

**HABITAT FOR HUMANITY
OF GREATER INDIANAPOLIS, INC.**

FINANCIAL REPORT

December 31, 2020



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Habitat for Humanity of Greater Indianapolis, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity of Greater Indianapolis, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's 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 of 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT - continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

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

Pile CPAs

Indianapolis, Indiana
May 26, 2021

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>ASSETS</u>		
Unrestricted cash	\$ 6,422,917	\$ 2,317,437
Cash limited as to use and timing	533,522	500,301
TOTAL CASH	<u>6,956,439</u>	<u>2,817,738</u>
Grants, sponsorships, and other receivables	472,264	1,311,048
Mortgage loans receivable, net	8,277,241	10,320,788
Inventory	293,887	248,052
Prepayments	128,361	93,065
Construction in progress	755,991	187,677
Land and homes available for resale and future builds	992,324	584,025
Property and equipment, net	4,235,659	3,852,650
Beneficial interest in assets held by others	92,007	83,837
TOTAL ASSETS	<u>\$ 22,204,173</u>	<u>\$ 19,498,880</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Mortgage service agreement, current portion	\$ 19,297	\$ 31,607
Notes payable, current portion	139,410	465,160
Accounts payable	339,286	380,787
Accrued expenses and other liabilities	116,051	110,247
Escrow liability, net	199,947	169,832
Deferred revenue	208,371	194,605
TOTAL CURRENT LIABILITIES	<u>1,022,362</u>	<u>1,352,238</u>
<u>LONG-TERM LIABILITIES</u>		
Mortgage service agreement, less current portion	663,432	254,692
Notes payable, less current portion	1,696,541	859,140
	<u>2,359,973</u>	<u>1,113,832</u>
<u>NET ASSETS</u>		
Without donor restrictions	18,714,831	16,730,295
With donor restrictions		
Time restrictions	64,959	260,467
Perpetual in nature	42,048	42,048
	<u>107,007</u>	<u>302,515</u>
TOTAL NET ASSETS	<u>18,821,838</u>	<u>17,032,810</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,204,173</u>	<u>\$ 19,498,880</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF ACTIVITIES

Year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Contributions	\$ 1,990,545	\$ -	\$ 1,990,545
Private grants	959,560	15,000	974,560
In-kind contributions	615,755	-	615,755
Panel builds	-	-	-
	<u>3,565,860</u>	<u>15,000</u>	<u>3,580,860</u>
Home sales	2,015,495	-	2,015,495
ReStore income	2,974,676	-	2,974,676
	<u>4,990,171</u>	<u>-</u>	<u>4,990,171</u>
Mortgage loan discount amortization	631,720	-	631,720
Investment income gain (loss)	328	8,170	8,498
Gain on sale of mortgages	1,486,753	-	1,486,753
Other income, net	71,439	-	71,439
Gain on unification of Hamilton County	-	-	-
Net assets released from restrictions	218,678	(218,678)	-
	<u>2,408,918</u>	<u>(210,508)</u>	<u>2,198,410</u>
TOTAL SUPPORT AND REVENUE	<u>10,964,949</u>	<u>(195,508)</u>	<u>10,769,441</u>
<u>EXPENSES</u>			
Program services	7,787,284	-	7,787,284
Supporting activities	1,193,129	-	1,193,129
TOTAL EXPENSES	<u>8,980,413</u>	<u>-</u>	<u>8,980,413</u>
CHANGE IN NET ASSETS	1,984,536	(195,508)	1,789,028
<u>NET ASSETS</u>			
Beginning of year	<u>16,730,295</u>	<u>302,515</u>	<u>17,032,810</u>
End of year	<u>\$ 18,714,831</u>	<u>\$ 107,007</u>	<u>\$ 18,821,838</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF ACTIVITIES - continued

Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Contributions	\$ 2,354,252	\$ 155,043	\$ 2,509,295
Private grants	1,216,448	-	1,216,448
In-kind contributions	897,501	-	897,501
Panel builds	182,076	15,000	197,076
	<u>4,650,277</u>	<u>170,043</u>	<u>4,820,320</u>
Home sales	2,472,308	-	2,472,308
ReStore income	2,470,812	-	2,470,812
	<u>4,943,120</u>	<u>-</u>	<u>4,943,120</u>
Mortgage loan discount amortization	622,112	-	622,112
Investment income gain (loss)	(8,225)	9,779	1,554
Gain on sale of mortgages	64,937	-	64,937
Other income, net	112,658	-	112,658
Gain on unification of Hamilton County	297,015	-	297,015
Net assets released from restrictions	551,462	(551,462)	-
	<u>1,639,959</u>	<u>(541,683)</u>	<u>1,098,276</u>
TOTAL SUPPORT AND REVENUE	<u>11,233,356</u>	<u>(371,640)</u>	<u>10,861,716</u>
<u>EXPENSES</u>			
Program services	8,578,197	-	8,578,197
Supporting activities	1,253,267	-	1,253,267
TOTAL EXPENSES	<u>9,831,464</u>	<u>-</u>	<u>9,831,464</u>
CHANGE IN NET ASSETS	1,401,892	(371,640)	1,030,252
<u>NET ASSETS</u>			
Beginning of year	<u>15,328,403</u>	<u>674,155</u>	<u>16,002,558</u>
End of year	<u>\$ 16,730,295</u>	<u>\$ 302,515</u>	<u>\$ 17,032,810</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services					Supporting Activities				
	Construction Program	Home-ownership Services	Volunteer Services	Home Repairs	ReStore Services	Total Program	Fundraising Resource Development	Mgmt. and General	Total Supporting	Total
Costs of homes	\$ 1,668,533	\$ -	\$ -	\$ -	\$ -	\$ 1,668,533	\$ -	\$ -	\$ -	\$ 1,668,533
Mortgage discount	872,796	-	-	-	-	872,796	-	-	-	872,796
Salaries and wages	572,056	235,602	84,171	179,783	1,625,734	2,697,346	516,620	240,829	757,449	3,454,795
Retirement	10,368	4,417	1,305	2,945	13,573	32,608	8,975	4,265	13,240	45,848
Travel, seminars, and meetings	3,028	3,993	210	610	33,979	41,820	3,316	14,549	17,865	59,685
Maintenance and utilities	95,802	3,366	-	1,278	166,056	266,502	-	35,816	35,816	302,318
Telephone and communications	9,879	5,192	3,458	3,757	33,261	55,547	11,340	4,927	16,267	71,814
Bank and credit card fees	-	21,030	-	-	42,599	63,629	16,836	12,220	29,056	92,685
Computer and technology	10,182	12,326	7,061	1,136	13,964	44,669	29,536	3,738	33,274	77,943
Advertising	-	17,303	-	-	19,580	36,883	-	-	-	36,883
Printing, publications, and postage	2,408	5,943	1,661	734	4,229	14,975	13,892	4,646	18,538	33,513
Fundraising and promotional events	-	3,766	-	-	3,156	6,922	99,170	-	99,170	106,092
Depreciation	98,267	-	-	-	94,400	192,667	-	31,658	31,658	224,325
Tithings to Habitat International	100,000	-	-	-	-	100,000	-	-	-	100,000
Professional fees	3,497	-	-	-	-	3,497	-	22,850	22,850	26,347
Indirect construction costs	231,631	-	12,719	11,773	15,713	271,836	4,400	1,140	5,540	277,376
Mortgage service expense	-	54,731	-	-	-	54,731	-	(42,013)	(42,013)	12,718
Interest	-	-	-	-	62,846	62,846	-	-	-	62,846
Contracted services	-	4,784	-	-	2,233	7,017	1,985	8,000	9,985	17,002
Miscellaneous	38,542	7,459	3,878	1,392	275,633	326,904	26,017	43,964	69,981	396,885
In-kind	471,308	-	-	-	36,240	507,548	-	900	900	508,448
Acquisition expense	-	-	-	-	3,067	3,067	-	12,675	12,675	15,742
Insurance	188,333	18,142	10,448	8,195	145,125	370,243	39,720	21,158	60,878	431,121
Repair expense	-	-	-	84,698	-	84,698	-	-	-	84,698
	<u>\$ 4,376,630</u>	<u>\$ 398,054</u>	<u>\$ 124,911</u>	<u>\$ 296,301</u>	<u>\$ 2,591,388</u>	<u>\$ 7,787,284</u>	<u>\$ 771,807</u>	<u>\$ 421,322</u>	<u>\$ 1,193,129</u>	<u>\$ 8,980,413</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2019

