

UPPER VALLEY HABITAT FOR HUMANITY, INC.  
FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Upper Valley Habitat for Humanity, Inc.  
White River Junction, Vermont

### **Opinion**

We have audited the accompanying financial statements of Upper Valley Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Valley Habitat for Humanity, Inc. as of June 30, 2021 and the statements of activities and changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Valley Habitat for Humanity, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with generally accepted

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

Exercise professional judgement and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Upper Valley Habitat for Humanity, Inc.'s internal control. Accordingly, no such opinion is expressed.

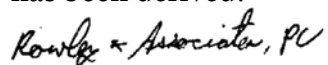
Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Valley Habitat for Humanity, Inc.'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 the financial statements of Upper Valley Habitat for Humanity, Inc. as of June 30, 2020 and for the year then ended and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rowley & Associates, P.C.  
Concord, New Hampshire  
October 13, 2021

**UPPER VALLEY HABITAT FOR HUMANITY, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2021 With Comparative Totals for June 30, 2020**  
**See Independent Auditors' Report**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 135,792	153,560	\$ 289,352	\$ 264,848
Prepaid expenses	410	-	410	-
Accounts receivable	11,001	-	11,001	14,620
Total Current Assets	<u>147,203</u>	<u>153,560</u>	<u>300,763</u>	<u>279,468</u>
<b>OTHER ASSETS</b>				
Homes under construction	11,657	-	11,657	117,389
Non-interest bearing mortgage loans	1,396,819	-	1,396,819	1,343,738
Discount on non-interest bearing mortgage loans	(708,830)	-	(708,830)	(652,382)
Land for future construction	133,484	-	133,484	131,655
Total Other Assets	<u>833,130</u>	<u>-</u>	<u>833,130</u>	<u>940,400</u>
Total Assets	<u>980,333</u>	<u>153,560</u>	<u>1,133,893</u>	<u>1,219,868</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	3,538	-	3,538	6,091
Accrued expenses	1,717	-	1,717	3,220
Total Current Liabilities	<u>5,255</u>	<u>-</u>	<u>5,255</u>	<u>9,311</u>
<b>OTHER LIABILITY</b>				
SBA Paycheck Protection Program loan	23,812	-	23,812	17,400
<b>NET ASSETS</b>				
Net assets without donor restrictions	951,266	-	951,266	1,046,039
Net assets with donor restrictions	-	153,560	153,560	147,118
Total Net Assets	<u>951,266</u>	<u>153,560</u>	<u>1,104,826</u>	<u>1,193,157</u>
Total Liabilities and Net Assets	<u>\$ 980,333</u>	<u>\$ 153,560</u>	<u>\$ 1,133,893</u>	<u>\$ 1,219,868</u>

Notes to Financial Statements

**UPPER VALLEY HABITAT FOR HUMANITY, INC**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2021**  
**With Comparative Totals for the Year Ended June 30, 2020**  
**See Independent Auditors' Report**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
REVENUES AND OTHER SUPPORT:				
Grants and contributions	\$ 63,021	\$ 70,895	\$ 133,916	\$ 174,202
SBA Paycheck Protection Program	17,400	-	17,400	-
Net gain (loss) on sale of home	16,643	-	16,643	(5,256)
Mortgage loan discount amortization	42,248	-	42,248	43,906
Rental income	1,766	-	1,766	8,700
Other income	1,048	-	1,048	2,010
Total revenues and other support	<u>142,126</u>	<u>70,895</u>	<u>213,021</u>	<u>223,562</u>
Net assets released from restrictions	<u>64,453</u>	<u>(64,453)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program expenses	225,261	-	225,261	200,865
Management and general expenses	41,024	-	41,024	40,863
Fundraising expenses	17,549	-	17,549	31,569
Total expenses	<u>283,834</u>	<u>-</u>	<u>283,834</u>	<u>273,297</u>
Net change in net assets	(77,255)	6,442	(70,813)	(49,735)
Net assets at beginning of year	<u>1,046,039</u>	<u>147,118</u>	<u>1,193,157</u>	<u>1,242,892</u>
Prior period adjustment	<u>(17,518)</u>	<u>-</u>	<u>(17,518)</u>	<u>-</u>
Net assets at end of year	<u><u>\$ 951,266</u></u>	<u><u>\$ 153,560</u></u>	<u><u>\$ 1,104,826</u></u>	<u><u>\$ 1,193,157</u></u>

