



CONSOLIDATED AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022

DuPage Habitat for Humanity, Inc. and Subsidiaries
Audit Report
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
DuPage Habitat for Humanity, Inc.
and Subsidiaries
Wheaton, Illinois

Opinion

We have audited the accompanying consolidated financial statements of **DuPage Habitat for Humanity, Inc. and Subsidiaries**, which comprise the consolidated statement of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **DuPage Habitat for Humanity, Inc. and Subsidiaries** as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DuPage Habitat for Humanity, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of an Error

As discussed in Note 19 to the consolidated financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable and revenue as of June 30, 2021, were discovered during the current year. Accordingly amounts reported for accounts receivable and contributions have been restated in the 2021 consolidated financial statements now presented to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 DuPage Habitat for Humanity, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DuPage Habitat for Humanity, Inc. and Subsidiaries' 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating financial statements on pages 43-74 are presented for purposes of additional analysis and are 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 audit 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.

Selden Fox, Ltd.

May 10, 2023

DuPage Habitat For Humanity, Inc. and Subsidiaries
Consolidated Statement of Financial Position
June 30,

| | 2022 | 2021 Restated |
|---|----------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 1,942,983 | \$ 1,280,772 |
| Other receivables | 3,774 | 22,217 |
| Critical home repair receivable | 45,483 | 83,963 |
| Grant receivable | 1,766,833 | 86,835 |
| Contributions receivable | 115,776 | 69,100 |
| Mortgages receivable net, current | 95,392 | 73,948 |
| Inventories - land and construction in progress | 1,674,435 | 2,145,073 |
| Inventory - ReStore | 285,371 | 201,152 |
| Inventory - real estate owned | 1,586,812 | 781,444 |
| Prepaid expenses | 9,980 | 16,031 |
| Deposits and other assets | 74,276 | 120,757 |
| | 7,601,115 | 4,881,292 |
| Property and equipment: | | |
| Land and buildings | 440,000 | 440,000 |
| Buildings and improvements | 1,583,548 | 1,591,158 |
| Office equipment and furniture | 22,654 | 22,654 |
| ReStore equipment | 85,697 | 85,697 |
| Software | 57,840 | 57,840 |
| Vehicle | 145,125 | 145,125 |
| | 2,334,864 | 2,342,474 |
| Less accumulated depreciation | (419,404) | (334,383) |
| | 1,915,460 | 2,008,091 |
| Other assets: | | |
| Investment in limited liability company | (18,449) | (15,636) |
| Mortgages receivable net, noncurrent, net of present value discount | 2,874,123 | 2,426,262 |
| Other assets | 9,541 | 9,541 |
| | 2,865,215 | 2,420,167 |
| Total other assets | 2,865,215 | 2,420,167 |
| Total assets | \$ 12,381,790 | \$ 9,309,550 |

See accompanying notes and independent auditor's report.

| | <u>2022</u> | <u>2021</u> Restated |
|---|-----------------------------|----------------------------|
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 32,390 | \$ 251,229 |
| Accrued expenses | 161,917 | 146,157 |
| Escrow and closing funds held | 30,102 | 50,430 |
| Paycheck Protection Program loan payable | - | 410,856 |
| Notes payable, current | 111,134 | 108,982 |
| Total current liabilities | 335,543 | 967,654 |
| Long-term liabilities - notes payable, net of current portion | <u>1,872,210</u> | <u>1,993,851</u> |
| Total liabilities | <u>2,207,753</u> | <u>2,961,505</u> |
| Net assets: | | |
| Without donor restrictions | 6,493,985 | 4,445,810 |
| With donor restrictions | 3,680,052 | 1,902,235 |
| Total net assets | <u>10,174,037</u> | <u>6,348,045</u> |
| Total liabilities and net assets | <u>\$ 12,381,790</u> | <u>\$ 9,309,550</u> |

DuPage Habitat For Humanity, Inc. and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| Changes in net assets: | | | |
| Public support and revenue: | | | |
| Federal and local government grants | \$ 5,915 | \$ - | \$ 5,915 |
| Contributions | 2,724,161 | 1,845,000 | 4,569,161 |
| Contributions - donated merchandise | 2,091,339 | - | 2,091,339 |
| In-kind contributions and donated services | 12,402 | - | 12,402 |
| In-kind contributions - donated facilities | 25,704 | - | 25,704 |
| Special events revenue | 250,887 | - | 250,887 |
| Home sales | 1,863,816 | - | 1,863,816 |
| Net revenue from reclaimed homes | 823,441 | - | 823,441 |
| Mortgage loan discount amortization | 292,589 | - | 292,589 |
| ReStore operations | 2,178,995 | - | 2,178,995 |
| Critical home repair income, net | 11,709 | - | 11,709 |
| Rental Income | 19,195 | - | 19,195 |
| Gain on extinguishment of Paycheck Protection Program loan | 410,856 | - | 410,856 |
| Recovery of bad debt expense | 10,397 | - | 10,397 |
| Miscellaneous income | 24,003 | - | 24,003 |
| Equity in loss of limited liability company | (2,813) | - | (2,813) |
| Loss on disposal of property and equipment | (7,610) | - | (7,610) |
| Net assets released from restrictions | 67,183 | (67,183) | - |
| Total public support and revenue | <u>10,802,169</u> | <u>1,777,817</u> | <u>12,579,986</u> |
| Expenses: | | | |
| Cost of goods sold | 2,092,526 | - | 2,092,526 |
| Program services: | | | |
| Homebuilding | 3,873,172 | - | 3,873,172 |
| ReStore | 1,832,499 | - | 1,832,499 |
| Management and general | 345,743 | - | 345,743 |
| Fund-raising | 610,054 | - | 610,054 |
| Total expenses | <u>8,753,994</u> | <u>-</u> | <u>8,753,994</u> |
| Change in net assets | 2,048,175 | 1,777,817 | 3,825,992 |
| Net assets, beginning of the year, | <u>4,445,810</u> | <u>1,902,235</u> | <u>6,348,045</u> |
| Net assets, end of the year | <u>\$ 6,493,985</u> | <u>\$ 3,680,052</u> | <u>\$ 10,174,037</u> |

See accompanying notes and independent auditor's report.