	Program Services					Supporting Activities				
	Construction Program	Home-ownership Services	Volunteer Services	Home Repairs	ReStore Services	Total Program	Fundraising Resource Development	Mgmt. and General	Total Supporting	Total
Costs of homes	\$ 2,311,913	\$ -	\$ -	\$ -	\$ -	\$ 2,311,913	\$ -	\$ -	\$ -	\$ 2,311,913
Mortgage discount	1,063,247	-	-	-	-	1,063,247	-	-	-	1,063,247
Salaries and wages	472,198	248,911	130,497	186,819	1,229,692	2,268,117	443,010	225,729	668,739	2,936,856
Retirement	7,319	4,255	2,551	2,367	8,095	24,587	8,016	3,507	11,523	36,110
Travel, seminars, and meetings	7,062	5,028	3,704	931	35,608	52,333	12,148	17,132	29,280	81,613
Maintenance and utilities	64,680	1,365	-	2,297	174,172	242,514	-	41,900	41,900	284,414
Telephone and communications	10,236	6,438	4,790	5,253	32,077	58,794	12,233	5,736	17,969	76,763
Bank and credit card fees	-	25,746	-	-	53,117	78,863	18,278	3,627	21,905	100,768
Computer and technology	6,987	8,164	6,902	882	4,918	27,853	14,856	4,710	19,566	47,419
Advertising	-	17,895	-	-	20,026	37,921	3,600	-	3,600	41,521
Printing, publications, and postage	2,320	8,041	2,376	1,128	1,289	15,154	14,859	4,918	19,777	34,931
Fundraising and promotional events	-	5,672	-	-	3,141	8,813	197,027	-	197,027	205,840
Depreciation	107,878	-	-	-	72,444	180,322	-	31,620	31,620	211,942
Tithings to Habitat International	100,000	-	-	-	-	100,000	-	-	-	100,000
Professional fees	-	80	-	-	1,387	1,467	-	40,770	40,770	42,237
Indirect construction costs	211,077	-	36,697	9,085	4,621	261,480	18,014	1,425	19,439	280,919
Mortgage service expense	-	98,373	-	-	-	98,373	-	(6,070)	(6,070)	92,303
Interest	-	-	-	-	29,548	29,548	-	-	-	29,548
Contracted services	1,014	6,726	-	-	9,836	17,576	4,025	150	4,175	21,751
Miscellaneous	27,419	15,111	16,524	1,248	180,800	241,102	24,370	19,398	43,768	284,870
In-kind	643,231	-	-	-	31,560	674,791	-	900	900	675,691
Acquisition expense	-	-	-	-	1,356	1,356	-	30,125	30,125	31,481
Insurance	166,010	23,798	15,623	8,568	99,450	313,449	41,636	15,618	57,254	370,703
Repair expense	-	-	-	468,624	-	468,624	-	-	-	468,624
	<u>\$ 5,202,591</u>	<u>\$ 475,603</u>	<u>\$ 219,664</u>	<u>\$ 687,202</u>	<u>\$ 1,993,137</u>	<u>\$ 8,578,197</u>	<u>\$ 812,072</u>	<u>\$ 441,195</u>	<u>\$ 1,253,267</u>	<u>\$ 9,831,464</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,789,028	\$ 1,030,252
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Gain) loss on disposal of property and equipment	1,192	-
(Gain) loss on sale of property	1,001	-
(Gain) loss on the sale of mortgages	(1,486,753)	(64,937)
Depreciation	224,325	211,942
Mortgage discount expense	872,796	1,063,247
Amortization of discount on mortgage loans receivable	(1,037,448)	(644,181)
Unrealized (gain) loss on beneficial interest	(8,170)	(9,779)
Donated housing supplies and property	(615,755)	(897,501)
(Increase) decrease in:		
Grants, sponsorships, and other receivables	838,784	(635,571)
Inventory	10,223	12,668
Prepayments	(35,296)	28,098
Increase (decrease) in:		
Accounts payable	(41,501)	74,237
Accrued expenses and other liabilities	19,570	161,049
Mortgage service agreement	396,430	14,836
Escrow liability	30,115	8,999
Net cash provided by operating activities	<u>958,541</u>	<u>353,359</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Collections of mortgage loans receivable	1,120,855	977,931
Purchases of property and equipment	(608,526)	(1,242,085)
Purchase of vacant lots	(617,127)	(474,696)
Construction in progress additions	<u>(1,723,820)</u>	<u>(1,704,334)</u>
Net cash (used in) investing activities	<u>(1,828,618)</u>	<u>(2,443,184)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from the sale of mortgages	4,497,127	194,744
Proceeds from notes payable	571,535	880,000
Payments on notes payable	<u>(59,884)</u>	<u>(51,250)</u>
Net cash provided by (used in) financing activities	<u>5,008,778</u>	<u>1,023,494</u>
Increase (decrease) in cash and cash equivalents	4,138,701	(1,066,331)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning	<u>2,817,738</u>	<u>3,884,069</u>
Ending	<u>\$ 6,956,439</u>	<u>\$ 2,817,738</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENT OF CASH FLOWS - continued