Notes to Financial Statements

**UPPER VALLEY HABITAT FOR HUMANITY, INC**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2021 and 2020**  
**See Independent Auditors' Report**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) in Net Assets	\$ (70,813)	\$ (49,735)
Adjustments to reconcile excess of revenues and support over expenses to net cash provided by operating activities:		
Discount on non-interest bearing mortgage loans issued	100,770	101,998
Amortization of mortgage loan discounts	(42,248)	(43,906)
(Gain) loss on sale of homes	(16,643)	5,256
Forgiveness of SBA Paycheck Protection Program loan	(17,400)	-
Prior period adjustment	(17,518)	-
(Increase) decrease in the following assets:		
Prepaid expenses	(410)	600
Accounts receivable	3,619	29,075
(Decrease) increase in the following liabilities:		
Accounts payable	(2,553)	270
Accrued expenses	(1,503)	(685)
Net Cash Provided (Used) by Operating Activities	<u>(64,699)</u>	<u>42,873</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash disbursements for construction of homes	(53,990)	(13,727)
Investment in land for construction	(1,829)	(3,189)
Cash received for homes sold	3,601	43,500
Completed project write offs	1,785	-
Payments received on mortgages receivable	115,824	86,763
Net Cash Provided by Investing Activities	<u>65,391</u>	<u>113,347</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds from SBA Paycheck Protection Program loan	23,812	17,400
Net Cash Provided by Financing Activities	<u>23,812</u>	<u>17,400</u>
Net Increase in Cash and Cash Equivalents	24,504	173,620
Cash and Cash Equivalents at Beginning of Year	<u>264,848</u>	<u>91,228</u>
Cash and Cash Equivalents at End of Year	<u>\$ 289,352</u>	<u>\$ 264,848</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Sales price of homes sold	171,979	217,500
Mortgage loans issued by organization	(170,979)	(174,000)
Escrow funded by organization	2,601	-
Cash received for homes sold	<u>\$ 3,601</u>	<u>\$ 43,500</u>

Notes to Financial Statements

**UPPER VALLEY HABITAT FOR HUMANITY, INC**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**  
**With Comparative Totals for the Year Ended June 30, 2020**  
**See Independent Auditors' Report**

	2021				Total 2020
	Program	Management and General	Fundraising	Total	
Salaries and wages, NEK	\$ 6,180	\$ 8,119	\$ 893	\$ 15,192	\$ -
Salaries and wages, UVHFH	47,268	15,057	9,194	71,519	93,015
Mortgage discount expense	100,770	-	-	100,770	101,998
Payroll taxes	4,019	1,797	905	6,721	7,522
Employee benefits	3,720	1,664	838	6,222	3,585
Professional fees	14,971	7,231	404	22,606	12,550
Tithe to HFH International	250	-	-	250	-
Home costs and supplies	4,737	-	-	4,737	98
Travel	218	14	-	232	385
Insurance	7,050	647	-	7,697	10,983
Advertising	489	-	2,979	3,468	730
Rent	3,200	600	200	4,000	5,004
Office expense	-	2,216	-	2,216	1,076
Printing and postage	331	-	-	331	2,255
Telephone	860	161	54	1,075	1,103
Northeast Kingdom expenses	9,282	1,672	1,922	12,876	16,784
Claremont lead abatement project	21,916	-	-	21,916	2,085
Other	-	1,846	160	2,006	10,220
Carrying cost of homes rented	-	-	-	-	3,904
<b>Total Expenses</b>	<b>\$ 225,261</b>	<b>\$ 41,024</b>	<b>\$ 17,549</b>	<b>\$ 283,834</b>	<b>\$ 273,297</b>

