSES	$ 1,752,004	$ 1,966,581	89%	$8,682,582	
Net Profit/Loss	$ (209,475)	$ (331,088)	63%	$15,421	
	YTD 2022	YTD 2021		Change	
Year/Year Change in Cash	$ 58,234	$ 163,732	$	(105,498)	
Year/Year AP	$ 297,068	$ 725,970	$	(428,902)	
Year/Year Debt LT	$ 3,236,979	$ 3,276,802	$	(39,823)	
Year/Year Debt ST	$ 735,064	$ 1,087,497	$	(352,433)	

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FORWARD THINKING.

Business Performance Analysis

Habitat for Humanity Saint Louis and its Affiliates

NEXIA INTERNATIONAL
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Year Ended December 31, 2021

Meeting the challenges. Helping the important work continue.

As a top 15 national public accounting firm, CohnReznick LLP serves the not-for-profit industry with accounting, tax and business advisory services to help build efficiency into financial management processes. We have been associated with not-for-profits since our inception, and currently serve more than 500 every year.

By providing clients with forward thinking advice and insights, quality services and year-round involvement, CohnReznick is helping not-for-profits successfully fulfill its mission; that not only benefits them, it benefits us all.

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AUDITOR COMMUNICATIONS

To the Board of Directors

Habitat for Humanity Saint Louis and its Affiliates

We have audited the consolidated financial statements of Habitat for Humanity Saint Louis and its Affiliates for the year ended December 31, 2021 and have issued our report thereon dated **Report Date**. Professional standards require that we provide you with information about our responsibilities under general accepted accounting standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated **Report Date**. Professional standards also require that we communicate to you the information in the following pages that is related to our audit.

CohnReznick LLP

Report Date

AUDITOR COMMUNICATIONS (continued)

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Habitat for Humanity Saint Louis and its Affiliates ("Habitat") are described in Note 2 to the financial statements. We noted no transactions entered into by Habitat during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement issuers. The financial statement disclosures were neutral, consistent and clear. The most sensitive disclosure affecting the financial statements is:

- New Markets Tax Credit program investments and related debt (Note 11)

AUDITOR COMMUNICATIONS (continued)

Management Judgment and Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

- Mortgage receivables are valued at fair market value at inception, at which time the face value is reported net of an expected discount (based on historical sales prices) that will result from conversion to sales to a third-party financial institution.

- Management's estimate of the allowances for uncollectible accounts for promises to give and mortgages receivable is based on past collection history and knowledge of the third parties.

AUDITOR COMMUNICATIONS (continued)

Management Judgment and Estimates (continued)

- Leased homes and homes available for sale are valued in inventory at cost, net of impairment that will result from conversion to sales.
- Construction in progress includes direct material and equipment costs and indirect home construction costs. Costs are expensed when home sale revenue is recognized. CIP is recorded at cost, net of impairment that will result from conversion to sales.
- Management's estimate of the depreciable lives of property and equipment is based on the assets' estimate useful lives.
- Functional expense allocations are calculated based on periodic time and expense studies.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

AUDITOR COMMUNICATIONS (continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this communication, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

AUDITOR COMMUNICATIONS (continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such material misstatements were noted.

In addition, none of the uncorrected misstatements detected as a result of the audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole. Management has passed on these adjustments, which are summarized at Appendix A.

AUDITOR COMMUNICATIONS (continued)

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management on an on-going basis. These discussions occur in the normal course of our professional relationship and there were no matters of significant discussion that affected our retention as Habitat's auditors.

Management Representations

We will request certain representations from management that will be included in the management representation letter prior to finalizing the audit.

AUDITOR COMMUNICATIONS (continued)

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Habitat's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

ACCOUNTING GUIDANCE UPDATES - TECHNICAL TIMELINE

Effective Date	Accounting Standards Update
January 1, 2022	Leases
January 1, 2023	Financial Instruments – Credit Losses

Leases

In February 2016, the FASB released its long-awaited standard for lease accounting (Accounting Standards Update No. 2016-02), in an effort to reduce "off-balance sheet accounting." The IASB issued a similar standard in January 2016.

The main difference between current guidance and the update is the recognition of lease assets and lease liabilities on the books for those leases previously classified as operating leases.

Financial Instruments – Credit Losses

In June 2016, the FASB released its standard for lease accounting (Accounting Standards Update No. 2016-13), to update the impairment model for financial assets measured at amortized cost, known as the Current Expected Credit Loss ("CECL") model.

For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for losses. For available-for-sale debt securities with unrealized losses, there will be no change to the measurement of credit losses, except that unrealized losses due to credit-related factors will be recognized as an allowance on the balance sheet with a corresponding adjustment to earnings in the income statement.

STRENGTHS AND ACCOMPLISHMENTS

1. During 2021 and despite the continued challenges of the pandemic, 11 homes – all built to Zero Energy Ready standards – were under construction in La Saison, Gate, Lookaway and Bevo Mill. Additionally, 6 homes closed during the year.

2. For the first time, HFHSL received an allocation of $250,000 from the State of MO through a general revenue allocation. Because of the first-year success, a second allocation in the same amount has since been procured.

3. In keeping with the PPP program intent to provide economic relief to entities adversely impacted by the pandemic, HFHSL successfully applied for and received a second round of PPP funding of over $430,000. Meeting all the terms of the program, the loan was also forgiven during 2021.

4. While corporate support through the Keystone Community Partnership decreased due to the restrictions of providing build benefits, individual giving increased by just under 20% resulting in overall strong Mission Support revenue.

5. In partnership with the Art Place Initiative, as General Contractor among other roles, two additional units of affordable housing were generated in the Gravois South Jefferson area along with over $50,000 in revenue to HFHSL.

6. The ReStore program remained profitable while also diverting over 8,000 tons of materials from area landfills.

OPPORTUNITIES FOR IMPROVEMENT

Area	Recommendation
- Fundraising	Renewed campaign for fundraising participation by all Board Members and Management.
- Liquidity and operations	Continue to improve operating cash flow and management of current liabilities in accordance with the new Financial Reporting standards
- Mortgage servicing	Research capabilities of accounting software system to determine if improvements can be made to tracking homeowners' escrow balances and for servicing in-house mortgages prior to sale.

ASSETS, LIABILITIES, AND NET ASSETS

	December 31, 2021	2020	Observations
Current assets			
Cash and cash equivalents	142,992	$ 51,916	
Restricted cash	79,720	86,474	
Pledges receivable	2,100	17,600	
Grants receivable	26,400	3,900	
			Increase due to the timing of check exchange payments
Other receivables	613,100	283,315	
Home construction and inventory	936,359	1,494,120	Decrease due to five houses from 2020 selling in 2021
ReStore inventory	234,590	320,162	
Prepaid expenses and other assets	708,815	493,600	
Total current assets	2,753,076	2,751,087	
Fixed assets			
Property and equipment, net	3,629,265	3,746,672	
Total fixed assets	3,629,265	3,746,672	
Long-term assets			
Mortgages receivable - long-term, net	1,249,989	1,459,972	
Investments in New Markets Tax Credit programs			
Harbor Habitat Leverage III, LLC	1,194,824	1,194,824	
Harbor Habitat Leverage II, LLC	1,260,552	1,260,552	
Capitalized costs, net	124,735	166,103	
Total long-term assets	3,830,100	4,081,451	
Total assets	$ 10,212,441	$ 10,579,210	

ASSETS, LIABILITIES, AND NET ASSETS (continued)

	December 31, 2021	December 31, 2020	Observations
Current liabilities			
Line of credit	$ 377,048	$ 882,624	Decrease due to line of credit payoff with house sales
Current portion of long-term debt	40,611	29,767	
Accounts payable and accrued expenses	973,076	834,494	
Deferred revenue	650,560	834,959	
Total current liabilities	2,041,295	2,581,844	
Deposits liability			
Mortgage escrows	270,747	365,390	
Long-term liabilities			
Long-term debt	3,213,322	3,250,465	
Long-term debt - NMTC 2017 and 2020 transactions	3,236,250	3,236,250	
Total long-term liabilities	6,449,572	6,486,715	
Total liabilities	8,761,614	9,433,949	
Net assets			
Without donor restrictions	1,435,941	1,132,875	
With donor restrictions	14,886	12,386	
Total net assets	1,450,827	1,145,261	
Total liabilities and net assets	$ 10,212,441	$ 10,579,210	