DuPage Habitat For Humanity, Inc. and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2021
Restated

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Changes in net assets: | | | |
| Public support and revenue: | | | |
| Federal and local government grants | \$ 45,563 | \$ - | \$ 45,563 |
| Illinois affordable housing tax credits | 954,738 | - | 954,738 |
| Contributions | 1,042,298 | 70,000 | 1,112,298 |
| Contributions - donated merchandise | 2,090,302 | - | 2,090,302 |
| In-kind contributions and donated services | 14,273 | - | 14,273 |
| In-kind contributions - donated facilities | 51,408 | - | 51,408 |
| Special events revenue, less cost of direct benefit to donors of \$32,397 | 231,913 | - | 231,913 |
| Home sales | 695,000 | - | 695,000 |
| Net revenue from reclaimed homes | 342,104 | - | 342,104 |
| Mortgage loan discount amortization | 263,799 | - | 263,799 |
| ReStore operations | 2,148,876 | - | 2,148,876 |
| Critical home repair income, net | 39,210 | - | 39,210 |
| Rental income | 23,773 | - | 23,773 |
| Gain on extinguishment of Paycheck Protection Program loan | 410,856 | - | 410,856 |
| Recovery of bad debt expense | 69,161 | - | 69,161 |
| Miscellaneous income | 3,530 | - | 3,530 |
| Net assets released from restrictions | 42,275 | (42,275) | - |
| Total public support and revenue | 8,469,079 | 27,725 | 8,496,804 |
| Expenses: | | | |
| Cost of goods sold | 2,184,086 | - | 2,184,086 |
| Program services: | | | |
| Homebuilding | 2,743,315 | - | 2,743,315 |
| ReStore | 1,953,488 | - | 1,953,488 |
| Management and general | 260,790 | - | 260,790 |
| Fund-raising | 683,071 | - | 683,071 |
| Total expenses | 7,824,750 | - | 7,824,750 |
| Change in net assets | 644,329 | 27,725 | 672,054 |
| Net assets, beginning of the year | 3,801,481 | 1,874,510 | 5,675,991 |
| Net assets, end of the year | \$ 4,445,810 | \$ 1,902,235 | \$ 6,348,045 |

See accompanying notes and independent auditor's report.

DuPage Habitat For Humanity, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022

| | Program Services | | | Management and General | Fund-raising | Total |
|---|---------------------|---------------------|---------------------|---------------------------|-------------------|---------------------|
| | Homebuilding | ReStore | Total | | | |
| Advertising | \$ - | \$ 4,680 | \$ 4,680 | \$ - | \$ 2,942 | \$ 7,622 |
| Alarm system/security | - | 9,910 | 9,910 | - | - | 9,910 |
| Bank charges | 13,806 | 1,808 | 15,614 | 1,099 | - | 16,713 |
| Building | - | 24,419 | 24,419 | - | - | 24,419 |
| Construction costs - houses sold | 1,983,112 | - | 1,983,112 | - | - | 1,983,112 |
| Credit card processing | - | 56,967 | 56,967 | - | 3,202 | 60,169 |
| Depreciation | 37,337 | 52,014 | 89,351 | - | - | 89,351 |
| Donations to affiliate | - | 104,792 | 104,792 | - | - | 104,792 |
| Donor development | 13,105 | - | 13,105 | 2,217 | 27,571 | 42,893 |
| Dues and subscriptions | 37,020 | 983 | 38,003 | 2,348 | 1,408 | 41,759 |
| Education and conferences | 1,748 | - | 1,748 | 990 | 1,925 | 4,663 |
| Employee relations | 11,793 | 1,256 | 13,049 | 1,136 | 887 | 15,072 |
| Equipment rental | - | 76,448 | 76,448 | 803 | - | 77,251 |
| Home building related costs | 55,017 | - | 55,017 | - | - | 55,017 |
| Home repair costs | 50,810 | - | 50,810 | - | - | 50,810 |
| Insurance | 91,711 | 1,159 | 92,870 | 237 | 966 | 94,073 |
| Insurance contributions | - | 81,347 | 81,347 | - | - | 81,347 |
| Interest | 20,677 | 57,808 | 78,485 | 19,253 | - | 97,738 |
| Licenses and permits | - | 4,936 | 4,936 | - | - | 4,936 |
| Miscellaneous | 62,268 | 30,832 | 93,100 | (7,520) | 5,113 | 90,693 |
| Office supplies | 5,151 | 7,897 | 13,048 | 5,139 | 2,095 | 20,282 |
| Occupancy | 72,994 | 245,053 | 318,047 | 19,679 | 24,802 | 362,528 |
| Payroll | 865,146 | 741,458 | 1,606,604 | 163,902 | 380,795 | 2,151,301 |
| Payroll processing | - | 33,977 | 33,977 | - | - | 33,977 |
| Payroll taxes and benefits | 184,416 | 74,700 | 259,116 | 52,437 | 88,437 | 399,990 |
| Postage and delivery | 1,402 | 4,291 | 5,693 | 176 | 582 | 6,451 |
| Printing and reproduction | 2,958 | 392 | 3,350 | 3,843 | 4,258 | 11,451 |
| Professional fees | 144,224 | 40,539 | 184,763 | 67,448 | 52,794 | 305,005 |
| Property development | 668 | - | 668 | - | - | 668 |
| Real estate tax | 75,094 | 3,710 | 78,804 | - | - | 78,804 |
| Repairs and maintenance | 10,655 | - | 10,655 | - | 119 | 10,774 |
| Retirement contribution | 12,053 | (215) | 11,838 | 3,354 | 2,024 | 17,216 |
| Tithing to Habitat International | 86,278 | - | 86,278 | - | - | 86,278 |
| Telephone and internet | 14,073 | 13,177 | 27,250 | 3,564 | 4,439 | 35,253 |
| Tools and equipment | 2,574 | 5,387 | 7,961 | 80 | 22 | 8,063 |
| Trash disposal | 3,842 | 45,932 | 49,774 | - | - | 49,774 |
| Travel, meals and entertainment | 7,774 | 3,891 | 11,665 | 5,558 | 5,673 | 22,896 |
| Utilities | - | 90,173 | 90,173 | - | - | 90,173 |
| Vehicle expense other | - | 17,744 | 17,744 | - | - | 17,744 |
| Volunteer appreciation | 218 | 282 | 500 | - | - | 500 |
| Total | 3,867,924 | 1,837,747 | 5,705,671 | 345,743 | 610,054 | 6,661,468 |
| Expenses presented separate on the statement of activities - cost of goods sold | - | 2,092,526 | 2,092,526 | - | - | 2,092,526 |
| Total expenses | \$ 3,867,924 | \$ 3,930,273 | \$ 7,798,197 | \$ 345,743 | \$ 610,054 | \$ 8,753,994 |

See accompanying notes and independent auditor's report.

