HARTFORD AREA HABITAT FOR HUMANITY, INC.

Independent Auditors' Report

Financial Statements

June 30, 2020

Hartford Area Habitat for Humanity, Inc.

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Independent Auditors' Report

To the Board of Directors of
Hartford Area Habitat for Humanity, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hartford Area Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartford Area Habitat for Humanity, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Hartford Area Habitat for Humanity, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hartford, Connecticut
October 16, 2020

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statements of Financial Position

June 30, 2020 and 2019

		2020		2019
ASSETS				
Current assets:				
Cash and cash equivalents	$	1,868,011	$	1,451,738
Restricted cash		-		2,189
Grants and other receivables		48,797		133,196
Current portion of mortgage notes receivable		751,123		750,546
Inventory		996,455		1,005,654
Prepaid expenses		22,594		29,873
Total current assets		3,686,980		3,373,196
Property and equipment:				
Land, building and improvements		516,265		479,365
Furniture, fixtures and equipment		1,161,395		1,102,091
Less: accumulated depreciation		(957,299)		(848,569)
Total property and equipment		720,361		732,887
Other assets:				
Mortgage notes receivable, net of mortgage discount		5,647,899		5,935,767
Other real estate owned		62,114		145,177
Deposits and escrows		2,516		2,516
Total other assets		5,712,529		6,083,460
Total assets		10,119,870		10,189,543
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt		105,480		150,469
Refundable Advance		263,032		-
Accounts payable and accrued expenses		250,743		258,049
Advance payments and down payments		47,679		24,995
Total current liabilities		666,934		433,513
Long-term debt, net of current portion and CHFA mortgage discount of $51,940 and $51,940, respectively		820,148		1,005,455
Total liabilities		1,487,082		1,438,968
Net assets:				
Without donor restrictions		8,480,276		8,519,424
With donor restrictions		152,512		231,151
Total net assets		8,632,788		8,750,575
Total liabilities and net assets	$	10,119,870	$	10,189,543

The accompanying notes are an integral part of the financial statements.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statement of Activities

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Property transferred to homeowners	$ 1,492,380	$ -	$ 1,492,380
Contributions	1,334,078	207,417	1,541,495
Grants	-	-	-
Imputed interest on mortgage receivables	399,723	-	399,723
ReStore income	888,906	-	888,906
Other income	15,962	-	15,962
Interest income	3,141	-	3,141
Gain on sale of mortgages	342,137	-	342,137
Satisfaction of program restrictions	286,056	(286,056)	-
Total revenue and other support	4,762,383	(78,639)	4,683,744
Expenses:			
Program services			
Affordable housing program	3,602,837	-	3,602,837
ReStore	860,169	-	860,169
Total program services	4,463,006	-	4,463,006
General and administrative	116,564	-	116,564
Fundraising	221,961	-	221,961
Total expenses	4,801,531	-	4,801,531
Change in net assets	(39,148)	(78,639)	(117,787)
Net assets - beginning of year	8,519,424	231,151	8,750,575
Net assets - end of year	$ 8,480,276	$ 152,512	$ 8,632,788

The accompanying notes are an integral part of the financial statements.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statement of Activities

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Property transferred to homeowners	$ 873,288	$ -	$ 873,288
Contributions	1,300,445	486,495	1,786,940
Grants	80,250	-	80,250
Imputed interest on mortgage receivables	437,063	-	437,063
ReStore income	1,013,016	-	1,013,016
Other income	17,811	-	17,811
Interest income	3,525	-	3,525
Gain on sale of mortgages	122,387	-	122,387
Satisfaction of program restrictions	662,395	(662,395)	-
Total revenue and other support	4,510,180	(175,900)	4,334,280
Expenses:			
Program services			
Affordable housing program	2,901,515	-	2,901,515
ReStore	859,823	-	859,823
Total program services	3,761,338	-	3,761,338
Management and general	141,965	-	141,965
Fundraising	355,794	-	355,794
Total expenses	4,259,097	-	4,259,097
Other change in net assets:			
NMTC benefit	723,156	-	723,156
Change in net assets	974,239	(175,900)	798,339
Net assets - beginning of year	7,545,185	407,051	7,952,236
Net assets - end of year	$ 8,519,424	$ 231,151	$ 8,750,575