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>SUPPLEMENTAL DISCLOSURE OF NON-CASH</u>		
<u>INVESTING AND FINANCING ACTIVITIES</u>		
Change in donated ReStore inventory	\$ 56,058	\$ 48,906
Donated vacant lots	176,600	175,900
Donated home and foreclosed homes available	12,124	142,166
Donated housing supplies	370,973	530,529
	<u>\$ 615,755</u>	<u>\$ 897,501</u>
Cash paid for interest	<u>\$ 60,067</u>	<u>\$ 26,450</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Habitat for Humanity of Greater Indianapolis, Inc., d/b/a Greater Indy Habitat, (the "Organization") was incorporated as a not-for-profit organization in 1987 under the laws of the State of Indiana and is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"). The Organization is a nondenominational Christian organization whose purpose is to collaborate with low-income families and other community partners to provide home ownership opportunities and build communities of hope as an expression of God's love. We envision a world where everyone has a decent place to live. The Organization operates throughout Marion, Hendricks, Hamilton and Hancock County.

Although Habitat International assists with informational resources, training, publications and prayer support, the Organization is primarily and directly responsible for its own operations. Major sources of revenue for the Organization include contributions from the general public, ReStore income and sales of homes.

A summary of the Organization's significant accounting policies is as follows:

A. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

B. Basis of Presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

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.

C. Cash

The Organization maintains cash balances at two commercial banks. The Organization maintains its cash in banks accounts which, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

D. Inventory

Inventory consists of assorted building materials and supplies and is valued at cost using the specific identification method. Inventory also consists of donated items for sale at the Organization's various ReStores. ReStore inventory is valued based on an average month of ReStore sales.

E. Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Donated property and equipment are recorded at fair market value as of the date received. Depreciation is provided utilizing the straight line method over the estimated useful lives from 3 to 40 years of the depreciable assets. Maintenance and repairs are charged to expense as incurred.

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value may not be fully recoverable. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended December 31, 2020 and 2019, there was no impairment loss recognized on long-lived assets.

F. Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions received for which the restrictions are met in the same year are reported as net assets without donor restriction support by the Organization.

G. Donated Services and Contributions

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

In addition to receiving contributions of service, the Organization receives in-kind contributions, primarily construction materials and parcels of land, from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its statements of activities or as construction in progress in the statements of financial position and similarly increase contributions by a like amount. These amounts have been treated as non-cash transactions and excluded from the accompanying statements of cash flows.

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services. While the Organization does not have a method to value volunteers' time on an hourly basis, it has reflected the increased value of installed materials versus uninstalled materials as an in-kind contribution.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

H. Fundraising Activities

The Organization has an ongoing resource development program to secure contributions from corporations, churches, and individuals.

I. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was \$36,884 and \$41,521 for the years ended December 31, 2020 and 2019, respectively.

J. Sales Tax Collected

The State of Indiana imposes a sales tax on all of the Organization's ReStore sales. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

K. Expense Allocation

Expenses have been classified as programing and support services based on the actual direct expenditures and cost allocation based on estimates of time and usage by Organization personnel and programs.

L. Tax Status

The Organization is exempt from federal and state income taxes on its related activities under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been made

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing Organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempts status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities.

M. Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

M. Use of Estimates - continued

Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization is expecting to experience a decline in revenue and possible significant changes in the fair value of assets or liabilities. Our concentrations due to grantor or contributor; concentrated revenue from particular programs, services or fund-raising events; and the market or geographic area in which the Organization conducts operations make it reasonably possible that we are vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including credit losses on receivables and investments.

N. Subsequent Events

The Organization has evaluated subsequent events through May 26, 2021, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. The Organization adopted this standard for the year ending December 31, 2019. These changes did not have a material impact on the financial statements.

On August 28, 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820), Changes to the Disclosure Requirements for Fair Value Measurement. The standard removes the following disclosure requirements from Topic 820, Fair Value Measurement: 1. The amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. 2. The policy for timing of transfers between levels within the fair value hierarchy. 3. The valuation processes for Level 3 fair value measurements. 4. For nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. In addition and instead of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS - continued

The Organization adopted all applicable provisions of this standard for the year ending December 31, 2020 which did not have a material impact on the financial statements.

NOTE 3 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either finance or operating, and this distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the entity for the year ending December 31, 2022. The Organization is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

NOTE 4 HABITAT FOR HUMANITY OF HAMILTON COUNTY ACQUISITION

On June 28, 2019, Habitat for Humanity of Hamilton County ("HHHC") transferred and assigned all of its rights, title and interest in and to the HHHC assets to the Organization in connection with the dissolution of HHHC.

The fair values of the assets acquired are assigned as follows:

Cash accounts received	\$	20,262
Accounts receivable		6,344
Security deposit for ReStore		11,267
Mortgages receivable		142,514
Vacant land		187,200
Vehicles and equipment		34,644
	\$	<u>402,231</u>

As part of the agreement, the Organization assumed the obligation for all unpaid liabilities of HHHC, which amount to \$105,216. The Organization also assumed a sub-lease for office and warehouse space and vehicle lease.

NOTE 5 INVENTORY

Inventory consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Construction materials and supplies	\$ 12,579	\$ 22,802
Restore inventory	<u>281,308</u>	<u>225,250</u>
	<u>\$ 293,887</u>	<u>\$ 248,052</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 709,750	\$ 709,750
Buildings, warehouse, and improvements	4,289,628	3,691,248
Construction equipment	188,135	188,135
Office equipment	261,243	265,515
Vehicles	<u>271,606</u>	<u>276,006</u>
	5,720,362	5,130,654
Accumulated depreciation	<u>(1,484,703)</u>	<u>(1,278,004)</u>
	<u>\$ 4,235,659</u>	<u>\$ 3,852,650</u>

NOTE 7 LIQUIDITY AND AVAILABILITY

The Organization has diverse revenue streams that include contributions, income from ReStore operations, and sale of homes. In 2021, the Organization will be working on a new strategic plan to direct focus and expend capital in key areas such as ReStore growth, land acquisition, and increasing housing solutions.