DuPage Habitat For Humanity, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

| | Program Services | | | Management and General | Fund-raising | Total |
|---|---------------------|---------------------|---------------------|---------------------------|-------------------|---------------------|
| | Homebuilding | ReStore | Total | | | |
| Advertising | \$ - | \$ 20,320 | \$ 20,320 | \$ - | \$ 2,280 | \$ 22,600 |
| Alarm system/security | - | 16,186 | 16,186 | - | - | 16,186 |
| Bank charges | 19,206 | 1,708 | 20,914 | 992 | 5 | 21,911 |
| Building | - | 39,412 | 39,412 | - | - | 39,412 |
| Construction costs - houses sold | 987,698 | - | 987,698 | - | - | 987,698 |
| Credit card processing | - | 47,883 | 47,883 | - | 5,026 | 52,909 |
| Depreciation | 34,246 | 53,886 | 88,132 | 1,631 | - | 89,763 |
| Donations to affiliate | - | 60,457 | 60,457 | - | - | 60,457 |
| Donor development | 9,023 | - | 9,023 | 80 | 48,640 | 57,743 |
| Dues and subscriptions | 38,964 | 1,926 | 40,890 | 1,585 | 1,971 | 44,446 |
| Education and conferences | 1,753 | - | 1,753 | 2,501 | 565 | 4,819 |
| Employee relations | 22,253 | 2,048 | 24,301 | 432 | 3,048 | 27,781 |
| Equipment rental | - | 76,041 | 76,041 | (107) | - | 75,934 |
| Home building related costs | 59,879 | - | 59,879 | - | - | 59,879 |
| Home repair costs | 63,336 | - | 63,336 | - | - | 63,336 |
| Insurance | 91,193 | 30,867 | 122,060 | 368 | 1,119 | 123,547 |
| Insurance contributions | - | 100,415 | 100,415 | - | - | 100,415 |
| Interest | 21,272 | 70,454 | 91,726 | - | - | 91,726 |
| Licenses and permits | - | 1,807 | 1,807 | - | - | 1,807 |
| Miscellaneous | 7,764 | (590) | 7,174 | 667 | 113 | 7,954 |
| Office supplies | 11,678 | 14,364 | 26,042 | 4,597 | 3,154 | 33,793 |
| Occupancy | 79,945 | 234,220 | 314,165 | 23,802 | 18,766 | 356,733 |
| Payroll | 697,723 | 862,342 | 1,560,065 | 155,309 | 401,107 | 2,116,481 |
| Payroll processing | - | 36,385 | 36,385 | - | - | 36,385 |
| Payroll taxes and benefits | 181,045 | 90,270 | 271,315 | 30,007 | 95,170 | 396,492 |
| Postage and delivery | 515 | 82 | 597 | 384 | 1,155 | 2,136 |
| Printing and reproduction | 3,940 | 1,913 | 5,853 | 6,089 | 942 | 12,884 |
| Professional fees | 129,414 | 19,614 | 149,028 | 24,073 | 87,145 | 260,246 |
| Property development | 20,386 | - | 20,386 | - | - | 20,386 |
| Real estate tax | 76,246 | (1,700) | 74,546 | - | - | 74,546 |
| Reduction of grants and pledges | 35,000 | - | 35,000 | - | - | 35,000 |
| Repairs and maintenance | 22,366 | - | 22,366 | - | 2,144 | 24,510 |
| Retirement contribution | 14,359 | 4,910 | 19,269 | 239 | 5,238 | 24,746 |
| Tithing to Habitat International | 100,000 | - | 100,000 | - | - | 100,000 |
| Telephone and internet | 8,439 | 16,486 | 24,925 | 6,766 | 4,079 | 35,770 |
| Tools and equipment | 2,249 | 11,387 | 13,636 | 1,158 | 792 | 15,586 |
| Trash disposal | 2,726 | 38,711 | 41,437 | - | - | 41,437 |
| Travel, meals and entertainment | 674 | 1,322 | 1,996 | 130 | 273 | 2,399 |
| Utilities | - | 72,924 | 72,924 | - | - | 72,924 |
| Vehicle expense other | - | 26,875 | 26,875 | 87 | - | 26,962 |
| Volunteer appreciation | 23 | 563 | 586 | - | 339 | 925 |
| Total | 2,743,315 | 1,953,488 | 4,696,803 | 260,790 | 683,071 | 5,640,664 |
| Expenses presented separate on the statement of activities - cost of goods sold | - | 2,184,086 | 2,184,086 | - | - | 2,184,086 |
| Total expenses | \$ 2,743,315 | \$ 4,137,574 | \$ 6,880,889 | \$ 260,790 | \$ 683,071 | \$ 7,824,750 |

See accompanying notes and independent auditor's report.

DuPage Habitat For Humanity, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30,