The accompanying notes are an integral part of the financial statements.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020 (With Comparative June 30, 2019 Totals)

	Program Services						
	Affordable Housing Program	ReStore	Total Program Services	General and Administrative	Fundraising	2020 Total	2019 Total
Cost of homes sold	$ 1,506,607	$ -	$ 1,506,607	$ -	$ -	$ 1,506,607	$ 1,162,030
Other expenses:							
Salaries	572,826	286,136	858,962	57,962	119,242	1,036,166	1,088,667
Payroll taxes and fringe benefits	175,531	79,079	254,610	7,663	33,116	295,389	282,103
Other program service costs	68,442	-	68,442	-	-	68,442	85,270
Moving and storage	-	127,942	127,942	-	-	127,942	137,172
Occupancy expenses	23,662	95,554	119,216	5,916	758	125,890	130,147
Interest	15,658	5,130	20,788	3,793	-	24,581	72,582
Office administration	115,370	11,558	126,928	13,006	1,667	141,601	120,855
Insurance	33,650	12,920	46,570	425	1,604	48,599	44,432
Tithe and donations to affiliates	40,184	-	40,184	-	-	40,184	48,819
Subcontractors	1,700	-	1,700	-	-	1,700	-
Utilities and telephone	11,396	23,880	35,276	-	-	35,276	52,762
Miscellaneous	8,488	110,780	119,268	2,091	16,516	137,875	103,857
Special events	-	-	-	-	33,621	33,621	73,759
Advertising	380	3,575	3,955	-	14,830	18,785	40,467
Office repairs and maintenance	13,540	26,041	39,581	-	-	39,581	35,812
Professional fees	-	-	-	24,800	-	24,800	39,183
Warranty costs	4,702	-	4,702	-	-	4,702	37,984
Training and staff development	6,893	3,017	19,590	649	83	20,322	23,043
Bad debt expense	-	-	-	-	-	-	20,025
Auto and travel	9,189	1,345	10,534	259	524	11,317	20,660
Total other expenses	1,101,611	786,957	1,888,568	116,564	221,961	2,227,093	2,457,600
Total expenses before mortgage discount, loss on impairment and depreciation	2,608,218	786,957	3,395,175	116,564	221,961	3,733,700	3,619,628
Mortgage discount	890,995	-	890,995	-	-	890,995	415,230
Loss on impairment	68,106	-	68,106	-	-	68,106	39,175
Depreciation/amortization	35,518	73,212	108,730	-	-	108,730	185,064
Total expenses	$ 3,602,837	$ 860,169	$ 4,463,006	$ 116,564	$ 221,961	$ 4,801,531	$ 4,259,097

The accompanying notes are an integral part of the financial statements.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (117,787)	$ 798,339
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	108,730	111,499
Amortization	-	73,565
NMTC benefit	-	(723,156)
Loss on impairment	68,106	39,175
CHFA mortgage discount	-	20,155
Changes in assets - (increase)/decrease:		
Inventory	(58,907)	(689,430)
Prepaid expenses	7,279	(11,509)
Grants and other receivables	84,399	319,897
Other real estate owned	83,063	97,479
Changes in liabilities - increase/(decrease):		
Accounts payable and accrued expenses	(7,306)	40,019
Advance payments and down payments	22,684	(14,683)
Refundable advance	263,032	-
Net change in cash from operating activities	453,293	61,350
Cash flows from investing activities:		
New loans originated	(1,484,352)	(292,470)
Loan payments	247,754	300,088
Proceeds from sale of recycled homes	492,973	196,949
Proceeds from sale of mortgages	838,508	-
Purchase of land, buildings and equipment	96,204	9,545
Deferred assets	-	24,676
Net change in cash from investing activities	191,087	238,788
Cash flows from financing activities:		
Proceeds from notes payable	233,479	15,140
Payments on notes payable	(463,775)	(199,791)
Net change in cash from financing activities	(230,296)	(184,651)
Change in cash and cash equivalents	414,084	115,487
Cash, cash equivalents and restricted cash - beginning of year	1,453,927	1,338,440
Cash, cash equivalents and restricted cash - end of year	$ 1,868,011	$ 1,453,927
Supplementary information:		
Interest paid	$ 24,581	$ 72,582
Noncash investing activity:		
Mortgage discount	$ 890,995	$ 415,230
Imputed interest on mortgage receivables	(399,723)	(437,063)
Total noncash investing activity	$ 491,272	$ (21,833)