Notes to Financial Statements



**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 1 NATURE OF ORGANIZATION**

Established in 1986, Upper Valley Habitat for Humanity, Inc. (UVHFH) is a nonprofit organization incorporated under the laws of the State of Vermont. Their mission is to build affordable, durable, safe, healthy, economical, and energy-efficient homes; strengthen and enrich communities; and increase long-term hope, prosperity, health, and the lives of families and individuals in the Upper Valley of Vermont and New Hampshire through the stability of affordable homeownership. They build homes for qualifying families in the Upper Valley towns of Vermont and New Hampshire with the help of community volunteers, the approved homeowners, and with local vendors and licensed subcontractors suppliers providing free or discounted materials and services. The completed homes are sold to the partner families at cost with zero- or very low-interest mortgages that are repaid to the Organization, which funds the building of future homes. UVHFH builds about one home every three years and renovates about one home each year. UVHFH has a sub-affiliate, Upper Valley Habitat for Humanity in the Northeast Kingdom (AKA Northeast Kingdom Habitat). NEK Habitat primarily focuses on critical home repairs and aging in place projects.

UVHFH is an affiliate of Habitat for Humanity International. Inc., a nonprofit housing organization working in 1,300 communities across all 50 states and in approximately 70 countries around the world. Founded in 1976 by Millard and Linda Fuller, Habitat for Humanity's mission is to bring people together to build homes, communities, and hope. Habitat's vision is of a world where everyone has a decent place to live. Habitat works toward this vision by building strength, stability and self-reliance in partnership with people and families in need of a safe and affordable home. Habitat International assists their affiliates with information resources, publications, trainings, and branding. UVHFH is directly responsible for its own operations and is supported primarily through grants and contributions.

The Organization's finances and cash flow are affected by the cycle of fundraising for home construction, actual construction costs incurred during the year, and the completion and sale of the home to the participant family. As a result, the Organization's financial results and cash flow can vary significantly year to year depending on the stage of completion of the project at the end of the fiscal year.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of UVHFH is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation

The Organization maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments without donor restriction with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as net assets with or without donor restriction, depending on the existence and nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contribution was received are classified as contributions without donor restitution. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Donated Materials and Services

A substantial number of volunteers have made significant contributions to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. Donated materials, supplies, and services are reflected as contributions in the accompanying financial statements at their estimated fair value.

Mortgage Loans Receivable

Mortgage loans receivable consists of non-interest-bearing mortgages, which are secured by real estate, and are payable in monthly installments over the life of the mortgage. Every effort is made to assist those homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or the Organization may accept the deed back in lieu of foreclosure where the homeowner mortgage payments are deemed seriously delinquent. Properties acquired through foreclosure or by the acceptance of a deed in lieu of foreclosure, may be sold directly on the open market or refurbished in partnership with and sold to other families in need of decent, affordable housing.

Home Construction Costs

Costs incurred in conjunction with home construction are capitalized until the completion of each home. Construction-in-Process activity consisted of the following for the years ended June 30:

Land for Future Construction

Donated land is valued at the estimated fair value at the date of donation. However, the value of the donated land to the Organization can sometimes differ from the fair value because of the Organization's mission to keep the homes it provides affordable, binding them to keep the housing cost at less than 30% of a homeowner's monthly income. When this occurs, the Organization records a valuation allowance for the difference between the estimated fair value of the land and the value of the land the Organization anticipates it will be able to pass on to the homeowner.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Transfers to Homeowners

Transfers to homeowners are recorded at the gross amount of payments to be received over the lives of the mortgages. Non-interest-bearing mortgages have been discounted at various rates ranging from 7% to 9%. The rate is provided by Habitat for Humanity International each fiscal year and is applied at the inception of each mortgage. Discounts are amortized over the life of the loan.