SUPPORT, REVENUES AND EXPENSES

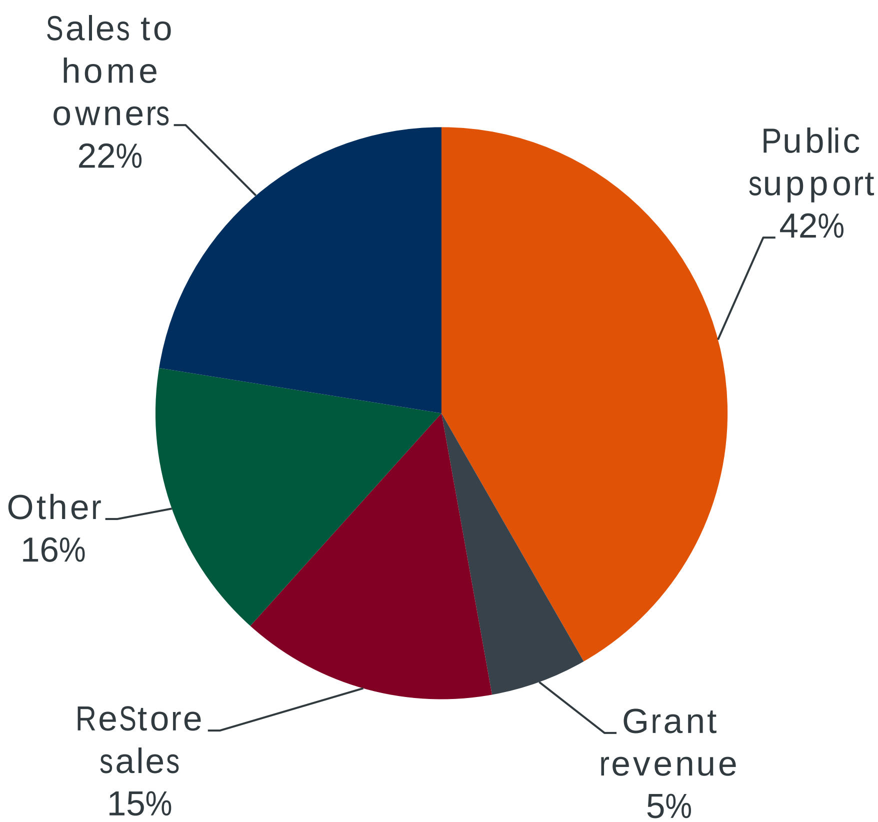
	For the Years Ended December 31,				
	2021	2020	2019	2018	2017
Total support and revenues	$ 6,888,677	$ 4,464,318	$ 7,081,675	$ 7,555,021	$ 7,952,288
Expenses					
Program services:					
Home construction	3,342,278	1,719,778	3,717,872	3,224,515	3,514,370
ReStore operating expenses	2,285,731	2,000,562	2,451,406	2,594,225	2,334,475
Total program services	5,628,009	3,720,340	6,169,278	5,818,740	5,848,845
Supporting activities:					
Management and general	647,758	589,707	748,329	727,102	881,421
Fundraising	307,344	251,588	321,560	353,024	315,671
Total supporting activities	955,102	841,295	1,069,889	1,080,126	1,197,092
Total expenses	6,583,111	4,561,635	7,239,167	6,898,866	7,045,937
Increase (decrease) in net assets	$ 305,566	$ (97,317)	$ (157,492)	$ 656,155	$ 906,351

SUPPORT AND REVENUES

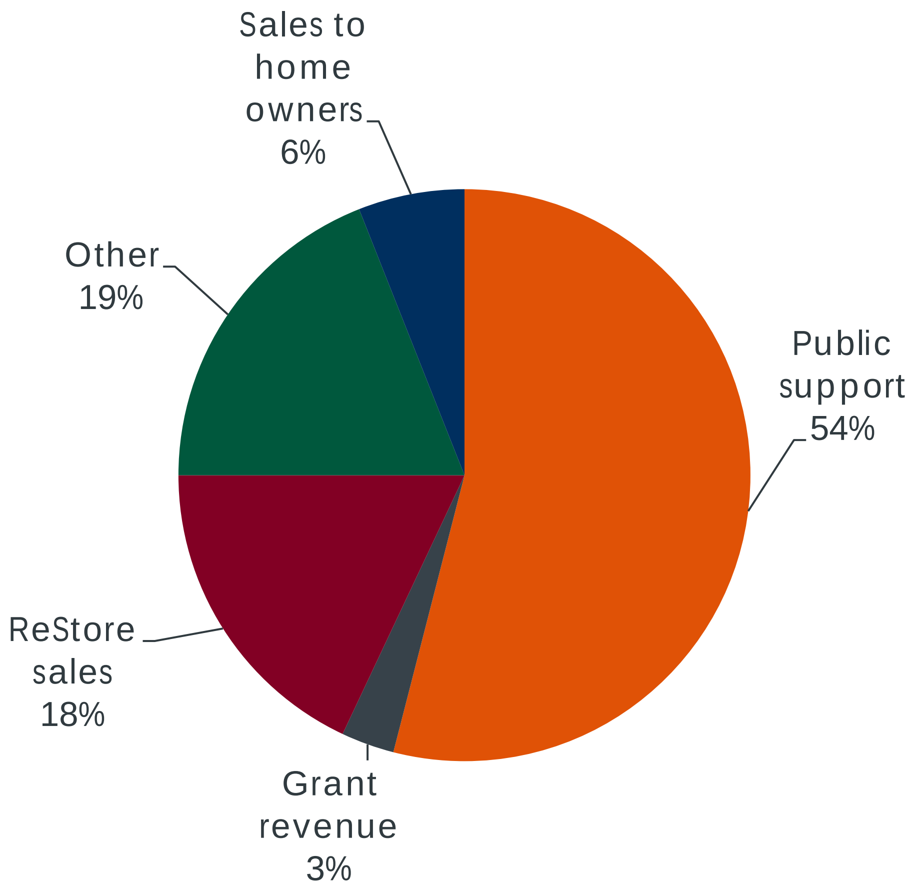
	For the Years Ended December 31, 2021	2020	Observations
Support and revenues			
Contributions and sponsorships	$ 1,810,396	$ 1,537,187	
Grants	375,180	117,200	Increase due to more home closings. Closings trigger the recognition of grant revenue.
Sales to homeowners	1,548,002	270,000	
ReStore retail sales	997,770	825,800	
Donated property, materials and services	1,054,563	869,215	Increase due to more donated materials received in 2021
Fundraising and special events, net	9,109	18,297	
Investment income	27,805	21,430	
Other income	1,065,852	805,189	Increase is mainly due to higher management fee income this year, and income from land sales of $87,500
Total support and revenues	$ 6,888,677	$ 4,464,318	

SUPPORT AND REVENUES (continued)