The accompanying notes are an integral part of the financial statements.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Hartford Area Habitat for Humanity, Inc. (“HAHFH”), a non-profit organization, non-stock corporation organized under Connecticut law in 1988, is located in Hartford, Connecticut. HAHFH, affiliated with Habitat for Humanity International (“HFHI”) based in Americus, Georgia, builds homes for low-income individuals in the Hartford area. Purchasers, who have been approved and selected by HAHFH, volunteer their labor in partnership with HAHFH to build the house. The house is then sold to the individual at a predetermined cost which is reviewed annually by the HAHFH. Upon sale, HAHFH takes back a non-interest bearing mortgage for approximately 99% of the sales price. These mortgages are usually long term, ranging from twenty to thirty years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Hartford Area Habitat for Humanity, Inc. is presented to assist in understanding HAHFH’s financial statements. The financial statements and accompanying notes are representations of HAHFH’s management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting - The financial statements of HAHFH have been prepared on the accrual basis.

Basis of Presentation - Financial statement presentation follows *Financial Statements of Not-for-Profit Organizations* topic of the Financial Accounting Standards Board Codification (“ASC”). Under this topic, HAHFH 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, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

> *Net assets without donor restrictions* – These net assets are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions.
>
> *Net assets with donor restrictions* – These net assets include contributions, unconditional promises to give and other inflows of assets whose use by HAHFH is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of HAHFH.

Summarized 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 HAHFH’S financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents - Cash and cash equivalents include cash and all highly liquid instruments with an original maturity of three months or less. HAHFH maintains its cash in bank accounts which, at times, may exceed federally insured limits. HAHFH has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables - Grant and other receivables arising from regular operations are stated net of an allowance for doubtful accounts. Allowances are set based on assessments by management as to the collectability of individual accounts. There was no allowance for doubtful account for the years ended June 30, 2020 and 2019.

Mortgages Receivable - Mortgages receivable consist of non-interest bearing loans which are secured by the real estate and payable in monthly installments over the life of the mortgage.

Inventory - Inventory on properties constructed for sale is valued using specific identification.

Property and Equipment - All acquisitions or donations of property and equipment are recorded at cost or their fair market value at the date of the gift. Depreciation is provided for over the estimated useful lives of the assets on a straight-line basis. The respective estimated useful lives are five to thirty-nine years. HAHFH follows the practice of capitalizing all expenditures for property and equipment in excess of $1,000.

Other Real Estate Owned - Other real estate owned is carried at the lower of fair value or acquisition cost.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donated Materials and Services - Donated property, including building materials, is recorded as a contribution at a discounted retail value when received. HAHFH receives donated services from a variety of unpaid volunteers who assist in building the houses. No amounts have been recognized in the accompanying statements of activities for these services because the criteria for recognition of such volunteer efforts under the Not-for-Profit Entities topic of the FASB Accounting Standards Codification (FASB ASC 958) have not been satisfied.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to one or more supporting functions of the Organization. Personnel costs, including fringe benefits, have been allocated among the programs and supporting services benefited based on time and effort. All other expenses have been allocated by costs of specific functions served.

HAHFH reports gifts of buildings and equipment as unrestricted support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations about how long those donated assets must be maintained, HAHFH reports expirations of donor restrictions when the donated or acquired assets are placed in service. HAHFH reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

In-kind Contributions - In-kind contributions consist of discounts on services provided by various contractors. The total amount of in-kind contributions recognized in contributions on the statements of activities for the years ended June 30, 2020 and 2019, was $84,577 and $68,699, respectively.

ReStore Income – HAHFH sells donated inventory through its ReStore location in Bloomfield, CT. The total amount of income recognized from ReStore sales on the statements of activities for the years ended June 30, 2020 and 2019, was $888,906 and $1,013,016, respectively.