| | <u>2022</u> | <u>2021</u> Restated |
|--|---------------------|-------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 3,825,992 | \$ 672,054 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Debt forgiveness income | (410,856) | (410,856) |
| Depreciation | 89,351 | 89,763 |
| Amortization of debt issuance costs | 12,569 | 7,541 |
| Mortgage loan discount amortization | (292,589) | (263,799) |
| Pledges received | (95,000) | (98,500) |
| Payments received on pledges | 33,377 | 51,675 |
| Reduction of pledges - bad debt | - | 35,000 |
| Recovery of bad debt expense | (10,397) | (69,161) |
| Present value on mortgages issued for home sales | (841,415) | (190,087) |
| Shared appreciation on real estate buybacks | (107,634) | (114,750) |
| Income recognized on reclaimed homes | (716,271) | (163,704) |
| Gain on sale of real estate owned | (199,798) | - |
| Equity in loss of limited liability company | 2,813 | - |
| Loss on disposal of property and equipment | 7,610 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (152,766) | (207,035) |
| Grants receivable | (1,679,998) | (86,835) |
| ReStore inventory | (84,219) | (14,247) |
| Land and construction inventory | 470,638 | (32,638) |
| Prepays, deposits and other assets | 48,202 | (44,829) |
| Accounts payable and accrued expenses | 21,557 | 230,037 |
| Escrow and closing funds held | (12,244) | 17,100 |
| Deferred rent | - | (4,181) |
| Net cash from operating activities | (91,078) | (597,452) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | - | (3,790) |
| Additions to real estate owned | (294,603) | (147,084) |
| Proceeds from sale of real estate owned | 770,000 | 240,000 |
| Proceeds from sale of mortgaged property | 75,730 | 87,993 |
| Principal repayments on mortgage receivables | 334,220 | 289,477 |
| Net cash from investing activities | 885,347 | 466,596 |
| Cash flows from financing activities: | | |
| Proceeds from note payable | 1,586,000 | - |
| Proceeds from Paycheck Protection Program loan | - | 410,856 |
| Payments on notes payable | (1,718,058) | (165,633) |
| Net cash from financing activities | (132,058) | 245,223 |
| Net change in cash | 662,211 | 114,367 |
| Cash, beginning of the year | 1,280,772 | 1,166,405 |
| Cash, end of the year | \$ 1,942,983 | \$ 1,280,772 |
| Noncash investing and financing activity - mortgages receivable transferred to real estate owned in buyback transactions | \$ 162,565 | \$ 175,419 |

See accompanying notes and independent auditor's report.

DuPage Habitat for Humanity, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

1. Organization and Purpose

The accompanying financial statements reflect the consolidated operations of DuPage Habitat for Humanity, Inc., DuPage Habitat for Humanity Neighborhood Revitalization Council, Habitat for Humanity – Chicago South Suburbs, and ReStore of Fox Valley Habitat for Humanity (collectively referred to as the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

DuPage Habitat for Humanity, Inc. (DHFH), a not-for-profit corporation, was incorporated on February 3, 1995. The Organization is an affiliate of Habitat for Humanity International, Inc., a nondenominational Christian non-profit organization whose purpose is to provide home ownership opportunities to limited income families or individuals, and to put the reality of substandard housing in the minds and hearts of DuPage residents in such a powerful way that unattainable home ownership for these families or individuals becomes politically, socially and religiously unacceptable. Although Habitat for Humanity International, Inc. (HFHI) assists with informational resources, training, publications, prayer support, and in other ways, the Organization is primarily and directly responsible for its own operation.

During the year ended June 30, 2012, DHFH launched a new ReStore program. This program recycles used and surplus household and construction materials to reduce the tonnage of waste going into landfills and provide building supplies to the general public at greatly reduced prices. All profits from the sales go to funding the mission of the Organization.

During the year ended June 30, 2015, the Organization established the DuPage Habitat for Humanity Neighborhood Revitalization Council (NRC), a single member wholly-owned subsidiary. The NRC was established for the purpose of developing a Community Housing Development Organization (CHDO), a community-based organization with staff and the capacity to develop affordable housing for the community it serves.

On October 1, 2018, the Organization entered into a Memorandum of Understanding with ReStore of Fox Valley Habitat for Humanity (ReStore) to establish an affiliate relationship. Effective July 1, 2019, ReStore became a subsidiary of DHFH and the operations of the ReStore facility in Addison, Illinois, previously reported within the financial statements of DHFH, were merged in with ReStore.

On March 23, 2020, the Board of Directors for Habitat Chicago South Suburbs (Habitat CSS) approved a corporate resolution establishing a corporate structure whereby Habitat CSS becomes a wholly controlled sister organization of DuPage Habitat for Humanity, Inc., with the Executive Director of DuPage Habitat for Humanity, Inc. assuming the role of Chief Executive of Habitat CSS. The agreement was made retroactive to July 1, 2019. As a result of this transaction, DHFH reorganized by moving all ReStore operations of Habitat CSS under the legal organization of ReStore.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies

General – The accounts and consolidated financial statements are maintained on the accrual basis of accounting and, accordingly, reflect all significant accounts receivable, payable, and other liabilities.

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions (when applicable), as required by Generally Accepted Accounting Principles (GAAP).

Net Assets Without Donor Restrictions – Net assets which are available for fulfillment of the Organization's mission, and which may be expended at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets which are subject to donor or grantor imposed restrictions. Some restrictions could be temporary in nature, such as those that will be met by the actions of the Organization or the passage of time, while some restrictions could be perpetual in nature, in that the donor or grantor has stipulated the funds must be maintained in perpetuity.

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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Income Tax Status – DuPage Habitat for Humanity, Inc. was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). DHFH qualifies for the charitable construction deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of DHFH and the nature in which it operates is described above. The Organization continues to operate in compliance with its tax-exempt purpose.

The NRC is a wholly-owned corporation with Habitat being the sole shareholder. For tax purposes, this entity is treated as a disregarded entity. Its activities are included in DHFH's tax reporting.

Habitat CSS was granted exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of the Internal Revenue Code Section 501(c)(3). Habitat CSS qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of Habitat CSS and the nature in which it operates is described above. Habitat continues to operate in compliance with its tax-exempt status.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Income Tax Status (cont'd)

ReStore of Fox Valley Habitat for Humanity is a nonprofit corporation as described by Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC and similar provisions of state tax laws. In addition, the corporation has been classified as an organization that is not a private foundation under Section 509(a)(1). ReStore of Fox Valley Habitat for Humanity operates a resale store, which it considers to be a related business activity. The IRC provides for taxation of unrelated business income under certain circumstances. ReStore of Fox Valley Habitat for Humanity reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

Each entity's tax returns for the years ended June 30, 2019, 2020, and 2021, are open for purposes of Internal Revenue Service or Illinois Department of Revenue examinations.

Uninsured Deposits – On June 30, 2022, uninsured bank deposits in excess of federal depository insurance totaled \$741,428 and \$2,500 for DHFH and ReStore, respectively.

Inventories – Land and Construction-in-Progress – Inventory is valued at the lower of cost or fair value. Inventory primarily consists of purchased and donated houses, construction materials, land and homes under construction issued in the Organization's programs. Inventory is initially capitalized at cost or fair value if donated. This includes all direct and indirect costs incurred to prepare it for sale or use. If it is determined that the capitalized costs of inventory exceed its fair value, the inventory is written down to its fair value. Construction materials are valued at cost using the first-in, first-out (FIFO) method.

Inventory ReStore – ReStore receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail store. Accounting standards require that contributions be recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Contributions are measured at fair value.