Year ended December 31, 2021 = $6,888,677

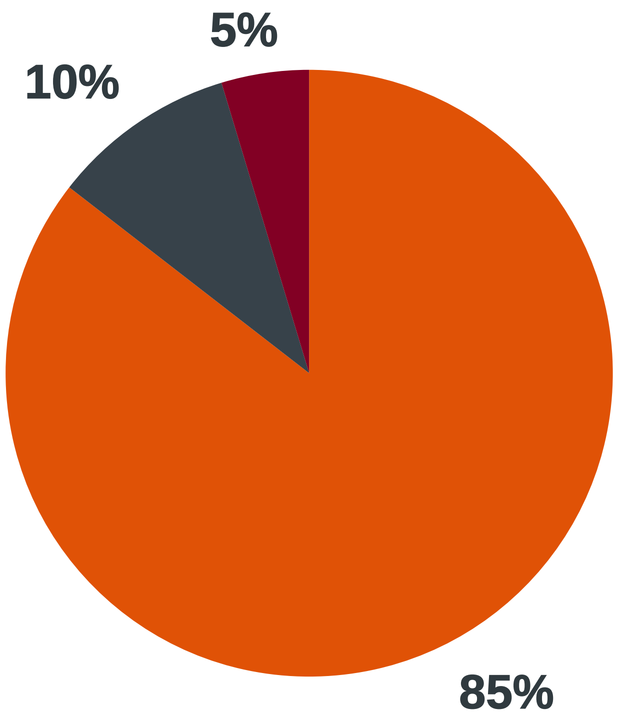


Year ended December 31, 2020 = $4,464,318

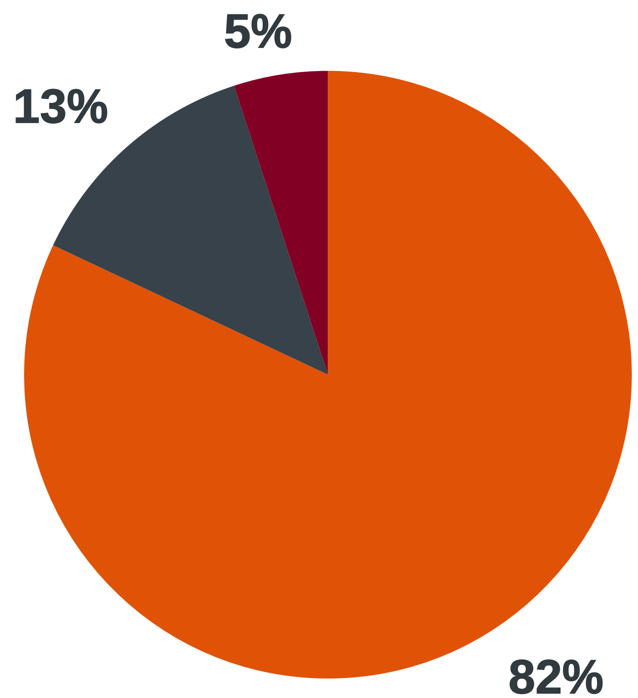


EXPENSES

Year ended December 31, 2021 = $6,583,111



Year ended December 31, 2020 = $4,561,635



Program services

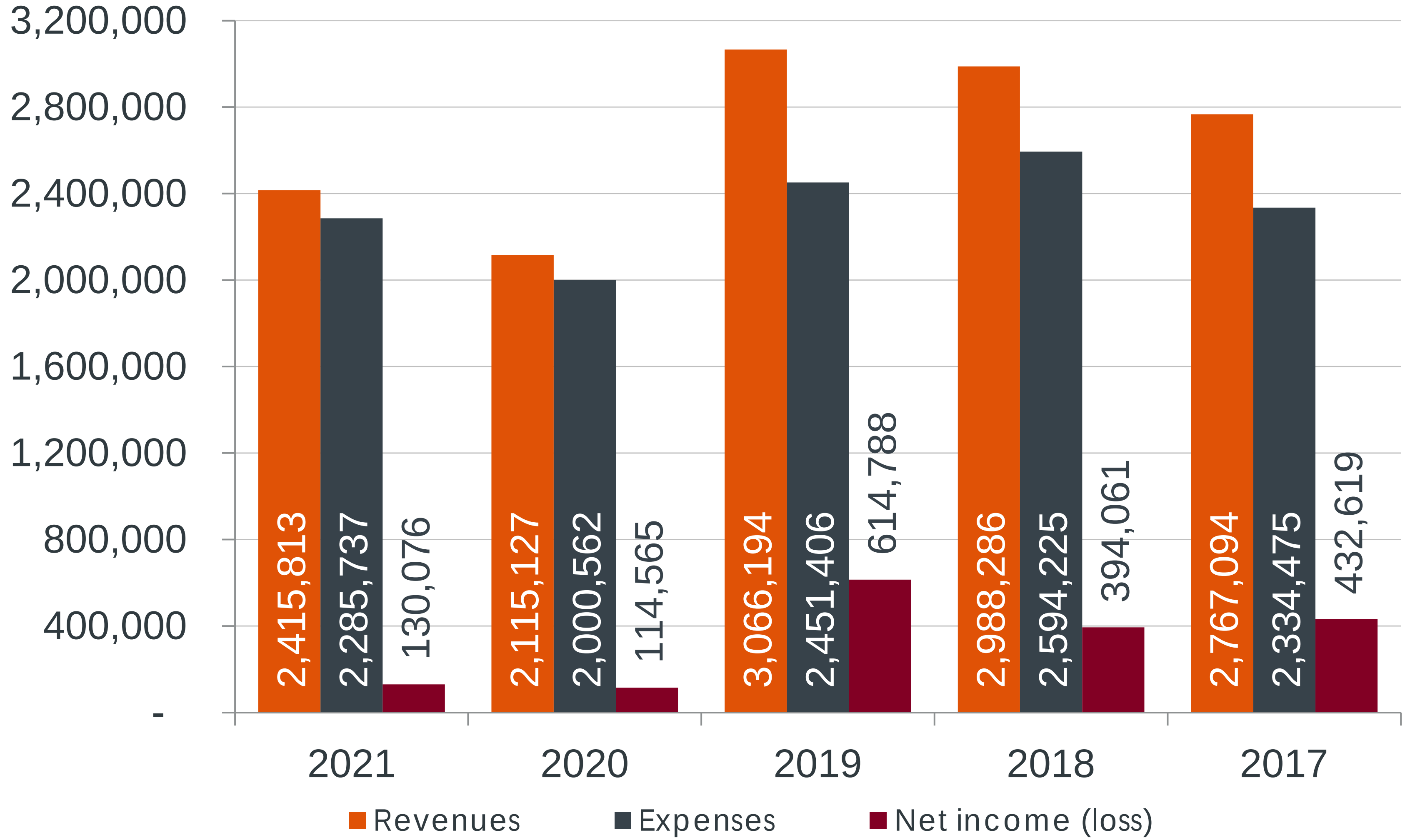
Management and general

Fundraising

RESTORE FINANCIAL RESULTS

For the Years Ended December 31,	2021	2020	2019	2018	2017
Revenues					
ReStore sales	$ 997,770	$ 825,800	$ 1,214,822	$ 1,249,355	$ 1,097,805
Donated materials	958,401	841,511	1,192,847	1,305,675	1,124,729
Contributions	459,642	447,816	658,525	403,256	509,560
Grant and other revenues	-	-	-	30,000	35,000
Total revenues	2,415,813	2,115,127	3,066,194	2,988,286	2,767,094
Expenses					
Cost of sales	1,043,973	833,900	1,210,903	1,248,904	1,097,058
Operating expenses	1,241,758	1,166,662	1,240,503	1,345,321	1,237,417
Total expenses	2,285,731	2,000,562	2,451,406	2,594,225	2,334,475
Net income	$ 130,082	$ 114,565	$ 614,788	$ 394,061	$ 432,619

RESTORE FINANCIAL RESULTS (continued)



TOTAL SUPPORT, REVENUES, AND EXPENSES BY SEGMENT- 2021

	Home Building	ReStore	Special Events	Other	Total
Total support and revenues	$ 2,434,484	$ 2,415,813	$ 9,109	$ 2,029,271	$ 6,888,677
Total expenses	3,342,278	2,285,731	-	955,102	6,583,111
Net income (loss)	$ (907,794)	$ 130,082	$ 9,109	$ 1,074,169	$ 305,566

HOME BUILDING

	Total
Support and revenues	
Contributions and sponsorships	$ 415,140
Grants	375,180
Sales to homeowners	1,548,002
Donated materials and services	96,162
Total support and revenues	2,434,484
Expenses	
Direct costs	
Hard costs	1,538,851
Soft costs	867,980
Indirect costs	546,305
Discount on mortgages	292,980
Donated materials and services	96,162
Total expenses	3,342,278
Net loss	$ (907,794)

SPECIAL EVENTS

	Trivia	Other Events	Total
Total revenues	$ -	$ 9,109	$ 9,109
Total expenses	-	-	-
Net income	$ -	$ 9,109	$ 9,109

RESTORE

	Total
Support and revenues	
Sales	$ 997,770
Donated materials	958,401
Contributions	459,642
Grants	-
Total support and revenues	2,415,813
Expenses	
Cost of sales	1,043,973
Other	1,241,758
Total expenses	2,285,731
Net income	$ 130,082

OTHER

	Total
Support and revenues	
Contributions	$ 935,614
Other income	1,093,657
Total support and revenues	2,029,271
Expenses	
Management and general	647,758
Fundraising	307,344
Total expenses	955,102
Net income	$ 1,074,169

TOTAL SUPPORT, REVENUES, AND EXPENSES BY SEGMENT- 2020

	Home Building	ReStore	Special Events	Other	Total
Total support and revenues	$ 724,383	$ 2,115,127	$ 18,297	$ 1,606,511	$ 4,464,318
Total expenses	1,719,778	2,000,562	-	841,295	4,561,635
Net income (loss)	$ (995,395)	$ 114,565	$ 18,297	$ 765,216	$ (97,317)

HOME BUILDING

	Total
Support and revenues	
Contributions and sponsorships	$ 324,479
Grants	102,200
Sales to homeowners	270,000
Donated materials and services	27,704
Total support and revenues	724,383
Expenses	
Direct costs	
Hard costs	347,638
Soft costs	824,197
Indirect costs	375,429
Discount on mortgages	144,810
Donated materials and services	27,704
Total expenses	1,719,778
Net loss	$ (995,395)