The Organization's financial health is monitored through monthly reporting to the Board of Directors. The Organization maintains an operating reserve and investment policy, gift acceptance policy, and mortgage leveraging policy to help ensure proper management of financial assets.

The table below represents financial assets available for general expenditures within one year at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,956,439	\$ 2,817,738
Grants, sponsorships, and other receivables	472,264	1,311,048
Mortgage loans receivable, net	8,277,241	10,320,788
Prepayments	128,361	93,065
Beneficial interest in assets held by others	<u>92,007</u>	<u>83,837</u>
Total financial assets	<u>15,926,312</u>	<u>14,626,476</u>
Less amounts not available to be used within one year:		
Cash limited to as to use and timing	(533,522)	(500,301)
Beneficial interest in assets held by others	(92,007)	(83,837)
Estimated principal payments to be received after one year	(7,494,844)	(9,426,667)
Donor-imposed restrictions	<u>(15,000)</u>	<u>(218,678)</u>
Financial assets not available to be used within one year	<u>(8,135,373)</u>	<u>(10,229,483)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 7,790,939</u>	<u>\$ 4,396,993</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization maintains an Endowment Fund (the "Fund") with the Central Indiana Community Foundation ("CICF"). The primary purpose of the Fund is to provide support to the Organization to carry out its role and mission. All gifts, bequests and devises to this Fund shall be irrevocable once accepted by CICF. The Organization believes the fair value of the future cash flows to be received from its beneficial interest in assets held by CICF approximates the fair value of the underlying assets held by CICF. The assets held at CICF are entirely comprised of pooled investment funds held and managed by CICF. Fair value is based on the net asset value per share as determined by CICF and provided to the Organization.

The Fund consists of equities, fixed income, venture capital and private equity, marketable alternatives, real assets, and cash equivalent funds. The investment is directed by CICF and the portfolio is designed to achieve returns consistent with CICF's adopted investment policies. The Organization is the only beneficiary of the investment earnings, which are distributed in accordance with the agreements between CICF and the Organization.

NOTE 9 FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- **Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- **Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- **Level 3** Unobservable inputs supported by little or no market activity for 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.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as level 3. The Organization does not have any significant level 3 assets or liabilities. During the years ended December 31, 2020 and 2019, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 9 FAIR VALUE MEASUREMENTS - continued

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Beneficial interest in assets held by others: Determined by Organization's proportionate share of the CICF's pooled investment portfolio. The Organization does not receive a detailed listing of the portfolio's assets. The Organization uses the net asset value to determine the CICF valuation using the market approach.

Mortgage service agreement liability: Valued at the gross costs to service the mortgages less an estimated discount to present value at year-end.

Assets and liabilities measured at fair value as of December 31, 2020 and 2019 are summarized as follows:

	2020			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ <u>92,007</u>	\$ <u>-</u>	\$ <u>92,007</u>	\$ <u>-</u>
Mortgage service agreement liability	\$ <u>(682,729)</u>	\$ <u>-</u>	\$ <u>(682,729)</u>	\$ <u>-</u>
	2019			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ <u>83,837</u>	\$ <u>-</u>	\$ <u>83,837</u>	\$ <u>-</u>
Mortgage service agreement liability	\$ <u>(286,299)</u>	\$ <u>-</u>	\$ <u>(286,299)</u>	\$ <u>-</u>

NOTE 10 RETIREMENT PLAN

The Organization provides a simple IRA plan to eligible full-time employees. The Organization contributes 2% of annual compensation of each participant in the plan. Total employer contributions for the years ended December 31, 2020 and 2019 was \$45,848 and \$36,110, respectively.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 11 MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable are non-interest bearing and have been discounted at a rate which approximates the average prevailing market rate for these loans at their inception. Discounts are amortized, using the effective interest method, over the lives of the mortgages at 4.5%.

Mortgage loans are secured by related real estate. Every effort is made to assist homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or the Organization may accept back the deed in lieu of foreclosure when homeowner mortgage payments are deemed seriously delinquent. Properties acquired through foreclosure or received by accepting a deed in lieu of foreclosure may be refurbished in partnership with and sold to other families in need of decent, affordable housing. Homes available for sale are stated at the lower of cost or market. Management estimates an allowance for doubtful mortgage receivables based on an evaluation of current economic conditions, historical trends, and past experience with homeowners.

New mortgage loans are based on the appraised value of each home. Original mortgages range from \$50,000 to \$153,000. Mortgage terms range from 15 to 30 years.

Second mortgages are placed on the Organization's homes as needed to ensure affordability. Second mortgages are made up of the difference between the appraised value of the home and the first mortgage amount. It is the policy of the Organization not to recognize the second mortgages in their accounting records. However, the second mortgages are reduced, on a pro rata basis, over the life of the first mortgage and will only be due on demand upon the sale of the home or default on the mortgage to which they relate.

Mortgage loan receivables from homeowners that have filed for bankruptcy or where foreclosure proceedings have been filed are \$73,066 and \$62,922 at December 31, 2020 and 2019, respectively.

Other past due mortgage loans receivable from homeowners as of December 31 are as follows:

	<u>1 - 60 Days Past Due</u>	<u>60 - 90 Days Past Due</u>	<u>+90 Days Past Due</u>	<u>Total</u>
2020	\$ <u>6,722</u>	\$ <u>6,722</u>	\$ <u>5,442</u>	\$ <u>18,886</u>
2019	\$ <u>13,783</u>	\$ <u>5,424</u>	\$ <u>5,637</u>	\$ <u>24,844</u>

Mortgage loans receivable balances as of December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Mortgage loans receivable	\$ 12,791,196	\$ 16,518,863
Less: mortgage discounts	<u>(4,513,955)</u>	<u>(6,198,075)</u>
Mortgage loans receivable, net	<u>\$ 8,277,241</u>	<u>\$ 10,320,788</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 12 SALE OF MORTGAGE RECEIVABLES

At times, the Organization will sell certain mortgage loans receivable to banks. The Organization receives from the bank proceeds for the aggregate principal balance of the mortgage loans receivable sold and recognizes a liability amount to the bank for the present value of the servicing costs over the life of the loan. The Organization then administers these loans through their original maturities on behalf of the respective bank. In the event that a loan is delinquent by more than 90 days, the Organization will replace the nonperforming loan with a substitute loan.