Inventory balances recorded at year-end are comprised mostly of goods donated to ReStore for resale through its retail store. In accordance with the Habitat for Humanity International *Financial Policies and Procedures* issued in June 2021, the value of donated inventory at the end of the year is estimated using average sales. Management has estimated ending inventory as one month of average sales. This is a critical assumption which significantly affects inventory accounting.

The Organization may carry purchased inventory at a given time, which consists primarily of paint and related supplies. Any purchased inventory on hand is stated at the lower of cost (on the first-in, first-out method) or net realizable value.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Inventory – Real Estate Owned – Reclaimed homes are recorded as real estate owned at fair value at the date of reclamation. Added to these amounts are closing costs and additional costs necessary to ready the homes for resale. Any write-down based on the home's fair value at the date of foreclosure is charged to the allowance for loan losses. Activity for the years ended June 30, 2022 and 2021, is as follows:

| | | |
|--|---------------|-----------------------------|
| Balance, June 30, 2020 | \$ | 420,487 |
| Fiscal year ended June 30, 2021, activity: | | |
| Two homes reclaimed | | 599,455 |
| Additional costs necessary to ready homes for resale | | 1,502 |
| One home sold | | <u>(240,000)</u> |
| Balance, June 30, 2021 | | 781,444 |
| Fiscal year ended June 30, 2022, activity: | | |
| Five homes reclaimed | | 1,368,000 |
| Additional costs necessary to ready homes for resale | | 7,570 |
| Three homes sold | | <u>(570,202)</u> |
| Balance, June 30, 2022 | \$ | <u>1,586,812</u> |

Property and Equipment – Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost or fair value if donated. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives of 5 to 39 years. The Organization generally follows the practice of capitalizing expenditures for fixed assets in excess of \$2,500. Effective July 1, 2021, the Organization increased its capitalization threshold to \$5,000.

Impairment of Long-Lived Assets – The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Investment in Limited Liability Company – The Organization is one of two equal members in Home Together, LLC, a non-profit organization formed in 2010, to purchase and share the building used for operations (see Note 17). Due to the Organization's lack of a controlling interest in the subsidiary, its investment is accounted for under the equity method and consolidated financial statements are not presented. The investment account is increased for cash contributions made to the LLC and for the Organization's proportionate share of the LLC's other increase in net assets and decreased for the cash distributions received from the LLC and the Organization's proportionate share of the LLC's other decreases in net assets. The Organization remains committed to providing future funding to the LLC, and is liable for debt incurred by the LLC, and therefore is required to recognize a negative investment in Home Together, LLC on its statement of financial position of \$18,449 and \$15,636 at June 30, 2022 and 2021.

Paycheck Protection Program Loan Payable – The Organization has elected to account for its potentially forgivable Paycheck Protection Program loan payable under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 470, *Debt*. Under this guidance, extinguishment of the loan would be recognized when the Organization has been legally released as the primary obligor of the loan. This would occur if and when the United States Small Business Administration approves the Organization's forgiveness application.

Sale to Homeowners and Mortgages Receivable – DHFH and Habitat CSS recognize revenue from the sale of its homes at the fair value of the first mortgages it receives plus the required down payments when a closing occurs and title, possession and other attributes of home ownership have been transferred to the buyer. DHFH and Habitat CSS may also enter into subordinate mortgages for the difference between the fair value of the property at closing and the first mortgage plus required down payments. The subordinate mortgages are recognized as an asset to the extent they are repayable according to the written terms of the note and mortgage. Subordinate mortgages with forgivable payments are not recorded as assets until such time as the mortgage becomes payable.

The first mortgages are non-interest bearing and require monthly payments, typically over a 30 or 40-year period. The amount of a first mortgage is determined by the lower of (a) actual construction costs incurred, (b) the fair market value of the property, or (c) an ability to pay formula based on the homeowner's gross income. The present value of the first mortgage is determined by discounting the mortgage payments using an interest rate that approximates a current market rate of interest for such a mortgage instrument. The difference between the face amount of each mortgage and its present value is accounted for as a discount. The original discount on the mortgage issued is recorded as a reduction of revenue in the year the mortgage closes, based on the prevailing interest rates for low-income housing. The discount is then amortized and recorded as income over the life of the mortgage on a straight-line basis.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Sale to Homeowners and Mortgages Receivable (cont'd)

The delinquency of mortgages receivable is based upon past due status in accordance with contractual terms. When a customer misses payments, management will work with the client and encourage the client to refinance their mortgage.

DHFH has not established an allowance for loan losses for its mortgages receivable as there are no probable and reasonably estimable losses related to the mortgage receivables as of June 30, 2022. This conclusion is based in part on the fact that the estimated value of the properties securing the mortgages receivable significantly exceeds the amount recognized as mortgages receivable.

Historically, Habitat CSS has not experienced significant losses on mortgages to individual clients. This is based in part on the fact that the estimated value of the properties securing the mortgage receivables significantly exceeds the amount recognized as mortgages receivable. Management's periodic evaluation to determine if an allowance for doubtful mortgages is necessary is based upon its history, industry and economic conditions, and known risks or adverse situations that may affect the borrower's ability to repay. Habitat has recognized an allowance for loan losses for its mortgage receivables of \$54,092 at June 30, 2022 (\$64,489 at June 30, 2021).

The Organization provides a limited one-year warranty in the deed of trust on the sale of a home which is generally for defects in materials and workmanship. The warranty is considered an assurance-type warranty whereby costs are accrued when obligations under the warranty period become probable and can be reasonably estimated. Warranty costs have not been significant, and no warranty liability has been accrued at June 30, 2022.

Support and Revenue – The Organization reports gifts of cash and other assets as with donor restrictions, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

The Organization reports gifts of land, buildings, and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Government Contributions – Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the condition of eligible expenses is incurred. These expenditures are subject to audit and acceptance by the respective granting agency, and, because of such audit, adjustments could be required. Management does not anticipate any material adjustments for revenue shown at June 30, 2022.

In-Kind Contributions –The Organization receives in-kind contributions and donated services from various donors. In accordance with generally accepted accounting principles, contribution of services are required to be recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions are recorded at fair value. The Organization recognizes the estimated fair value of these in-kind donations and donated services as an expense or asset if appropriate in its consolidated financial statements, and similarly records a corresponding donation by a like amount. There were no donor restrictions related to the in-kind contributions and donated services for the years ending June 30, 2022, and 2021.