RESTORE

	Total
Support and revenues	
Sales	$ 825,800
Donated materials	841,511
Contributions	432,816
Grants	15,000
Total support and revenues	2,115,127
Expenses	
Cost of sales	833,900
Other	1,166,662
Total expenses	2,000,562
Net income	$ 114,565

SPECIAL EVENTS

	Trivia	Other Events	Total
Total revenues	$ 6,940	$ 11,357	$ 18,297
Total expenses	-	-	-
Net income	$ 6,940	$ 11,357	$ 18,297

OTHER

	Total
Support and revenues	
Contributions	$ 779,892
Other income	826,619
Total support and revenues	1,606,511
Expenses	
Management and general	589,707
Fundraising	251,588
Total expenses	841,295
Net income	$ 765,216

APPENDIX A

PASSED ADJUSTING JOURNAL ENTRIES

Passed Adjustments							
Passed Adjustments JE # 1		**7200.30**					
To pass on adjustment for SL lease expense							
39999	Retained Earnings			36,241.00			
20000	Accounts Payable					29,194.00	
62645	Building Rent / Lease Expense					7,047.00	
Total				**36,241.00**		**36,241.00**	
Passed Adjustments JE # 6		**4200.23**					
To carryforward PY PAJE							
38010	Undesignated			15,130.00			
19020	Unamort Discount Mortgages					15,130.00	
Total				**15,130.00**		**15,130.00**	
	Total Passed Adjustments			**51,371.00**		**51,371.00**	
	Total All Journal Entries			**51,371.00**		**51,371.00**	

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Habitat for Humanity Saint Louis and Affiliates

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2021 and 2020

Habitat for Humanity Saint Louis and Affiliates

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CohnReznick

Independent Auditor's Report

To the Board of Directors
Habitat for Humanity Saint Louis and Affiliates
St. Louis, MO

We have audited the consolidated financial statements of Habitat for Humanity Saint Louis and its affiliates, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity Saint Louis and its affiliates as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Saint Louis and its affiliates 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 Saint Louis and its affiliates' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the 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 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 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 for Humanity Saint Louis and its affiliates' 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 for Humanity Saint Louis and its affiliates' 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.

Chicago, Illinois
DATE

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Financial Position
December 31, 2021 and 2020

Assets

	2021	2020
Current assets		
Cash and cash equivalents	$ 142,992	$ 51,916
Restricted cash	79,720	86,474
Pledges receivable	2,100	17,600
Grants receivable	26,400	3,900
Other receivables, net	613,100	283,315
Home construction and inventory	936,359	1,494,120
ReStore inventory	234,590	320,162
Prepaid expenses and other assets	708,815	493,600
Total current assets	2,753,076	2,751,087
Fixed assets		
Property and equipment, net	3,629,265	3,746,672
Total fixed assets	3,629,265	3,746,672
Long-term assets		
Mortgages receivable, net	1,249,989	1,459,972
Investments in new markets tax credit programs	2,455,376	2,455,376
Capitalized costs, net	124,735	166,103
Total long-term assets	3,830,100	4,081,451
Total assets	$ 10,212,441	$ 10,579,210

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Financial Position
December 31, 2021 and 2020

Liabilities and Net Assets

	2021	2020
Current liabilities		
Lines of credit	$ 377,048	$ 882,624
Current portion of long-term debt	40,611	29,767
Accounts payable and accrued expenses	973,076	834,494
Deferred revenue	650,560	834,959
Total current liabilities	2,041,295	2,581,844
Deposits liability		
Mortgage escrows	270,747	365,390
Long-term liabilities		
Long-term debt	6,449,572	6,486,715
Total liabilities	8,761,614	9,433,949
Commitments and contingencies		
Net assets		
Without donor restrictions	1,435,941	1,132,875
With donor restrictions	14,886	12,386
Total net assets	1,450,827	1,145,261
Total liabilities and net assets	$ 10,212,441	$ 10,579,210

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Activities
Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Operating support and revenue			
Contributions and sponsorships	$ 1,395,256	$ 415,140	$ 1,810,396
Grants	375,180	-	375,180
Sales to homeowners	1,548,002	-	1,548,002
ReStore retail sales	997,770	-	997,770
Donated property, materials and services	958,401	96,162	1,054,563
Fundraising and special events revenue (net of expenses of $0)	-	9,109	9,109
Other income	1,065,852	-	1,065,852
Net assets released from restrictions	517,911	(517,911)	-
Total operating support and revenue	6,858,372	2,500	6,860,872
Operating expenses			
Program services:			
Home construction and construction support	3,342,278	-	3,342,278
ReStore retail operations	2,285,731	-	2,285,731
Total program services	5,628,009	-	5,628,009
Supporting activities:			
Management and general	647,758	-	647,758
Fundraising	307,344	-	307,344
Total supporting activities	955,102	-	955,102
Total operating expenses	6,583,111	-	6,583,111
Other revenue			
Net investment return	27,805	-	27,805
Total other revenue	27,805	-	27,805
Change in net assets	303,066	2,500	305,566
Net assets - beginning of year	1,132,875	12,386	1,145,261
Net assets - end of year	$ 1,435,941	$ 14,886	$ 1,450,827

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Activities
Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Operating support and revenue			
Contributions and sponsorships	$ 1,216,262	$ 320,925	$ 1,537,187
Grants	117,200	-	117,200
Sales to homeowners	270,000	-	270,000
ReStore retail sales	825,800	-	825,800
Donated property, materials and services	841,511	27,704	869,215
Fundraising and special events revenue (net of expenses of $0)	-	18,297	18,297
Investment income			
Other income	805,189	-	805,189
Net assets released from restrictions	417,005	(417,005)	-
Total operating support and revenue	4,492,967	(50,079)	4,442,888
Operating expenses			
Program services:			
Home construction and construction support	1,719,778	-	1,719,778
ReStore retail operations	2,000,562	-	2,000,562
Total program services	3,720,340	-	3,720,340
Supporting activities:			
Management and general	589,707	-	589,707
Fundraising	251,588	-	251,588
Total supporting activities	841,295	-	841,295
Total operating expenses	4,561,635	-	4,561,635
Other revenue			
Net investment return	21,430	-	21,430
Total other revenue	21,430	-	21,430
Change in net assets	(47,238)	(50,079)	(97,317)
Net assets - beginning of year	1,180,113	62,465	1,242,578
Net assets - end of year	$ 1,132,875	$ 12,386	$ 1,145,261

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program services			Supporting activities			
	Construction	ReStore operations	Total	Management and general	Fundraising	Total	Total
Salaries and wages	$ 695,637	$ 436,957	$ 1,132,594	$ 184,252	$ 212,583	$ 396,835	$ 1,529,429
Employee taxes and benefits	172,343	152,959	325,302	48,345	49,080	97,425	422,727
Home construction costs	1,632,051	-	1,632,051	-	-	-	1,632,051
Discount on mortgages	292,980	-	292,980	-	-	-	292,980
Impairment on inventory	3,384	-	3,384	-	-	-	3,384
Cost of merchandise sales	-	1,043,973	1,043,973	-	-	-	1,043,973
New Market Tax Credit expenses	20,803	-	20,803	-	-	-	20,803
Bad debt	184,989	-	184,989	-	-	-	184,989
Committee expenses	562	-	562	63	-	63	625
Computer expenses	4,365	2,456	6,821	2,336	3,141	5,477	12,298
Depreciation and amortization	77,150	66,926	144,076	14,697	-	14,697	158,773
Facilities cost	3,334	510,827	514,161	28,998	-	28,998	543,159
Insurance	20,266	842	21,108	32,051	-	32,051	53,159
Interest expense and service charges	180,889	11,375	192,264	37,534	2,704	40,238	232,502
Marketing and public relations	563	631	1,194	211	21,622	21,833	23,027
Miscellaneous	17,278	6,376	23,654	4,662	345	5,007	28,661
Office expenses	16,121	17,047	33,168	20,507	13,435	33,942	67,110
Postage	-	-	-	108	1,100	1,208	1,208
Professional fees	-	-	-	269,970		269,970	269,970
Telephone	11,794	7,869	19,663	3,439	2,136	5,575	25,238
Vehicle	7,769	27,493	35,262	585	1,198	1,783	37,045
	$ 3,342,278	$ 2,285,731	$ 5,628,009	$ 647,758	$ 307,344	$ 955,102	$ 6,583,111