The Organization determines the fair value of the servicing obligation based on cash flow models that incorporate, among other things, assumptions including discount rates (see below). Accordingly, the Organization classifies the fair value portion of its mortgage service agreement liability as a Level 2 fair value measurement.

The following table summarizes data related to the sale of mortgage receivables for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Cash proceeds from sale	\$ 4,497,127	\$ 194,744
Less: fair value of loans transferred	(2,571,930)	(108,902)
loan servicing obligation	<u>(438,444)</u>	<u>(20,905)</u>
Gain recognized on sale	<u>\$ 1,486,753</u>	<u>\$ 64,937</u>

There were no delinquencies on the mortgage loans sold at December 31, 2020 and 2019. There were no credit losses during 2020 or 2019.

Assumptions as of sale date are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	4.5%	4.5%
Weighted-average life of loans	30 years	30 years
Annual service cost per loan	\$ 610	\$ 647

Key assumptions used in measuring the fair value of mortgage service agreement liability and the sensitivity of the current fair value to immediate 10% and 20% changes at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	4.5%	4.5%
Effect of:		
10% adverse change	\$ 95,995	\$ 52,172
20% adverse change	124,453	62,784
Annual service costs per loan	610	647
Effect of:		
10% adverse change	1,234	17,514
20% adverse change	28,939	4,677

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 12 SALE OF MORTGAGE RECEIVABLES - continued

These sensitivities are hypothetical and should not be considered to be predictive of future performance. Changes in fair value generally cannot be extrapolated because the relationship of change in assumption to change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated independently from any change in another assumption. In reality, changes in one factor may contribute to changes in another, which may magnify or counteract the sensitivities.

Future servicing liabilities are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 50,704	\$ 22,644
One to five years	253,520	110,170
More than five years	<u>935,538</u>	<u>298,162</u>
Total mortgage service guarantees	1,239,762	430,976
Less: discounts to present value (4.50%)	<u>(557,033)</u>	<u>(144,677)</u>
Net mortgage service guarantees	<u>\$ 682,729</u>	<u>\$ 286,299</u>

NOTE 13 ESCROW LIABILITY

At December 31, 2020 and 2019, the Organization maintained a bank account at a financial institution holding escrow payments for taxes and insurance made on behalf of homeowners. The account has been included in cash limited as to use and timing and a corresponding escrow balance of \$176,872 and \$156,797, respectively, has been recorded as a liability in the statements of financial position as of December 31, 2020 and 2019, respectively.

NOTE 14 LINE OF CREDIT

The Organization had a line of credit with a financial institution with a maximum debt facility of \$250,000. Amounts borrowed were secured by a commercial security agreement securing all assets of the Organization. There were no borrowings on the line of credit in 2020 and 2019. Interest was assessed at the prime rate. The line of credit was closed May 29, 2020. The effective rate at December 31, 2019 was 4.75%.

On September 6, 2019, the Organization opened a construction line of credit with a second financial institution with a maximum debt facility of \$250,000. Amounts borrowed were secured by a commercial security agreement securing all assets of the Organization. Interest is assessed at a rate of 3.89%. The line of credit matures on March 6, 2027. There were no borrowings on the line of credit in 2019.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 LINE OF CREDIT - continued

On January 23, 2020, the Organization closed the \$250,000 construction line of credit and opened a new construction line of credit with a maximum debt facility of \$570,000. Amounts borrowed are secured by a commercial security agreement securing all assets of the Organization. Interest is assessed at a rate of 3.89%. the line of credit matures April 23, 2027. The line of credit was closed on June 10, 2020 and the outstanding balance was rolled into a long-term note payable.

On January 23, 2020, the Organization opened a line of credit with a financial institution with a maximum debt facility of \$250,000. Amounts borrowed are secured by a commercial security agreement securing all assets of the Organization. Interest is assessed at 1.0% under the prime rate. There were no borrowings on the line of credit in 2020. The line of credit matures on January 23, 2022.

NOTE 15 NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Installment note, payable \$4,087 per month plus interest at 3.49% through June 2020, secured by building and land. Note was refinanced in June 2020 with a different bank.	\$ -	\$ 430,173
Installment note, payable \$1,605 per month plus interest at 4.95% through September 2020, secured by building and land. Note was refinanced in September 2020 with a different bank.	-	14,128
Installment note, payable \$5,437 per month plus interest at 4.22% through March 2027, secured by building and land	873,053	880,000
Installment note, payable \$4,519 per month plus interest at 4.04% through January 2030, secured by building and land	410,713	-
Installment note, payable \$7,777 per month plus interest at 3.89% through September 2027, secured by building and land	552,185	-
	1,835,951	1,324,301
Less current maturities	(139,410)	(465,161)
	<u>\$ 1,696,541</u>	<u>\$ 859,140</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 15 NOTES PAYABLE - continued

Scheduled maturities as of December 31, 2020 are as follows:

2021	\$	139,410
2022		145,168
2023		151,163
2024		157,245
2025		163,902
Thereafter		<u>1,079,063</u>
	\$	<u>1,835,951</u>

The installment note requires the Organization to maintain specified financial covenants. At December 31, 2020 and 2019, the Organization was in compliance with these covenants.

NOTE 16 OPERATING LEASES

The Organization leases Hendricks barn storage and ReStore warehouse space on a month to month basis. Monthly payments under these leases total \$1,050. Both leases were terminated in 2019.

The Organization leases office equipment under operating leases which expire at various dates through July 2023. Monthly payments under these leases total \$686 per month. The Organization also leases trucks under operating leases which expire at various dates through November 2025. Monthly lease payments for the trucks total \$5,964.

The Organization leases warehouse space in Marion County through April 2023. Monthly payments range from \$8,284 to \$9,323 over the life of the lease. The monthly payment includes common area maintenance charges. In 2019 the Organization assumed a sub-lease for office and warehouse space from HHC. In August 2020 the Organization signed a long-term lease through August 2025 with monthly payments ranging from \$9,667 to \$10,891.

Total lease expense included in the statements of activities was \$305,153 and \$231,958 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments under these obligations are as follows:

	<u>Storage & Warehouse</u>		<u>Equipment</u>	<u>Trucks</u>	<u>Total</u>			
2021	\$	225,380	\$	6,711	\$	70,800	\$	302,891
2022		225,380		2,568		56,875		284,823
2023		157,283		1,498		45,913		204,694
2024		123,234		-		37,532		160,766
2025		82,157		-		5,639		87,796
	\$	<u>813,434</u>	\$	<u>10,777</u>	\$	<u>216,759</u>	\$	<u>1,040,970</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 17 RELATED PARTY TRANSACTIONS

The Organization remits annually a portion of its contributions to Habitat International. These funds are used to construct homes in economically depressed areas around the world. The Organization contributed \$100,000 in 2020 and 2019.