Functional and Cost Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates that are based on their relationship to those activities. Those expenses include payroll and payroll related expenses and occupancy costs. Occupancy costs are allocated based on square footage. Payroll and payroll related expenses are based on estimates of time and effort. Other cost allocations are based on the relationship between the expenditure and the activities benefited.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$3,468 and \$730, respectively.

Income taxes

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and recognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

Concentration of Risk

The Organization's concentration of credit risk with respect to mortgage loans receivable depends upon its partner families' ability to repay, which varies with economic conditions in this geographic area. Management believes all mortgage loans are performing and therefore no allowance for uncollectable amounts is required.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization maintains cash balances in several accounts at local banks. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the Organization may have cash balances at the financial institution that exceeds the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Organization. At June 30, 2021 and 2020, the Organization had no uninsured cash balances.

Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expense are stated at carrying cost at June 30, 2021 and 2020, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year end are homes under construction, non-interest-bearing mortgage loans, discount on non-interest-bearing mortgage loans, land for future construction, which are unobservable inputs that are supported by little or no market activity, and that are significant to the fair value of the assets. These assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash or other assets are received.

Prior Period Adjustment

During the year ended June 30, 2021 management reviewed the organization's historical inventory of land, homes in progress and mortgages. A total of \$17,518 in adjustments were made and are included in the prior period adjustment for the year ended June 30, 2020.

**NOTE 3 TRANSACTIONS WITH AFFILIATE**

The Organization tithes a portion of its contributions (excluding in-kind and restricted contributions) to Habitat for Humanity International, Inc. These funds are used to construct homes in economically depressed areas around the world. The Organization tithed \$250 and \$0 for the years ended June 30, 2021 and 2020, respectively.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 4 COMPENSATED ABSENCES**

Beginning in 2021 full time employees could accrue vacation time but no formal policy has been implemented for future payout. As of the date of this report two employees have begun accruing vacation but no liability has been recorded. The Organization will formalize a policy and record the liability during fiscal year ended June 30, 2022.

**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS**

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Association is required to disclose certain information about its financial assets and liabilities. As of June 30, 2021 and 2020 the Organization had no financial instruments subject to the disclosure requirements. Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses reported in the statement of financial position approximate fair values because of the short maturities of those instruments or because of the fixed rate of interest required to be paid.

Fair values of the Organization's other assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2021</u>			
Homes under construction	\$ 11,657	\$ -	\$ 11,657
Non-interest-bearing loans, less discount	687,989	-	687,989
Land for future construction	133,484	-	133,484
Accounts receivable	<u>11,001</u>	<u>11,001</u>	<u>-</u>
Total	<u>\$ 844,131</u>	<u>\$ 11,001</u>	<u>\$ 833,130</u>

	Fair Value	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2020</u>			
Homes under construction	\$ 117,389	\$ -	\$ 117,389
Non-interest-bearing loans, less discount	691,356	-	691,356
Land for future construction	131,655	-	131,655
Accounts receivable	<u>14,620</u>	<u>14,620</u>	<u>-</u>
Total	<u>\$ 955,020</u>	<u>\$ 14,620</u>	<u>\$ 940,400</u>

The fair market value of accounts receivable are estimated at the present value of expected future cash flows. Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

**NOTE 5 FAIR VALUE MEASUREMENTS (Continued)**

<u>Homes under construction</u>	
Balance at June 30, 2020	\$ 117,389
Additional costs incurred	29,747
Completed homes transferred	(159,722)
Costs forgiven or reclassified	<u>24,243</u>
Balance at June 30, 2021	<u>\$ 11,657</u>
<u>Non-interest bearing loans</u>	
Balance at June 30, 2020	\$ 691,356
New mortgages issued	170,979
Discounts on new mortgages	(100,770)
Mortgage principal paid off	(115,824)
Amortization of discount	<u>42,248</u>
Balance at June 30, 2021	<u>\$ 687,989</u>
<u>Land for future construction</u>	
Balance at June 30, 2020	\$ 131,655
Additional land costs	1,829
Land lot transferred	<u>-</u>
Balance at June 30, 2021	<u>\$ 133,484</u>

**NOTE 6 LEASE OBLIGATION**

NEK Habitat pays rent on a month-to-month basis for office space. Rent expense related to this lease was \$6,600 and \$7,680 for the years ended June 30, 2021 and 2020, respectively, and is recorded under Northeast Kingdom expenses. There is no future minimum rent related to this lease.