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program services			Supporting activities			
	Construction	ReStore operations	Total	Management and general	Fundraising	Total	Total
Salaries and wages	$ 656,302	$ 349,505	$ 1,005,807	$ 214,342	$ 168,417	$ 382,759	$ 1,388,566
Employee taxes and benefits	167,895	116,688	284,583	33,030	37,517	70,547	355,130
Home construction costs	375,342	120	375,462	-	-	-	375,462
Discount on mortgages	144,810	-	144,810	-	-	-	144,810
Impairment on inventory	928	-	928	-	-	-	928
Cost of merchandise sales	-	833,900	833,900	-	-	-	833,900
New Market Tax Credit expenses	10,208	-	10,208	-	-	-	10,208
Bad debt	-	-	-	-	-	-	-
Committee expenses	390	-	390	1,103	154	1,257	1,647
Computer expenses	1,473	3,108	4,581	22,929	496	23,425	28,006
Depreciation and amortization	68,825	66,926	135,751	14,697	-	14,697	150,448
Facilities cost	7,238	571,632	578,870	95,793	-	95,793	674,663
Insurance	25,357	888	26,245	29,868	-	29,868	56,113
Interest expense and service charges	135,568	6,119	141,687	62,467	2,510	64,977	206,664
Marketing and public relations	8,583	-	8,583	248	18,903	19,151	27,734
Miscellaneous	9,010	5,950	14,960	7,328	269	7,597	22,557
Office expenses	20,961	12,402	33,363	21,260	16,590	37,850	71,213
Postage	749	-	749	1,211	2,797	4,008	4,757
Professional fees	63,928	32	63,960	84,545	-	84,545	148,505
Telephone	13,062	6,837	19,899	-	2,305	2,305	22,204
Vehicle	9,149	26,455	35,604	886	1,630	2,516	38,120
	$ 1,719,778	$ 2,000,562	$ 3,720,340	$ 589,707	$ 251,588	$ 841,295	$ 4,561,635

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Contribution and sponsorship receipts	$ 1,311,712	$ 2,075,324
Grant receipts	352,680	114,862
Sales to homeowners receipts	1,505,236	237,284
ReStore retail receipts	1,083,342	825,809
Net fundraising and special events receipts	9,109	18,297
Investment receipts	27,805	21,430
Other operating receipts	799,248	663,509
Total receipts	5,089,132	3,956,515
Salaries and wages paid	(1,924,512)	(1,759,488)
Home construction costs paid	(1,226,082)	(1,149,633)
Cost of merchandise sales	(85,572)	(9)
New markets tax credit transaction costs paid	(20,802)	(10,208)
Committee expenses paid	(625)	(1,647)
Computer expenses paid	(12,298)	(28,006)
Facilities expenses paid	(483,478)	(1,368,180)
Insurance paid	(38,082)	(76,149)
Interest expense and service charges paid	(232,502)	(204,731)
Marketing and PR expenses paid	(23,027)	(27,734)
Administrative expenses paid	(155,985)	(161,206)
Professional fees paid	(269,970)	(148,505)
Total disbursements	(4,472,935)	(4,935,496)
Net cash (used in) provided by operating activities	616,197	(978,981)

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from investing activities		
Investment in Harbor Habitat Leverage III, L.L.C.	-	(1,194,824)
Guarantee fees paid	-	(110,810)
Net cash used in investing activities	-	(1,305,634)
Cash flows from financing activities		
Payments on lines of credit, net	(505,576)	(117,809)
Proceeds from long-term debt	-	2,771,250
Principal payments on long-term debt	(26,299)	(414,174)
Net cash provided by (used in) financing activities	(531,875)	2,239,267
Net (decrease) increase in cash, cash equivalents and restricted cash	84,322	(45,348)
Cash, cash equivalents, and restricted cash, beginning	138,390	183,738
Cash, cash equivalents, and restricted cash, end	$ 222,712	$ 138,390

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of change in net assets to net cash (used in) provided by operating activities		
Change in net assets	$ 305,566	$ (97,317)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Discount on home construction and inventory	3,384	928
Discount on mortgages receivable	292,980	144,810
Donated property, materials and services	85,376	(7,620)
Bad debt	184,989	-
Depreciation and amortization	158,773	150,448
Changes in assets and liabilities		
Pledges receivable, net	(169,489)	38,825
Grants receivable, net	(22,500)	4,500
Other receivables, net	(329,783)	(20,395)
ReStore inventory	196	9
Home construction and inventory	554,377	(489,093)
Prepaid expenses	(215,215)	(482,033)
Mortgages receivable	(91,997)	(101,731)
Accounts payable and accrued expenses	138,582	(578,204)
Mortgage escrows	(94,643)	5,088
Deferred revenue	(184,399)	452,804
Net cash (used in) provided by operating activities	$ 616,197	$ (978,981)

See Notes to Consolidated Financial Statements.

Note 1 - Organization

Habitat for Humanity Saint Louis ("Habitat") was organized as a nonprofit organization in the state of Missouri and is associated with Habitat for Humanity International, Inc. Habitat has received tax exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954 to construct affordable, decent housing for sale to low-income families at cost and to build communities by encouraging existing homeowners to upgrade and improve their property.

On July 10, 2014, HFHSL Community Housing Development Organization ("HFHSL CHDO") and on January 27, 2015, HFHSL Community Housing Development Corporation II ("HFHSL CHDC II"), were formed in the State of Missouri.

HFHSL CHDO and HFHSL CHDC II are Community Housing Development Organizations ("CHDO's") sanctioned by the U.S. Department of Housing and Urban Development's ("HUD") HOME Program, whose purpose is to assist in developing community low-income housing. CHDO's receive certain priority and eligibility for HUD grants.

On August 12, 2020, HFHSL QALICB Real Estate Holding LLC ("QALICB") was organized as a nonprofit organization in the state of Missouri for the purpose of management of real estate for use in its homebuilding activity program. QALICB is owned entirely by Habitat.

These consolidated financial statements include the accounts of Habitat for Humanity Saint Louis, HFHSL Community Housing Development Organization, and HFHSL Community Housing Development Corporation II, and HFHSL QALICB Real Estate Holding LLC (collectively, the "Organization"). Inter-company activity is eliminated in consolidation.

The primary source of the Organization's revenues is contributions and sponsorships received from the general public, corporations, and religious organizations. Habitat also operates two retail hardware stores (the "ReStores") with sales to the general public. Inventory is primarily donated, with the sale proceeds used to carry out the Organization's mission.

The Organization's activities are primarily comprised of the following:

Program services
Home construction, financing and support - Includes all home construction costs such as materials, supplies, labor and overhead, as well as financing certain mortgages for the homeowners. This programming also includes construction supporting costs such as real estate development, volunteer mobilization and family selection services.

ReStore operations - Includes salaries, utilities, and overhead necessary to operate two discount and recycled materials hardware stores. This programming also includes the estimated value of donated merchandise sold in the stores.

Supporting activities
Management and general - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the consolidated financial and budgetary responsibilities of the Organization.

Fundraising - Provides the structure necessary to encourage and secure consolidated financial support for the Organization through grants, contributions, and special events.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Additionally, information is required to segregate program service expenses from support expenses. Support expenses include management and general and fundraising expenses.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Habitat, HFHSL CHDO, HFHSL CHDC and QALICB. All intercompany balances and transactions have been eliminated in consolidation.

Revenue recognition

The Organization recognizes revenue under Topic 606 when (or as) the promised services are transferred to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. To determine revenue recognition whether contracts are within the scope of ASC 606, the Organization performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the performance obligation(s) are satisfied. At contract inception, the Organization assesses the services promised within each contract, assesses whether each promised service is distinct and identifies those that are performance obligations. The Organization recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Contributions and grants received are recorded as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair market value.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues. The expiration of temporary restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled, or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Unconditional pledges receivable that are expected to be collected within a year are recorded at their net realizable value when the donor makes the promise. Unconditional pledges receivable that are expected to be collected in the future years are recorded at the present value of their estimated future cash flows.

Grants that are received prior to recognition of revenue are recorded as deferred revenue.

Sales to homeowners represent the sale of homes built or rehabilitated by the Organization. The resulting mortgages are noninterest-bearing and have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. The Organization recognizes income from the sales to homeowners when home closings occur.

Donated property, materials and services

Donated materials are valued at the lower of estimated donor cost or fair value at the date of contribution. Certain professional services are donated to the Organization by various organizations. Since these donated services meet the criteria for recognition, as stated by generally accepted accounting principles, they are recorded at fair value at the date of donation. In addition, a substantial number of volunteers have donated a significant amount of time to the Organization. These donated services have not been recognized as contributions in the consolidated financial statements since the recognition criteria, as stated by generally accepted accounting principles, were not met. Some donated materials and services are designated by the donor for specific construction projects, and accordingly, are recorded as with donor restrictions.