During 2020 and 2019, the Organization paid \$25,000 of annual affiliate fees to Habitat International.

Total amounts paid to Habitat International as of December 31, 2020 and 2019 was \$125,000.

NOTE 18 NET ASSETS

Net assets consist of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions:	<u>\$ 18,714,831</u>	<u>\$ 16,730,295</u>
With donor restrictions:		
Time restrictions:		
Household sponsorships - future builds	\$ 15,000	\$ 170,043
Operating and housing support	-	48,635
Beneficial interest in assets held by CICF	49,959	41,789
Perpetual in nature:		
Beneficial interest in assets held by CICF	<u>42,048</u>	<u>42,048</u>
	<u>\$ 107,007</u>	<u>\$ 302,515</u>

NOTE 19 PAYCHECK PROTECTION PROGRAM

In March 2020, Congress established the Paycheck Protection Program ("PPP") to provide relief to small businesses during the coronavirus pandemic ("COVID-19") as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The legislation authorized the Treasury to use the Small Business Association's ("SBA's") 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the "Covered Period" defined as the 8-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness.

On June 5, 2020, the PPP Flexibility Act of 2020 (the "Act") was signed into law, giving borrowers flexibility with certain criteria under the PPP program including extension of the Covered Period to 24 weeks from 8 weeks, reduction to 60% of the payroll costs requirements (previously 75%), extension of the payment deferral period, extension of the full-time equivalent ("FTE") restoration deadline to December 31, 2020, and safe harbor provisions to remove the FTE reduction in forgiveness under limited circumstances.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 19 PAYCHECK PROTECTION PROGRAM - continued

In June 2020, the AICPA issued Technical Question and Answer (“TQA”) 3200.18, Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program. The TQA addresses accounting for nongovernmental entities that are not Not-For-Profits, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as a deferred income liability. The TQA further states that if such an entity expects to meet the PPP’s eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may account for such PPP loans in accordance with FASB ASC 958-605 as a conditional contribution.

The Organization applied for and received proceeds of \$520,900 through the PPP program on April 23, 2020, prior to the enactment of the Act. The Organization determined both through internal calculations and those provided by the AICPA’s forgiveness model, that all criteria for forgiveness based on both the CARES Act and the Act have been met and applied forgiveness on July 24, 2020. On November 16, 2020 the Organization received 100% forgiveness of these proceeds. The Organization recorded the proceeds as grant revenue as of December 31, 2020.

For the period April 23, 2020 through July 24, 2020, the Organization incurred the following costs related to and compensated through the PPP proceeds and which are expected to be forgiven in its entirety:

Salaries and wages	<u>\$ 520,900</u>
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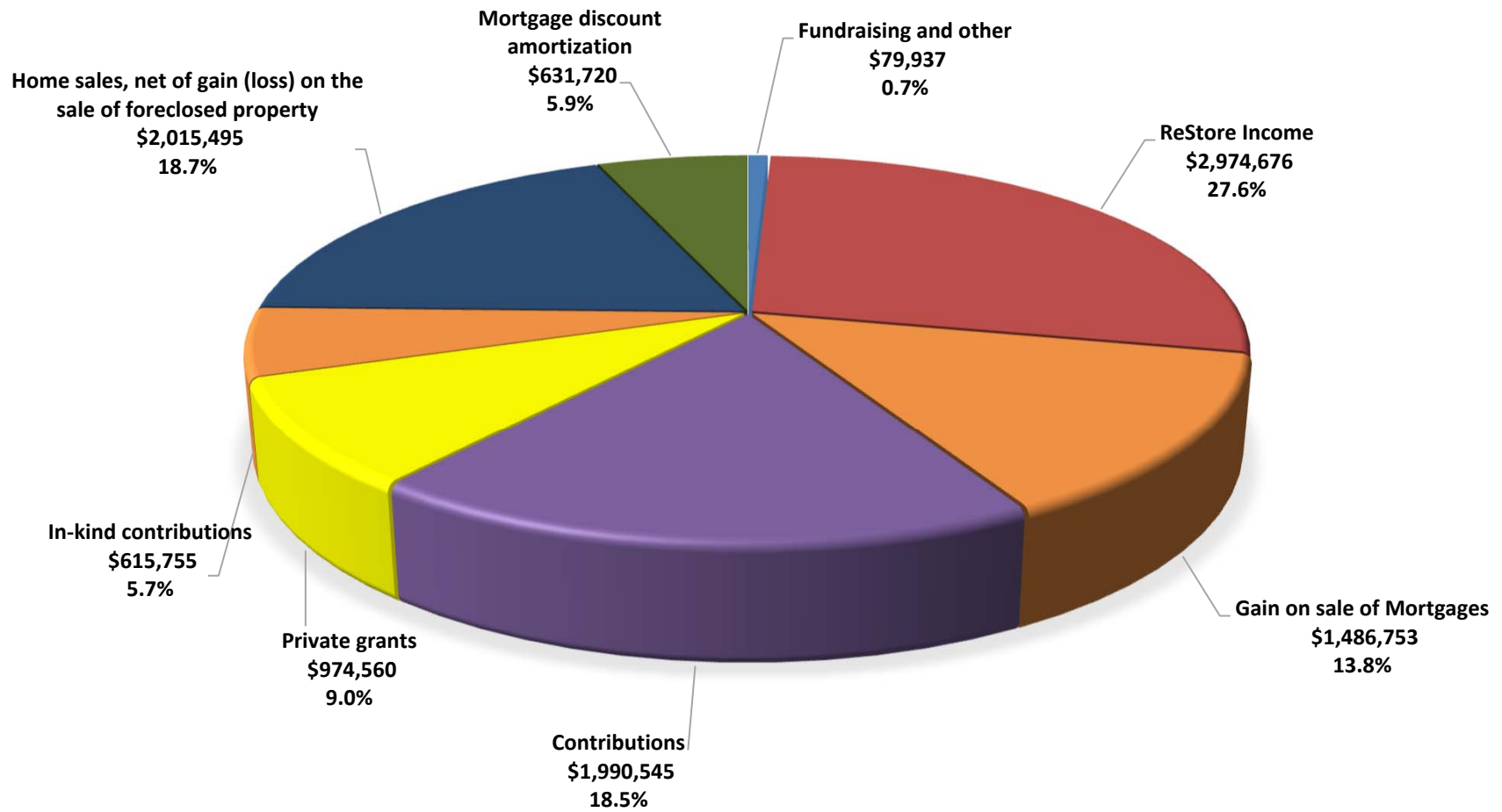
On January 11, 2021 the SBA announced they will offer a second draw of PPP loans with the same general loan terms as the first draw PPP loan. A borrower is generally eligible for a second draw PPP loan if the borrower: (1) previously received a first draw PPP loan and will or has used the full amount only for authorized uses; (2) has no more than 300 employees; and (3) can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