The Organization received donations in the form of building materials and supplies, household furnishings, and appliances for its ReStore. The items are processed and displayed at the store to be sold and the proceeds used to benefit the mission of the Organization. Items which cannot be retailed or reconditioned are sold as salvage. The donated items for the ReStore are valued based on comparable prices at local hardware stores if new, or thrift value if used. The Organization recognized contributions of \$2,091,339 and \$2,090,302 for the years ending June 30, 2022, and 2021, respectively.

For the years ended June 30, 2022 and 2021, the Organization recorded \$25,704 and \$51,408, respectively, in donated facilities for the ReStore in Chicago Heights, Illinois. The value of the donated facilities was determined based on the rent previously paid for the building prior to the City of Chicago Heights assuming ownership of the building and allowing the ReStore to operate within the facility for an annual payment of one dollar.

DuPage Habitat for Humanity and Habitat for Humanity – CSS mortgages issued prior to July 1, 2017, are serviced by Harris Bank at no charge. The Organization received donated services valued at \$12,402 of donated services (\$8,174 to DuPage Habitat for Humanity and \$4,228 to Habitat for Humanity – CSS) for the year ended June 30, 2022, which is recorded at fair value in the consolidated financial statements. Fair value was determined based on a percentage of the mortgage loan portfolio in accordance with industry standards. The Organization received \$14,073 of donated services (\$9,490 to DuPage Habitat for Humanity and \$4,583 to Habitat for Humanity – CSS) for the year ended June 30, 2021, which is recorded at fair value in the consolidated financial statements.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Donated Services – There were also a substantial number of volunteers who donated a significant amount of their time towards the activities of the Organization for the years ended June 30, 2022 and 2021, the value of which has not been recognized in the consolidated financial statements as they do not meet the criteria for recognition.

Revenue Recognition – Revenues from contracts with customers are recognized when control of the promised services are transferred to the Organization's customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. To do this, the Organization performs the following five steps as outlined in ASC 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Organization satisfies a performance obligation.

Significant sources of contract revenue include the following:

ReStore – The Organization's ReStores recognize revenues from merchandise sales when the products are sold, and the title and risk of loss pass to the customer. Sales returns have not been significant.

Home Sales – The Organization recognizes revenue from home sales when the home is sold, and title passes to the buyer at the time of closing.

Net Revenue from Reclaimed Homes – The Organization recognizes revenue from reclaimed homes when the home is repurchased, and title reverts to the Organization at the time of closing.

Special Events – The Organization recognizes revenue at the time the event is held.

Determining whether variable consideration (if applicable) should be reflected in the contract's transaction price may require judgment as to the probability that a significant reversal of such consideration will not occur when the variable consideration is resolved.

The Organization has applied certain practical expedients in its application of ASC 606 as follows:

- The Organization does not evaluate a contract for a significant financing component if payment is expected to be received within one year or less from the transfer of the promised services to the client.
- The Organization generally expenses costs incurred to obtain a contract when the amortization period is less than one year.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Advertising and Promotion – The Organization maintains a small supply of promotional books, pamphlets and other merchandise available for public distribution and ministry purposes. Costs related to these materials, including advertising and promotion, are expensed as incurred.

The Organization incurs advertising costs to promote its ReStore activities which are expensed as incurred. Such costs were \$7,622 for the year ended June 30, 2022 (\$22,600 for fiscal year ended June 30, 2021).

New Accounting Pronouncement – The Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* during 2022, which related to presentation and disclosure related to nonfinancial contributions as disclosed in Note 2 to the financial statements.

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Salaries and wages and payroll taxes and benefits are allocated on the basis of estimates of time and effort. Depreciation expense is allocated based on the program or supporting service benefitting from the underlying asset. All direct costs are charged to the programs or fund-raising as applicable, and the remaining costs are considered management and general.

Subsequent Events – Subsequent events have been evaluated through May 10, 2023, which is the date the consolidated financial statements were available to be issued.

The Organization entered into a construction loan not to exceed \$940,000 dated October 19, 2022, for the acquisition and rehabilitation of a commercial building for a new ReStore in Oak Forest, Illinois. The loan matures October 19, 2027, and bears interest on the unpaid balance at 4.50%. The Organization is required to make six monthly interest payments commencing November 19, 2022, and then 53 monthly consecutive principal and interest payments of \$5,318 commencing May 19, 2023, with a lump sum payment due at maturity.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

3. Contract Revenue and Balances

Revenue for the year ended June 30, 2022, consisted of the following:

| | <u>Contract Revenue with Customers</u> | | Other Revenue Sources | Total |
|--|--|-----------------------------|-----------------------------|-----------------------------|
| | <u>Earned at a Point in Time</u> | <u>Earned Over Time</u> | | |
| ReStore sales | \$ 2,178,995 | \$ - | \$ - | \$ 2,178,995 |
| Special events revenue, net | 250,887 | - | - | 250,887 |
| Home sales | 1,863,816 | - | - | 1,863,816 |
| Net revenue from reclaimed homes | 823,441 | - | - | 823,441 |
| Critical home repair income | 11,709 | - | - | 11,709 |
| Grants and contributions | - | - | 6,704,521 | 6,704,521 |
| Mortgage loan discount amortization | - | - | 292,589 | 292,589 |
| Rental income | - | - | 19,195 | 19,195 |
| Gain on extinguishment of Paycheck Protection Program loan | - | - | 410,856 | 410,856 |
| Recovery of bad debt expense | - | - | 10,397 | 10,397 |
| Miscellaneous income | - | - | 13,580 | 13,580 |
| | <u>\$ 5,128,848</u> | <u>\$ -</u> | <u>\$ 7,451,138</u> | <u>\$ 12,579,986</u> |