Donated investments are recorded at the fair market value as of the date of the contribution. Gains and losses on investments and other assets or liabilities, are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Net assets

The Organization classifies net assets as without donor restrictions and with donor restrictions.

Without donor restrictions net assets of the Organization are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

With donor restrictions net assets of the Organization result (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither or either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 those estimates.

Investments

The Organization's long-term investments are investments in entities related to the New Markets Tax Credit ("NMTC") program. The NMTC investments are accounted for using the equity method. Under the equity method, the initial investment is recorded at cost and is subsequently increased or decreased by its share of income or loss and increased or decreased by the amount of any contributions made or distributions received. All investment activity is reflected in the accompanying consolidated statements of activities as net investment return.

The Organization assess other-than-temporary declines in values in its NMTC investments. Annually, the carrying value of each investment is compared to its respective fair value. If an other-than-temporary decline in its carrying value exists, an impairment loss is recorded on the Organization's consolidated statement of activities to reduce the investment to fair value.

Cash and cash equivalents
The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory
Inventory primarily consists of ReStore merchandise, construction in progress, homes available for sale, and land and buildings occupied and subject to lease with the option to purchase.

ReStore inventory consists of materials and is stated at donated value. Any purchased inventory is stated at the lower of cost or market value.

All direct material and equipment costs and indirect costs related to home construction are recorded as construction in progress inventory. When revenue from the sale of a home is recognized, the corresponding costs are expensed in the consolidated statement of activities and changes in net assets as program services.

Homes are transferred from construction in progress to homes available for sale once completed, with the accrued impairment for the sale of the mortgage and the expected loss on the sale of the property. Homes available for sale also includes foreclosed homes mortgage balances which are recorded at the unpaid mortgage balance at the time of foreclosure.

Mortgages receivable
Mortgages receivable consist of noninterest-bearing notes received from homebuyers in connection with the sale of homes constructed by the Organization. The notes are discounted to their present values using various interest rates at the time of closing. The discount is amortized over the lives of the mortgages using the effective interest method. An allowance for estimated doubtful accounts has been setup based on past collection experience of homeowners.

Assets held for sale
Long-lived assets to be sold are classified as "held for sale" in the period in which certain criteria are met such as the estimated timeframe in which the assets are expected to be sold. As a result, depreciation is not recorded on an asset once deemed to be held for sale, and it is recorded in the financial statements at the lower of its carrying value or fair value less cost to sell.

Capitalization and depreciation
Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Assets are depreciated over their estimated service lives. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

Construction in progress
Costs incurred for construction in progress are capitalized when incurred. If at any time management determines that the costs incurred would no longer provide a future benefit to the Organization, the costs are expensed in the period in which the determination is made.

Capitalized costs
Guarantee fees paid in conjunction with the NMTC investments are capitalized and amortized over seven years, the NMTC guarantee period.

Impairment of long-lived assets
The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses have been recognized during 2021 and 2020, respectively.

Income taxes
Habitat has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2020 and 2019. Due to its tax-exempt status, Habitat is not subject to income taxes. They are required to file, and do file, tax returns with the IRS and other taxing authorities. The Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS generally for three years after they were filed.

Advertising costs
Advertising costs are charged to operations when incurred.

Functional expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Included in each functional category are the expenses directly attributable to that functional area plus certain indirect or shared costs that have been allocated to the area. Expenses are allocated based on program, management and general, and resource development, with ReStore expenses being separately netted. Program expenses are defined as all costs related to the construction of homes, including hard and soft costs of a development, as well as all construction overhead expenses (staff salaries and benefits, and operating expenses related to construction). Program expenses also include the costs of mobilizing the volunteers used in the construction of homes, as well as the cost to select and educate partner families.

Recent accounting pronouncements
Accounting Standards Update 2016-02
In February 2016, the FASB issued Accounting Standard Update No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will continue to primarily depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both types of leases to be recognized on the balance sheet. ASU 2016-02 also requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. As part of the election to defer the standard, ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Organization is currently evaluating the effect the updated standard will have on its consolidated financial statements.

Accounting Standards Update 2016-13
In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASU 2016-13") and subsequently issued various corresponding updates that will update the impairment model for financial assets measured at amortized cost, known as the Current Expected

Credit Loss ("CECL") model. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for losses. For available-for-sale debt securities with unrealized losses, there will be no change to the measurement of credit losses, except that unrealized losses due to credit-related factors will be recognized as an allowance on the balance sheet with a corresponding adjustment to earnings in the income statement. There are various transition methods available upon adoption. ASU 2016-13, as amended by ASU 2019-10, is effective for nonpublic companies for periods beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing the impact of adopting this guidance on its financial statements.

Note 3 - Availability and liquidity

The following represents the Organization's financial assets at December 31, 2021 and 2020:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	$ 142,992	$ 51,916
Restricted cash	79,720	86,474
Contributions receivable	28,500	21,500
Total financial assets	251,212	159,890
Less amounts not available to be used within one year		
Net assets with donor restrictions	14,886	12,386
Financial assets not available to be used within one year	14,886	12,386
Financial assets available to meet general expenditures within one year	$ 236,326	$ 147,504

Liquidity management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, construction expenditures, liabilities and other obligations become due. The Organization utilizes project specific construction lines of credit to manage hard and soft construction expenses, as well as certain organization expenses as related directly to the construction program. These lines exist solely during the specific construction period and are paid in full upon the origination of a repayable mortgage on the sale of each home.

To help manage unanticipated liquidity needs, the Organization utilizes short-term (on a daily basis) cash flow analysis and projection report. The Organization also utilizes a long-term cash flow analysis that operates as a trended profit and loss report which uses the annual budget as a basis, but is updated in real time to reflect actual revenue and expenses. This allows for the projection of the availability of cash surplus and thus enhanced planning and budgeting for times of unexpected liquidity needs.

Additionally, the Organization has a proven track record of applying for and receiving grants and tax credit allocations that have been utilized to cover any gaps in revenue versus expense, as well as to actually fund ongoing operational expenses.

Note 4 - Cash and cash equivalents

The Organization maintains its cash reserve balances in several accounts. The cash reserve balances are insured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash reserve balances during the years ended December 31, 2021 and 2020.

Restricted cash consists of the following as of December 31, 2021 and 2020:

	2021	2020
Homeowner repair escrow	$ 15,458	$ 1,471
Restricted for NMTC expenses (Note 11)	64,262	85,003
	$ 79,720	$ 86,474

Note 5 - Project fund

In accordance with the Financing Agreement dated December 1, 2017 (the "Financing Agreement"), proceeds from the Series 2017 Revenue Bonds (see Note 15) are required to be deposited with Royal Bank of Missouri, the fiscal agent. The project fund is to be used to pay for the rehabilitation costs of the Organization's new administrative office building at 3830 South Grand Boulevard. During 2018, the funds were used towards the construction of the new office building.

Note 6 - Investments

Certain investments have been designated by the Board for specific purposes (see Note 16). Income on those investments includes the following for the years ended December 31, 2021 and 2020:

	2021	2020
Investment income from NMTC investments	$ 23,192	$ 17,542
Interest and dividend income	4,951	3,913
Realized (loss)/gain on investments	(338)	(25)
	$ 27,805	$ 21,430

Note 7 - Pledges receivable

Pledges, or promises to give, consist of contributions restricted for the purpose of building a home. At December 31, 2021 and 2020, pledges receivable for house sponsorships totaled $2,100 and $17,600, respectively. The promises to give are unconditional and are expected to be collected within one year.

Note 8 - Grants receivable and grant revenue

Grants receivable as of December 31, 2021 and 2020 consists primarily of reimbursement type grants for home construction costs:

	2021	2020
City of St. Louis HOME Funds	$ -	$ 3,900
LaSaison Phase 1	26,400	-
	$ 26,400	$ 3,900

Grant revenue earned during 2021 and 2020 consists of the following:

	2021	2020
Affordable Housing Trust Fund	$ 255,980	$ -
St. Louis Philanthropic Organization	5,000	-
St. Louis Community Foundation	-	25,000
US Bank	30,000	-
Bank of America	25,000	25,000
Other	59,200	67,200
	$ 375,180	$ 117,200

Note 9 - Mortgages receivable

Mortgages receivable consist of noninterest-bearing mortgages secured by real estate, receivable in monthly installments through years ranging to 2049. Mortgage receivables include those mortgages repurchased from CitiMortgage upon homeowner default and second promissory notes on homes under the zero-equivalent mortgage method. Each mortgage is discounted to the value it could be sold to a third-party lender.