On February 1, 2021 the Organization applied for and received a second draw of PPP funds for \$518,167. The loan matures on February 1, 2026 and has a 1.0% interest rate. The loan is expected to be 100% forgiven.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

REVENUE GRAPHS

Year ended December 31, 2020
See Independent Auditor's Report

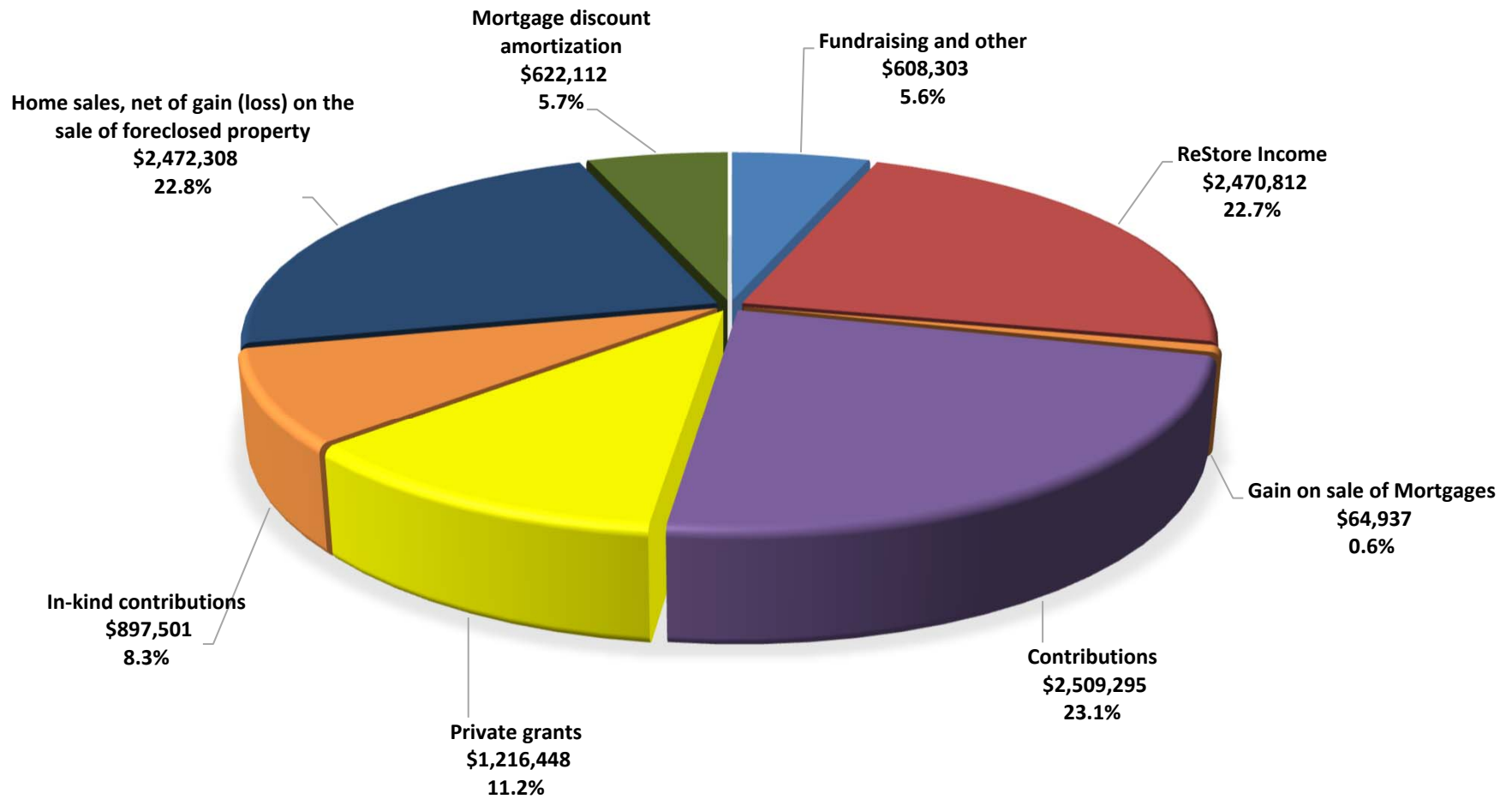


HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

REVENUE GRAPHS - continued

Year ended December 31, 2019

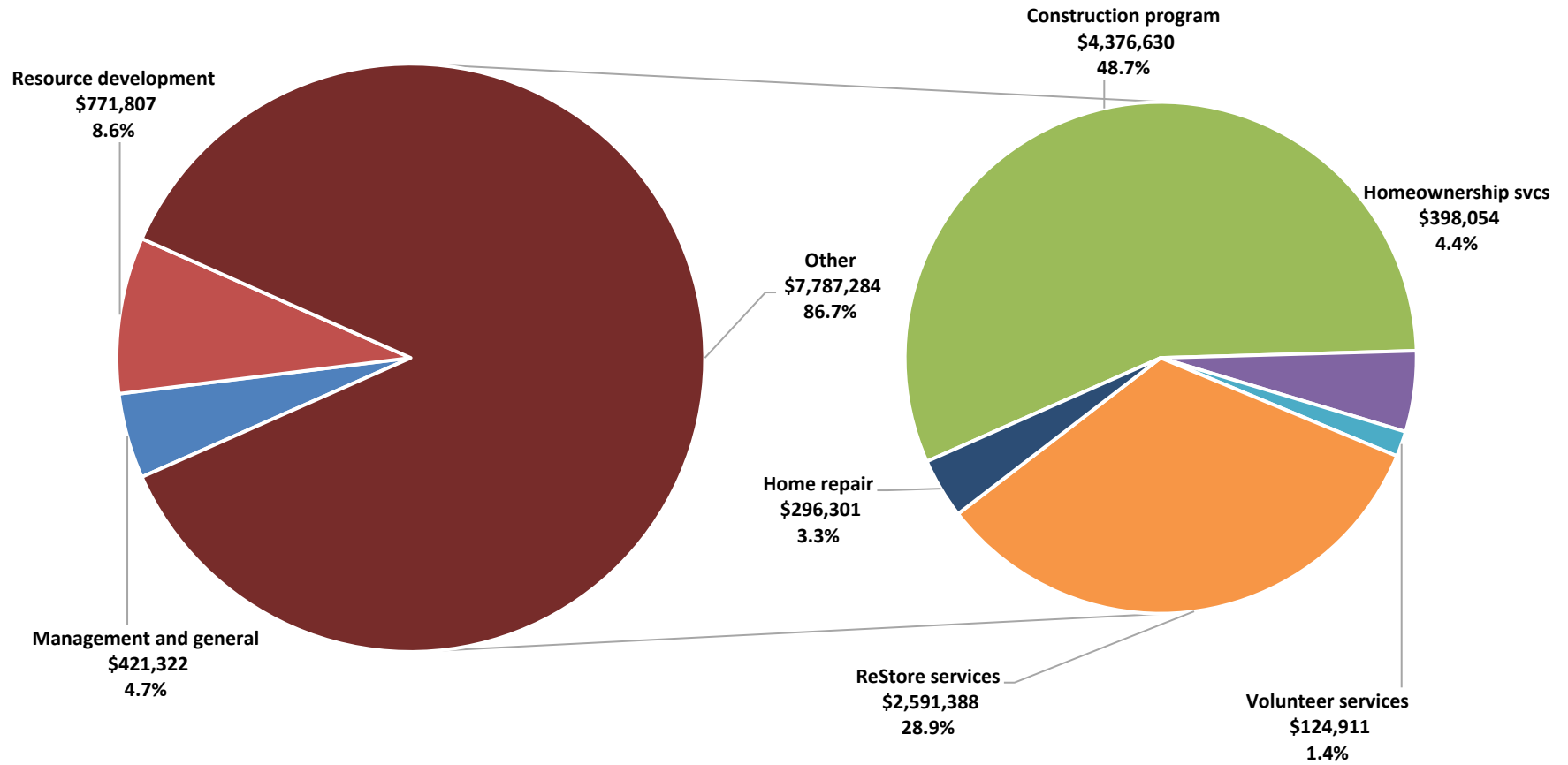