Tax Status - HAHFH is a not-for-profit organization as described under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes. In addition, HAHFH qualifies for the charitable contribution deduction as provided in Section 170 of the Internal Revenue Code.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards - For the year ended June 30, 2020, HAHFH adopted ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The update addresses the classification and presentation of changes in restricted cash on the statements of cash flows. A key change required by ASU No. 2016-18 is that restricted cash controlled by HAHFH is now included in the statements of cash flows. The ASU has been applied retrospectively to all periods presented.

During the year ended June 30, 2020, HAHFH adopted Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides a single comprehensive model for revenue recognition. The new guidance's core principle is that an HAHFH will recognize revenue when it transfers control over promised goods or services in an amount that reflects the consideration to which HAHFH expects to be entitled in exchange for those goods or services. HAHFH adopted the new revenue guidance using the modified retrospective method on July 1, 2019.

HAHFH evaluated each revenue stream and applied ASU 2014-09. As a result of this change in accounting guidance, HAHFH updated its revenue recognition policies and disclosures. ASU 2014-09 did not impact the amount of revenue recognized in previous periods, and, accordingly, there was no impact to HAHFH's opening net asset balances upon adoption. The HAHFH does not expect the impact of the adoption of the new standard to be material to the results of operations on an ongoing basis.

Restricted Cash - Restricted cash is comprised of the escrow and condo accounts. The following table provides a reconciliation of cash and restricted cash reported within the statements of activities that sum to the total of the same amounts shown in the statements of cash flow.

	2020	2019
Cash and cash equivalents	$ 1,868,011	$ 1,451,738
Restricted cash	-	2,189
Total cash and restricted cash shown in the statement of cash flows	$ 1,868,011	$ 1,453,927

Subsequent Events Measurement Date - HAHFH monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year end June 30, 2020 through October 16, 2020, the date on which the financial statements were available to be issued.

NOTE 3 - INVENTORY

The residential units in inventory consist of the following as of June 30,:

	2020	2019
Construction in progress and completed units that are unoccupied	$ 747,262	$ 767,851
Land	185,342	210,075
ReStore purchased inventory	63,851	27,728
Total inventory	$ 996,455	$ 1,005,654

NOTE 4 - OTHER REAL ESTATE OWNED

Other real estate owned is comprised of foreclosed and first right of refusal ("FROF") homes. Properties are foreclosed upon after the homeowner has become seriously delinquent in their loan payments and all attempts to work with the homeowner have failed. For the FROF homes, HAHFH maintains a FROF to repurchase any Habitat home that is proposed to be sold by a Habitat homeowner during the term of the mortgage. Other real estate owned totaled $62,114 and $145,177 for the years ended June 30, 2020 and 2019, respectively.

NOTE 5 - LIQUIDITY

HAHFH's financial assets available to meet general expenditures within one year of June 30, 2020 are as follows:

	2020	2019
Financial assets		
Cash and cash equivalents	$ 1,868,011	$ 1,451,738
Grants and other receivables	48,797	133,196
Mortgage notes receivable, current portion	751,123	750,546
	2,667,931	2,335,480
Less amounts not available to be used within one year:		
Net assets with donor restrictions	152,512	231,151
Financial assets available to meet cash needs for general expenditures within one year	$ 2,515,419	$ 2,104,329

HAHFH manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations will continue to be met, ensuring the sustainability of HAHFH.

NOTE 6 - MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable represent non-interest bearing amounts due from individuals who have purchased homes constructed by HAHFH. These amounts are to be paid over terms ranging from twenty to thirty years as follows:

	2020	2019
Mortgage notes receivable	$ 12,534,017	$ 13,204,262
Less: unamortized discount on non-interest bearing mortgage notes receivable	(6,134,995)	(6,517,949)
	6,399,022	6,686,313
Less: current portion of mortgage notes receivable	(751,123)	(750,546)
	$ 5,647,899	$ 5,935,767

Since the above referred mortgage notes are non-interest bearing, the net present value of each of these notes is less than face value. The net present value of these notes (at an imputed interest rate ranging from (7.39% to 8.48%) is $6,399,022 and $6,686,313 at June 30, 2020 and 2019, respectively. The servicing of these mortgages is performed by a bank. The scheduled estimated maturities of these notes are approximately:

Year ended June 30,	
2021	$ 751,123
2022	747,798
2023	727,193
2024	702,670
2025	688,903
Thereafter	2,781,334
	$ 6,399,022

HAHFH sells homes based on its predetermined cost, which is reviewed annually by HFHI, and concurrently, HAHFH also holds a second and third mortgage on the difference between the fair market value and the selling price. The purpose of the second and third mortgage is to insure that the purchaser retains possession of the property for a given period of time and does not sell to personally benefit from the difference between the purchased price and the fair market value. The second and third mortgages are forgiven ratably between six and thirty years after the purchase of the homes. If the homeowner sells prior to the time period of the second and/or third mortgage being ratably forgiven, the balance of the mortgage will be repaid from the sales price. It is anticipated that none of these mortgages will be required to be repaid. As a result, these mortgages have not been recorded in the financial statements as of June 30, 2020 and 2019, respectively.

NOTE 7 - DEPOSITS

Deposits consist of advanced payments from homeowners for property tax remittances and down payments on home purchases. Down payments represent funds received from families before they move in as a commitment to purchase a house. In the event a family decides not to purchase the home, the down payment will be returned to the individuals and the occupancy payments will be considered rent to HAHFH according to a use and occupancy agreement.

NOTE 8 - LONG-TERM DEBT

During May 2020, HAHFH received approval for a U.S. Small Business Administration ("SBA") COVID-19 Economic Injury Disaster Loan ("EIDL") of $150,000 and EIDL Emergency Advance of $10,000. Repayment terms are 30 years at an interest rate of 2.75%. Payments are deferred for one year. Organizations who receive an EIDL Emergency Advance in addition to a Paycheck Protection Program ("PPP") loan will have the amount of EIDL Emergency Advance subtracted from the loan forgiveness of their PPP loan.

Long-term debt consists of the following as of June 30,:

	Maturity Date	Interest Rate	Outstanding Balance 2020	Outstanding Balance 2019
Habitat for Humanity International				
SHOP/HUD Notes	12/31/2019	0.000%	$ -	$ 4,224
	6/30/2020	0.000%	1,120	4,396
	12/31/2020	0.000%	944	1,880
	12/31/2020	0.000%	1,046	2,054
	12/31/2020	0.000%	708	1,410
	12/31/2020	0.000%	1,652	3,290
	12/31/2020	0.000%	200	380
	6/30/2021	0.000%	1,121	1,787
	6/30/2021	0.000%	1,121	1,787
	6/30/2021	0.000%	1,121	1,787
	12/31/2021	0.000%	1,644	2,346
	12/31/2021	0.000%	3,129	4,461
	12/31/2021	0.000%	9,316	13,294
	12/31/2022	0.000%	10,145	12,908
	6/30/2023	0.000%	21,336	26,250
	6/30/2024	0.000%	7,333	7,333
	6/30/2024	0.000%	3,667	3,667
	6/30/2024	0.000%	7,333	7,333
	6/30/2025	0.000%	6,625	6,625
	6/30/2025	0.000%	8,514	8,515
			$ 88,075	$ 115,727
Windsor Federal Savings	6/1/2019	4.080%	$ -	$ -
	1/1/2023	4.000%	12,478	16,689
	8/1/2024	4.000%	14,369	17,228
	2/1/2025	2.875%	-	316,089
	2/1/2031	4.000%	40,673	48,211
	4/1/2031	4.000%	90,136	96,158
	12/1/2031	4.000%	44,579	48,073
	4/1/2032	4.000%	106,249	112,505
	7/1/2032	4.000%	111,173	117,780
			$ 419,657	$ 772,733
Key Bank	4/24/2027	6.000%	$ 41,680	$ 96,846

NOTE 8 - LONG-TERM DEBT *(CONTINUED)*

Connecticut Housing Finance Authority	10/1/2019	5.000%	$ -	$ 316
(CHFA)	6/1/2023	5.000%	6,379	8,461
	12/1/2023	5.000%	11,064	14,208
	8/1/2024	5.000%	9,034	11,069
	10/1/2024	5.000%	8,294	10,039
	12/1/2030	5.000%	13,439	15,398
	11/1/2031	5.000%	31,784	33,835
	8/1/2032	5.000%	34,992	37,112
	6/1/2033	5.000%	38,183	40,180
	8/1/2034	5.000%	41,927	-
			$ 195,096	$ 170,618
SBA	5/16/2050	2.75%	$ 160,000	$ -
Nissan Motor Acceptance Corporation (NMAC)	2/1/2024	2.75%	$ 21,120	$ -
Total long-term debt			$ 925,628	$ 1,155,924
Less: Current portion of long-term debt			(105,480)	(150,469)
Total loan-term debt, net of current portion			$ 820,148	$ 1,005,455