The Organization utilizes an affordable mortgage analysis method for financing homes. Under this method, the lending bank charges the homebuyer a below-market rate of interest. The monthly payments the homebuyer makes to the lending bank are the same as if the Organization was providing a zero-percent loan directly to the homebuyer. The Organization sells homes at a reduced price in order for the mortgage with interest to be equivalent to the mortgage with no interest at a normal sale price. The Organization holds the second mortgage on each home which will be forgiven over the life of the mortgage.

Mortgages receivable as of December 31, 2021 and 2020 are presented net of unamortized discount resulting from the imputation of interest as follows:

	2021	2020
Mortgages receivable at face value	$ 3,535,051	$ 4,228,945
Less: Reserve	(1,833,831)	(2,083,320)
Less: Allowance for doubtful accounts	(451,231)	(685,653)
Long-term portion of mortgages receivable	$ 1,249,989	$ 1,459,972

Note 10 - Home construction and inventory

Home construction and inventory for the years ended December 31, 2021 and 2020 consists of the following:

	2021	2020
Land	$ 204,834	$ 231,264
Construction in progress	731,525	1,230,640
Leased and available-for-sale homes	-	32,216
	$ 936,359	$ 1,494,120

Leases for homes contain purchase options, which allow the lessee to purchase the home with an affordable mortgage payable over 30 years. Leased and available-for-sale homes are valued in inventory at the lower of cost or net realizable proceeds after all expected selling costs. During 2021 and 2020, all leased homes have been sold to Habitat homebuyers.

Note 11 - Investments in New Markets Tax Credit programs

Habitat entered into two transactions involving New Markets Tax Credit ("NMTC") financing. Under the NMTC structure, Habitat makes investments in a leverage lender, whose sole purpose is to lend to an investment fund. The investment fund entity also receives capital contribution equity from private investors. The private investor receives tax credits in return for its contribution into the investment fund. The investment fund uses the loan from the leverage lender and the equity from the investors to make an investment in a community development entity ("CDE"). All of the proceeds received by the CDE are then loaned to Habitat.

Investment in Harbor Habitat Leverage II, LLC

In 2017, Habitat made an investment in Harbor Habitat Leverage II, LLC in the amount of $1,207,410, plus transaction costs of $53,142. Habitat is the 16.67% member of Harbor Habitat Leverage II, LLC. Habitat recorded its investment at cost plus transaction costs. In return for its investment, Habitat received a loan from Harbor Community Fund XIII, LLC in the amount of $1,715,000.

As of December 31, 2021 and 2020, Habitat's investment in Harbor Habitat Leverage II, LLC was $1,260,552.

In December 2024, Twain Investment Fund 296, LLC (the "2017 Fund") and the upstream effective owner of Harbor Community Fund XIII, LLC (holder of the promissory note due from the Habitat) is expected to exercise its put option. Under the terms of the put option agreement, Harbor Habitat Leverage II, LLC is expected to purchase the ownership interest of the 2017 Fund. If the put option is not exercised, Harbor Habitat Leverage II, LLC has the option to purchase (call), at any time during the 12-month period following the expiration of the put option. Exercise of the option will effectively allow Habitat to extinguish its outstanding debt owed to the 2017 Fund.

Investment in Harbor Habitat Leverage III, LLC
In 2020, Habitat made an investment in Harbor Habitat Leverage III, LLC in the amount of $1,111,838, plus transaction costs of $82,986. Habitat is the 25% member of Harbor Habitat Leverage III, LLC. Habitat recorded its investment at cost plus transactions costs. In return for its investment, Habitat received a loan from Harbor Community Fund XXII, LLC in the amount of $1,521,250.

As of December 31, 2021 and 2020, Habitat's investment in Harbor Habitat Leverage III, LLC was $1,194,824.

In June 2027, USBCDC Investment Fund 346, LLC (the "2020 Fund") and the upstream effective owner of Harbor Community Fund XXII, LLC (holder of the promissory note due from Habitat) is expected to exercise its put option. Under the terms of the put option agreement, Harbor Habitat Leverage III, LLC is expected to sell the ownership interest of the 2020 Fund. If the put option is not exercised, Harbor Habitat Leverage III, LLC has the option to purchase (call), at any time during the 12-month period following the expiration of the put option. Exercise of the option will effectively allow Habitat to extinguish its outstanding debt owed to the 2020 Fund.

Management expects the put option for each of its NMTC transactions to be exercised at the end of each respective compliance period. If that does occur, management anticipates revenue from the forgiveness of debt as follows for the years ending December 31:

	Revenue
2022	$ -
2023	-
2024	454,448
2025	-
2026	-
2027	326,426
Total	$ 780,874

Interest income earned from the investments and interest expense incurred from the loans during the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Interest income	$ 23,192	$ 17,542
Interest expense	(30,001)	(26,110)
Net interest	$ (6,809)	$ (8,568)

Note 12 - Fixed assets

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment as of December 31, 2021 and 2020 is comprised of the following:

	Useful life	2021	2020
Land	N/A	$ 1,141,364	$ 1,141,364
Building and improvements	10 - 40 years	2,800,610	2,788,450
Equipment	3 - 39 years	548,905	548,905
Vehicles	5 years	220,087	222,087
Computer software	3 years	42,687	42,687
Construction in progress	N/A	-	12,160
Total property and equipment		4,753,653	4,755,653
Less: Accumulated depreciation		(1,124,388)	(1,008,981)
Property and equipment, net		$ 3,629,265	$ 3,746,672

Depreciation expense for the years ended December 31, 2021 and 2020 was $117,407 and $117,407, respectively.

Note 13 - Capitalized costs

The guarantee fees associated with the NMTC transactions have been capitalized and amortized over the seven-year guarantee period. As of December 31, 2021 and 2020, guarantee fees amounted to $241,917 and $241,917, respectively, and accumulated amortization amounted to $117,182 and $75,814, respectively. During the years ending December 31, 2021 and 2020, amortization expense totaled $41,368 and $33,041, respectively.

Estimated amortization expense for the ensuing years is as follows:

Year	Amount
2022	$ 34,560
2023	34,560
2024	34,560
2025	15,830
2026	5,225
Thereafter	-
	$ 124,735

Note 14 - Lines of credit

Lines of credit at December 31, 2021 and 2020 consist of the following:

Lender	Face amount	Outstanding	Interest rate + prime rate	Maturity date	Function	Status, report date
People's National Bank, N.A.	$ 592,500	$ 166,028	4.25%	9/13/2022	Construction	To be renewed
People's National Bank, N.A.	12,500	12,500	4.25%	12/19/2022	Construction	To be renewed
People's National Bank, N.A.	450,000	144,825	4.25%	9/16/2022	Construction	To be renewed
People's National Bank, N.A.	535,000	11,632	4.25%	12/30/2022	Construction	To be renewed
People's National Bank, N.A.	76,500	42,063	4.25%	10/26/2022	Construction	To be renewed
Total lines of credit, 12/31/21		$ 377,048				

Lender	Face amount	Outstanding	Interest rate + prime rate	Maturity date	Function
People's National Bank, N.A.	$ 592,500	$ 431,412	4.25%	9/13/2021	Construction
People's National Bank, N.A.	12,500	12,500	4.25%	12/19/2021	Construction
People's National Bank, N.A.	450,000	282,883	4.25%	9/16/2021	Construction
Royal Banks of Missouri	800,000	155,829	4.25%	11/4/2021	Permanent
Total lines of credit, 12/31/20		$ 882,624			

Note 15 - Long-term debt

Long-term debt at December 31, 2021 and 2020 consists of the following:

	2021	2020
IFF Note A The loan in the amount of $1,116,593, dated September 16, 2020, is held by St. Louis New Markets Tax Credit Fund 59, LLC. The loan bears interest at 5% per annum. Commencing on December 1, 2020, quarterly interest payments are due. The loan matures on June 27, 2026 when all principal and accrued interest is due. The loan is secured by real estate and an assignment of leases and rents.	$ 1,116,593	$ 1,116,593
IFF Note B The loan in the amount of $133,407, dated September 16, 2020, is held by St. Louis New Markets Tax Credit Fund 59, LLC. The loan bears interest at 5% per annum. Commencing on December 1, 2020, quarterly interest payments are due. The loan matures on June 27, 2026 when all principal and accrued interest is due. The loan is secured by real estate and an assignment of leases and rents.	133,407	133,407
Harbor Community Fund XIII LLC The loan in the amount of $1,715,000, dated December 20, 2017, is held by Harbor Community Fund XIII LLC. The loan bears interest at a fixed rate of 0.7041%. The loan matures on December 20, 2037. Commencing on June 5, 2018, semi-annual payments are due until December 5, 2024 when principal and interest payments commence. The loan is secured by the operating account, Joint expense Non-POB account and all other bank accounts held by U.S. Bank. The loan is also guaranteed by a related party if an event of NMTC recapture occurs. The loan has a put option feature that is exercisable in December 2024 (Note 11).	1,715,000	1,715,000