Revenue for the year ended June 30, 2021, consisted of the following:

| | <u>Contract Revenue with Customers</u> | | Other Revenue Sources | Total |
|--|--|-----------------------------|-----------------------------|----------------------------|
| | <u>Earned at a Point in Time</u> | <u>Earned Over Time</u> | | |
| ReStore sales | \$ 2,148,876 | \$ - | \$ - | \$ 2,148,876 |
| Special events revenue, net | 231,913 | - | - | 231,913 |
| Home sales | 695,000 | - | - | 695,000 |
| Net revenue from reclaimed homes | 342,104 | - | - | 342,104 |
| Critical home repair income | 39,210 | - | - | 39,210 |
| Grants and contributions | - | - | 4,268,582 | 4,268,582 |
| Mortgage loan discount amortization | - | - | 263,799 | 263,799 |
| Rental income | - | - | 23,773 | 23,773 |
| Gain on extinguishment of paycheck protection program loan | - | - | 410,856 | 410,856 |
| Recovery of bad debt expense | - | - | 69,161 | 69,161 |
| Miscellaneous income | - | - | 3,530 | 3,530 |
| | <u>\$ 3,457,103</u> | <u>\$ -</u> | <u>\$ 5,039,701</u> | <u>\$ 8,496,804</u> |

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

3. Contract Revenue and Balances (cont'd)

Accounts receivable at December 31, for the last three years are as follows:

| | 2022 | 2021 | 2020 |
|---------------------|------------------|-----------|-----------|
| Accounts receivable | \$ 45,483 | \$ 83,963 | \$ 61,229 |

4. Liquidity and Availability

Financial assets, available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date at June 30, have been determined as follows:

| | 2022 | 2021 (Restated) |
|--|---------------------|--------------------|
| Cash and cash equivalents | \$ 1,942,983 | \$ 1,280,772 |
| Current receivables: | | |
| Other | 3,774 | 22,217 |
| Critical home repair | 45,483 | 83,963 |
| Grants and contributions | 1,882,609 | 86,835 |
| Mortgages | 95,392 | 73,948 |
| Total current financial assets | 3,970,241 | 1,616,835 |
| Net assets with donor restrictions | (3,680,052) | (1,902,235) |
| Financial assets available for general expenditure over the next twelve months | \$ 290,189 | \$ (285,400) |

The Organization relies on grants and donor contributions, which may or may not have donor restrictions, to help fund major capital outlays. It manages its day to day operations based on available funds from such contributions or grants, as well as ReStore sales.

5. Contributions Receivable

Unconditional promises to give cash, in-kind contributions, and certain qualified donated services are recognized in the consolidated financial statements at the time of commitment based on written documentation or strong verbal assurances from the donor.

When a contribution receivable is deemed uncollectible, it is written off as a reduction of grants and pledges included with expenses in the statement of activities. For the years ended June 30, amounts written off consisted of the following:

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

5. Contributions Receivable (cont'd)

| | 2022 | 2021 |
|---|-------------|------------------|
| Unconditional promises to give cash and certain qualified donated services for the construction and rehabilitation of homes in the home ownership program | \$ - | \$ 35,000 |

6. Mortgages Receivable

The Organization recognized \$292,589 of income from the mortgage loan discount amortization for fiscal year ended June 30, 2022. The Organization recognized \$263,799 of income from the mortgage loan discount amortization for fiscal year ended June 30, 2021.

DuPage Habitat for Humanity did originate seven new mortgages during the year ended June 30, 2022, net of related discounts, in the amount of \$796,415. DuPage Habitat for Humanity did originate three new mortgages during the year ended June 30, 2021, net of related discounts, in the amount of \$190,087. Habitat CSS did originate one new mortgage for the year ended June 30, 2022 for \$45,000 (none for the year ended June 30, 2021). The Organization does not charge homeowners any fees in connection with originating the mortgages and does not defer any costs related to originating the mortgages.

Mortgages receivables at June 30, 2022, are presented net of unamortized discounts as follows:

| | DuPage Habitat for Humanity | Habitat CSS | Total |
|--|--------------------------------|-------------------|---------------------|
| Gross mortgages receivables at face value | \$ 4,320,562 | \$ 1,703,826 | \$ 6,024,388 |
| Less unamortized discount based on imputed interest rates of 4.0% to 8.78% | (2,030,529) | (970,252) | (3,000,781) |
| Less allowance for doubtful mortgages receivable | - | (54,092) | (54,092) |
| Net mortgages receivables | \$ 2,290,033 | \$ 679,482 | \$ 2,969,515 |
| Current portion | \$ 67,559 | \$ 27,833 | \$ 95,392 |
| Long-term | 2,222,474 | 651,649 | 2,874,123 |
| | \$ 2,290,033 | \$ 679,482 | \$ 2,969,515 |

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

6. Mortgages Receivable (cont'd)

Anticipated future principal collections net of amortization on the discounted first mortgages are estimated as:

| Year Ending June 30, | DuPage Habitat for Humanity | Habitat CSS | Total |
|-------------------------|--------------------------------|-------------------|---------------------|
| 2023 | \$ 67,559 | \$ 27,833 | \$ 95,392 |
| 2024 | 42,101 | 27,230 | 69,331 |
| 2025 | 43,527 | 27,230 | 70,757 |
| 2026 | 40,815 | 28,125 | 68,940 |
| 2027 | 38,623 | 29,846 | 68,469 |
| Thereafter | 2,057,408 | 539,218 | 2,596,626 |
| | <u>\$ 2,290,033</u> | <u>\$ 679,482</u> | <u>\$ 2,969,515</u> |

Mortgages receivables at June 30, 2021, are presented net of unamortized discounts as follows:

| | DuPage Habitat for Humanity | Habitat CSS | Total |
|--|--------------------------------|-------------------|---------------------|
| Gross mortgages receivables at face value | \$ 4,304,362 | \$ 1,822,537 | \$ 6,126,899 |
| Less unamortized discount based on imputed interest rates of 4.0% to 8.78% | (2,485,109) | (1,077,091) | (3,562,200) |
| Less allowance for doubtful mortgages receivable | <u>-</u> | <u>(64,489)</u> | <u>(64,489)</u> |
| Net mortgages receivables | <u>\$ 1,819,253</u> | <u>\$ 680,957</u> | <u>\$ 2,500,210</u> |
| Current portion | \$ 45,149 | \$ 28,799 | \$ 73,948 |
| Long-term | <u>1,774,104</u> | <u>652,158</u> | <u>2,426,262</u> |
| | <u>\$ 1,819,253</u> | <u>\$ 680,957</u> | <u>\$ 2,500,210</u> |