As the above referred CHFA notes are non-interest bearing, and are for the purpose of providing the funds needed for home construction, the net present value of each of these notes is less than face value. The net present value of these notes (at an imputed interest rate of 5.00%) is $51,940 and $72,095 at June 30, 2020 and 2019, respectively.

All notes, except for the Habitat for Humanity International SHOP/HUD, SBA and NMAC notes, are secured by certain pledged mortgage receivable payments.

The expected maturities of long-term debt are as follows for the year ended June 30,:

2021	$ 105,480
2022	116,902
2023	99,217
2024	82,974
2025	69,488
Thereafter	451,567
	$ 925,628

HAHFH received funding through HFHI from HUD to complete new properties. The total of the awards received during the years ending June 30, 2020 and 2019 is approximately $-0- and $87,000. These awards are considered 75% grants and 25% noninterest bearing loans to be repaid to HFHI over a four-year period.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were subject to the following purpose restrictions as June 30,:

	2020	2019
Housing construction	$ 171,554	$ 213,254
Education	17,897	17,897
Total net assets with donor restrictions	$ 189,451	$ 231,151

Net assets with donor restrictions of $249,117 and $662,395 were released for housing construction during the years ended June 30, 2020 and 2019, respectively.

NOTE 10 - PENSION PLAN

HAHFH provides a 401(k) plan for its employees. Eligible participants can elect to contribute salary deferrals up to the IRS maximum. HAHFH will match 100% of the employee's contribution up to 4% of the employee's compensation at the plan year end. For the years ended June 30, 2020 and 2019, HAHFH's contributions totaled $31,057 and $25,607, respectively.

NOTE 11 - LEASES

HAHFH leases buildings under various operating lease agreements expiring in various years through September, 2024. Rent expense for the years ended June 30, 2020 and 2019 totaled $107,194 and $109,952, respectively. Minimum future rental payments under operating leases having remaining terms in excess of one year are as follows:

For the years ending June 30,:	
2021	$ 74,186
2022	75,250
2023	76,209
2024	46,691
2025	11,000

NOTE 12 - COMMITMENTS AND CONTINGENCIES

HAHFH is from time to time subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of HAHFH.

NOTE 13 - LOSS ON IMPAIRMENT

HAHFH determined that certain other real estate owned have been impaired. Therefore, HAHFH was required to make a fair value determination. This fair value determination was based on previous sales by HAHFH of homes in the area. HAHFH recorded an impairment adjustment of $68,106 and $39,175 during the years ended June 30, 2020 and 2019, respectively, which is reflected in the statements of activities.

NOTE 14 – RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. COVID-19 has caused significant disruption in the national and global economy. HAHFH's operating activities, liquidity and cash flows may be adversely affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while HAHFH expects this matter to negatively impact the organization, the related financial impact cannot be reasonably estimated at this time.

NOTE 15 – REFUNDABLE ADVANCE

During April 2020, HAHFH received approval for a SBA Paycheck Protection Program (PPP) loan in the amount of $263,032. Under the PPP, funds are forgivable if utilized for qualified expenditures according to the program criteria incurred over the eight week or twenty-four week period following the date of funding. In order to qualify for forgiveness, the funding must be spent on eligible payroll expenses, with up to 40% may be spent on other eligible expenditures, such as rent and utilities. As outlined by the Small Business Administration, any unforgiven balance must be repaid over two years at an annual interest rate of 1% with an initial deferment period of six months from disbursement date of loan (interest will accrue). HAHFH elected the twenty-four week period and spent $XXX,XXX as of June 30, 2020, and $XXX,XXX in eligible expenses during the period subsequent to June 30, 2020 through October XX, 2020, the date on which HAHFH applied for forgiveness of the entire amount of the loan.