	2021	2020
<u>Harbor Community Fund XXII LLC</u>		
The loan in the amount of $1,521,250, dated June 4, 2020, is held by Harbor Community Fund XIII LLC. The loan bears interest at fixed rate of 0.7309%. The loan matures on June 4, 2040. Commencing on December 5, 2020, semi-annual interest payments are due until December 5, 2027 when principal and interest payments commence. The loan is secured by the operating account, Joint expense Non-POB account and all other bank accounts held by U.S. Bank. The loan is also guaranteed by a related party if an event of NMTC recapture occurs. The loan has a put option feature that is exercisable in June 2027 (Note 11).	1,521,250	1,521,250
<u>Series 2017 Revenue Bonds</u>		
On December 1, 2017, The Industrial Development Authority of the City of St. Louis, Missouri, issued Series 2017 revenue bonds in the amount of $2,040,000 to finance the rehabilitation of 3830 South Grand Boulevard, St. Louis, MO. Royal Bank of Missouri is the fiscal agent. During 2020, the terms of the note were changed reducing the principal amount to $2,030,232. The note initially carries interest at the rate of 3.3%. Commencing in February 2023, the note will bear interest at 2.52% plus the rate of the Federal Home Loan Bank of Des Moines 5 Year Long Term Fixed Rate Advance, but is not to be adjusted more often than each five years. Principal and interest payments in the amount of $8,920 were due monthly beginning on January 1, 2020 but were deferred to commence on April 1, 2020. The loan matures on December 1, 2049.	2,003,933	2,030,232
Total	6,490,183	6,516,482
Less: current maturities	(40,610)	(29,767)
Net long-term debt	$ 6,449,573	$ 6,486,715

Aggregate annual maturities of the mortgages and notes payable for each of the five following years and thereafter is as follows:

Year	Amount
2022	40,610
2023	41,990
2024	43,237
2025	171,318
2026	1,423,733
Thereafter	4,769,295
	$ 6,490,183

Note 16 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Construction projects	$ -	$ -
Other	14,886	12,386
	$ 14,886	$ 12,386

Net assets of and $517,911 and $417,005 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended December 31, 2021 and 2020, respectively.

Note 17 - Related party transactions

Habitat has a nonbinding covenant with Habitat for Humanity International, Inc. ("HFHI") to make an annual voluntary tithe payment to HFHI. In 2021 and 2020, Habitat paid $1,000 in tithe per year.

In 2013, HFHI implemented its Stewardship and Organizational Sustainability Initiative ("SOSI"), which requires payment from affiliates of annual fees based upon the size of the individual affiliate, in addition to the annual tithe. The annual fee required of Habitat is $25,000. In 2019, Habitat paid $25,000 for the previous year's SOSI commitment. In 2020, HFHI has deferred the U.S. Stewardship and Organizational Sustainability Initiative ("US-SOSI") fee as follows: to be invoiced September 1, 2020. The first half of the invoiced amount will be due on November 1, and the balance will be due February 1 of the subsequent year. As of December 31, 2021 and 2020, the payable amounted to $12,500 and $12,500, and is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

Note 18 - Operating leases

On March 27, 2013, Habitat entered into a lease agreement to open a second ReStore location. The lease commenced on June 1, 2013 and terminated on May 31, 2018, with two five-year options to renew. During 2018, Habitat exercised the renewal option through May 31, 2023. The lease provides for annual base rent, a portion of which is donated back to Habitat each year on June 1, and monthly base rent payable by Habitat.

On November 14, 2016, Habitat entered into an amended lease agreement effective January 1, 2015. The new lease agreement states the Landlord shall compensate Habitat for the work performed, amount of any rent collected, and the amount of any invoice for service paid on behalf of the Landlord. During 2021 and 2020, Habitat earned $136,842 and $109,288, respectively, of reimbursement expenses. In addition, the Landlord shall compensate Habitat with a management fee in the amount equal to 15% of the reimbursement expenses. During 2021 and 2020, Habitat earned a management fee of $172,606 and $83,143, respectively. The reimbursement and the management fee are included in other income on the accompanying consolidated statements of activities.

The future minimum rental commitments under all such operating leases for the next two years are as follows:

Year	Total annual base rent
2022	369,454
2023	156,037
Total	$ 525,491

On September 16, 2020, Habitat entered into a ground lease agreement with HFHSL QALICB Real Estate Holding LLC. The lease term is for 25 years terminating on September 16, 2045, with an option to renew for 5 more years. Commencing on October 1, 2020, Habitat shall pay the lessor annual base rent of $225,095 in monthly installments. The base rent shall increase 2% each year during the term of the lease. The activity is eliminated in consolidation.

The future minimum rental commitments under the ground lease for the next five years are as follows:

	Base Rent
2022	$ 230,745
2023	235,360
2024	240,067
2025	244,868
2026	249,766
Total	$ 1,200,806

Note 19 - Lease agreements

The Organization leases some of its properties from time-to-time. Although the Organization is a for-sale housing program, certain situations may arise where a property may be temporarily leased before it is sold. Most situations involve a lease-to-own or option-to-purchase agreement, but others may be only a rental situation for a fixed or renewable term.

During 2021 and 2020, Habitat was receiving lease payments on one home.

Note 20 - Mortgages sold with recourse

Prior to 2002, Habitat sold mortgages receivable with recourse to the Missouri Housing Development Commission. Habitat has guaranteed payment of the mortgage loans and in the event of any loan default, Habitat will replace the nonperforming loan with a performing loan or will buy back the nonperforming loan at par. As of December 31, 2021 and 2020, the uncollected balances remaining on the mortgages totaled $1,051 and $2,828, respectively.

Note 21 - Commitments and contingencies

The purchase option agreement when a home is sold contains a provision that if the home is sold within 10 years of the initial date of the lease agreement, the Organization has the right to receive a certain percentage of the gain on the sale of the home. The percentage ranges from 100% if sold during the first year to 10% if sold in the 10th year.

The Organization provides a limited warranty to homeowners for all work done and materials provided in the construction of the home. This warranty is for one year from the date the buyer took occupancy, including the buyer's lease term. During this time, upon written notice from the purchaser, the Organization will repair or replace substantial defects free of charge. However, the Organization has the right to use the funds in the major repair fund (a portion of each mortgage payment is allocated to this escrow account). Based on past experience, management has determined no reserve is needed for warranties.

COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

Note 22 - Employee benefit plan

Habitat implemented a SIMPLE-IRA plan in 1998. An employee was eligible for the plan if $2,400 of wages have been earned in any prior year. On December 31, 2019, Habitat terminated the SIMPLE-IRA plan in favor of a new Defined Contribution 401(k) Profit Sharing retirement plan. An employee is eligible for the plan after 1 year of entry service, which amounts to 1,000 hours of service and 12 months after hire date. Participation in the plan is optional. 401(k) elective deferrals, up to a percentage of an employee's pay as decided by the Organization, are matched. Matching contributions are calculated based on the employee's pay and 401(k) elective deferrals for the payroll period. Matching contributions are made for all persons who were active participants at any time during that payroll period. Any percentage chosen will apply for the entire plan year. During the years ended December 31, 2021 and 2020, Habitat's contribution to the plan amounted to $16,029 and $11,848, respectively.

Note 23 - Paycheck Protection Program loans

On April 8, 2020, Habitat received loan proceeds in the amount of $432,000 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest rate are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

Additionally, on January 25, 2021, Habitat received loan proceeds in the amount of $434,923 under the Paycheck Protection Program.

Habitat initially recorded notes payable and subsequently recorded forgiveness when the loan obligations were legally released. Habitat recognized $437,174 and $435,148 of loan forgiveness income for the years ending December 31, 2021 and 2020, respectively, which is included in other income on the accompanying consolidated statements of activities. As of December 31, 2021 and 2020, no principal and interest payments were required to be made.

Note 24 - Subsequent events

Events that occur after the consolidated balance sheet date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated balance sheet date are recognized in the accompanying consolidated financial statements. Subsequent events which reflect significant matters but which provide evidence about conditions that existed after the consolidated balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through DATE (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.