See Independent Auditor's Report



HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

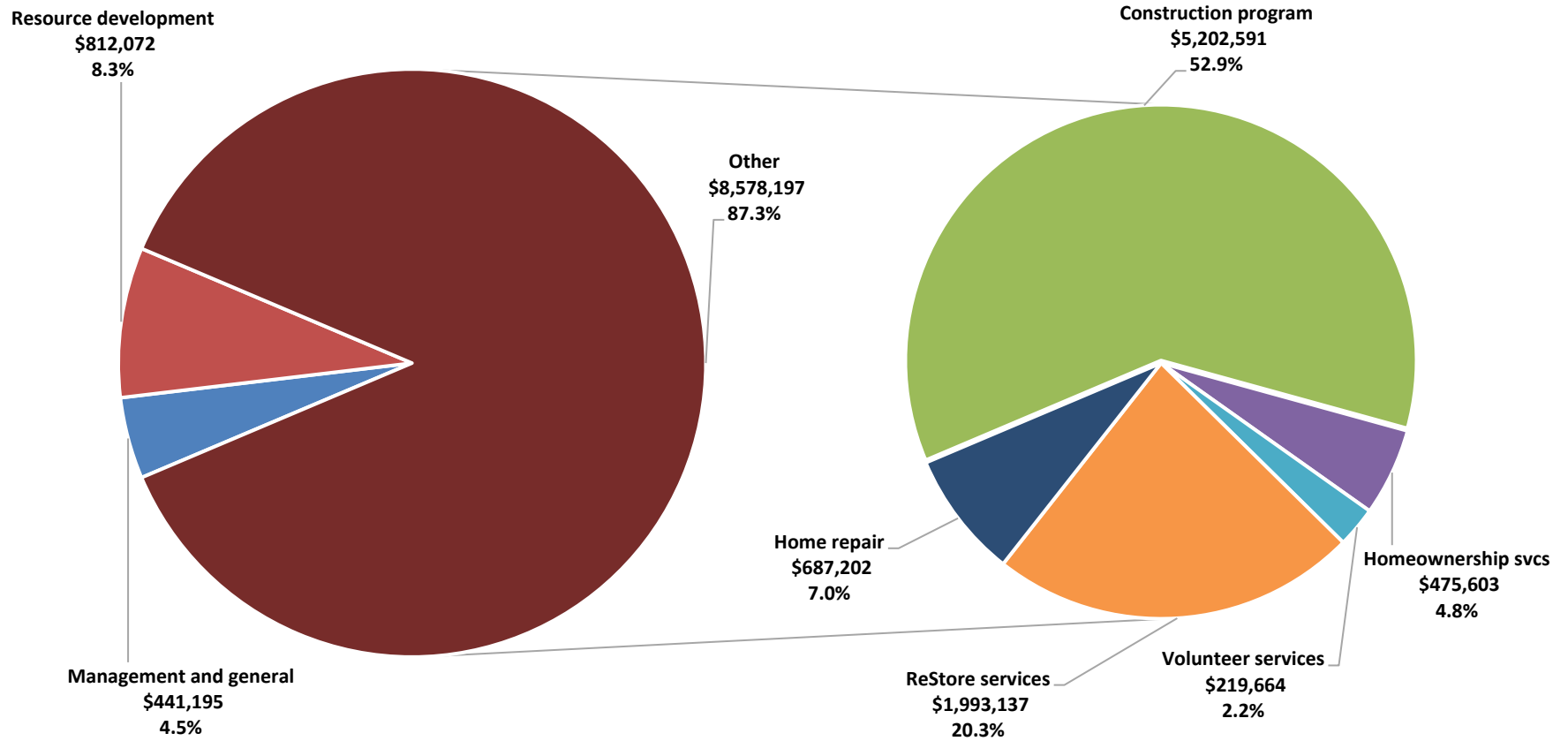
EXPENSE GRAPHS

Year ended December 31, 2020
See Independent Auditor's Report



HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

EXPENSE GRAPHS - continued
Year ended December 31, 2019
See Independent Auditor's Report



HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NUMBER OF HOUSES BUILT AND REHABBED (UNAUDITED)

Year ended December 31, 2020

See Independent Auditor's Report