On July 1, 2020 NEK Habitat entered a one-year lease for workshop space and renewed it for another year on July 1, 2021. Rent expense related to this lease was \$660 for the years ended June 30, 2021 and 2020, respectively, and is recorded under Northeast Kingdom expenses. Future minimum rent related to this lease is: 2022: \$600

On January 1, 2021 UVHFH entered into a two-year lease for office space, expiring December 22, 2022. Rent expense related to this office was \$4,000 and \$5,004 for the years ended June 30, 2021 and 2020, respectively.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 LEASE OBLIGATION (Continued)**

Future minimum rent related to the UVHFH lease is:

2022:	\$4,920
2023:	<u>2,460</u>
	<u>\$7,380</u>

**NOTE 7 BOARD DESIGNATED NET ASSETS**

The Organization had board designated net assets comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Sharon Project	\$ <u>-</u>	\$ <u>3,479</u>

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
360 Meriden Road	\$ 135,912	\$ 84,398
362 Meriden Road	-	23,525
Claremont Lead Abatement Project	12,648	32,648
Claremont PNH Project	-	1,547
Prue Stewardship Fund	<u>5,000</u>	<u>5,000</u>
Total	<u>\$ 153,560</u>	<u>\$ 147,118</u>

**NOTE 9 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's primary sources of support are contributions, and grants. Most of that support is held for the purpose of supporting the Organization's budget.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 289,352	\$ 264,848
Accounts receivable	11,001	14,620
Less cash and cash equivalents and accounts receivable subject to donor restriction	<u>(153,560)</u>	<u>(147,118)</u>
	<u>\$ 146,793</u>	<u>\$ 132,350</u>



**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
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**NOTE 10 PAYCHECK PROTECTION PROGRAM LOAN**

January 27, 2021 the Organization received approval of a loan from The U.S. Small Business Administration as part of the Paycheck Protection Program in the amount of \$23,812. This loan calls for interest fixed at 1%. No payments are required for six months from the date of the loan. This note will mature two years from the date of first disbursement of the loan. It is likely that this loan will be forgiven under the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136).

On January 16, 2021, a previous loan in the amount of \$17,400 was forgiven under the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136)

**NOTE 11 CONTINGENT RECEIVABLE: SECOND MORTGAGES**

The Organization receives a second mortgage on some properties sold to Partner Families. Generally, the value of the second mortgage represents the difference between the sales price and the property's market value at time of sale. There are no required monthly payments on these second mortgages, however an amount becomes due if the property is sold or if the first mortgage falls into default.

Often, the second mortgage is forgiven over time, as long as the homeowner is current on first mortgage payments and continues to live in the home. The forgiveness schedule is based on a formula set at closing.

These mortgages are not recorded in these financial statements because there is significant uncertainty regarding collectability. In the event that the Organization intends to collect the second mortgage, it is recorded as income at that time.

The outstanding balances of second mortgages held by the Organization as of June 30, 2021 and 2020 were \$140,641 and \$210,738, respectively.

**NOTE 12 SUBSEQUENT EVENTS**

The Organization has evaluated events through October 13, 2021, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. It has been determined that no subsequent events matching this criterion occurred during this period.

**UPPER VALLEY HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 RISKS AND UNCERTAINTIES: COVID-19**

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which may negatively impact future financial performance. The potential impact of these uncertainties is unknown and cannot be estimated at the present time.