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

6. Mortgages Receivable (cont'd)

Mortgages receivable activity for DuPage Habitat for Humanity for the years ended June 30, 2022 and 2021, are as follows:

| | Mortgages Receivable | Unamortized Discount | Net Mortgages Receivable |
|------------------------|-------------------------|-------------------------|--------------------------------|
| Balance, June 30, 2020 | \$ 4,591,394 | \$ (2,703,763) | \$ 1,887,631 |
| New mortgages | 190,087 | - | 190,087 |
| Properties sold | (263,412) | - | (263,412) |
| Payments received | (213,707) | - | (213,707) |
| Discounts earned | - | 218,654 | 218,654 |
| Balance, June 30, 2021 | 4,304,362 | (2,485,109) | 1,819,253 |
| New mortgages | 796,415 | - | 796,415 |
| Properties sold | (507,125) | 268,830 | (238,295) |
| Payments received | (273,090) | - | (273,090) |
| Discounts earned | - | 185,750 | 185,750 |
| Balance, June 30, 2022 | <u>\$ 4,320,562</u> | <u>\$ (2,030,529)</u> | <u>\$ 2,290,033</u> |

Mortgages receivable activity for Habitat CSS for the years ended June 30, 2022 and 2021, are as follows:

| | Mortgages Receivable | Escrow Receivable | Unamortized Discount | Allowance For Doubtful Mortgages | Net Mortgages Receivable |
|------------------------|-------------------------|----------------------|-------------------------|--|--------------------------------|
| Balance, June 30, 2020 | \$ 1,890,223 | \$ 71,541 | \$ (1,122,236) | \$ (133,650) | \$ 705,878 |
| Payments received | (75,770) | - | - | - | (75,770) |
| Discounts earned | - | - | 45,145 | - | 45,145 |
| Allowance adjustment | - | - | - | 69,161 | 69,161 |
| Escrow adjustment | - | (63,457) | - | - | (63,457) |
| Balance, June 30, 2021 | 1,814,453 | 8,084 | (1,077,091) | (64,489) | 680,957 |
| New mortgages | 45,000 | - | - | - | 45,000 |
| Properties sold | (94,497) | - | - | - | (94,497) |
| Payments received | (61,130) | - | - | - | (61,130) |
| Discounts earned | - | - | 106,839 | - | 106,839 |
| Allowance adjustment | - | - | - | 10,397 | 10,397 |
| Escrow adjustment | - | (8,084) | - | - | (8,084) |
| Balance, June 30, 2022 | <u>\$ 1,703,826</u> | <u>\$ -</u> | <u>\$ (970,252)</u> | <u>\$ (54,092)</u> | <u>\$ 679,482</u> |

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

6. Mortgages Receivable (cont'd)

In addition, “silent” second mortgages exist on nearly all homes sold by the Organization prior to July 1, 2017. In general, the “silent” second mortgages are established for the difference between (a) the estimated fair value of the home at date of sale (or, in the case of homes funded through certain grants, the cost of the home) and (b) the sales price of the home (the sum of the undiscounted amount of the first mortgage and the down payment made by the homeowner). The “silent” second mortgages are non-interest-bearing and are forgiven ratably beginning in the 83rd month after sale of the home over the remainder of the first mortgage term (beginning with the 61st month after sale for mortgages originated prior to 2009). All second mortgages are forgiven after 30 years. Pursuant to some grant arrangements, the grantor may hold a portion of the “silent” second mortgage or may hold a “silent” third mortgage. The Organization does not record its share of the “silent” second mortgages in the consolidated financial statements. Second mortgages on homes sold prior to July 1, 2017, totaled \$2,368,326 which is net of \$1,533,284 in mortgage forgiveness as of June 30, 2022, and \$2,776,662 which is net of \$1,422,234 in mortgage forgiveness as of June 30, 2021.

The Organization holds a second mortgage on all homes sold after June 30, 2017, totaling \$1,294,164 and \$497,749 at June 30, 2022 and 2021, respectively, which is included within noncurrent mortgages receivable and is due upon satisfaction of the first mortgage. Also, “silent” third mortgages exist on homes sold by the Organization subsequent to June 30, 2017, equal to the interest paid to the financial institution holding the first mortgage. The “silent” third mortgages are non-interest-bearing and are forgiven ratably over term of the first mortgage. All third mortgages are forgiven after 30 years. The Organization does not record its share of the “silent” third mortgages in the consolidated financial statements. Third mortgages on homes sold after June 30, 2017, totaled \$352,762, which is net of \$62,994 in mortgage forgiveness as of June 30, 2022, and \$400,331, which is net of \$48,950 in mortgage forgiveness as of June 30, 2021.

Finally, a profit-sharing agreement exists on all homes sold by DHFH. The amount is based on a percentage of the appreciation in value (shared appreciation) and the length of time the homeowner has owned the house so that the longer the homeowner has owned the home, the lower the percentage of profit due to the Organization. No such profit sharing agreement exists for homes sold by Habitat – CSS.

Events which trigger payments to be made on the silent second or third mortgages, as applicable, are as follows:

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

6. Mortgages Receivable (cont'd)

1. Sale of property to a third-party.
2. Transfer of property to someone other than the buyer's spouse.
3. Rental of property to a third-party.
4. Creation of certain trusts which affects the title to the property.
5. Failure to occupy property as main residence.
6. Refinance property without paying off the amount due under the first mortgage note plus the amount for which the buyer has not received credit under the second mortgage noted as of the date of the payoff.
7. Failure to make three payments in a row.
8. Third-party forecloses on the property or files mechanic's lien on the property.
9. Use of property to carry on a business, trade, or profession except as permitted by applicable law or ordinance.
10. Attempt to prepay one of the mortgage notes before maturity of the first mortgage note and the second mortgage note without prepaying both the first mortgage note and the second mortgage note.
11. Failure to perform the terms of either of the first mortgage note or the second mortgage note or either of the first mortgage or the second mortgage and do not cure such failure within any applicable notice or cure period.

In the event that a homeowner disposes of a home or otherwise prepays the first mortgage prior to the end of the term of the first mortgage, the balance of the "silent" mortgages and any sharing of appreciation in the value of the home between the homeowner and the Organization becomes due. Finally, the first mortgage provides the Organization with the right of first refusal, at the then current fair value, to purchase any home that a homeowner has decided to sell. DHFH recognized shared appreciation income from partner families selling homes in fiscal 2022 totaling \$107,634 (\$114,750 in fiscal 2021).

Included in mortgage receivables at June 30, 2021, is \$8,084 of negative participant escrow accounts owed to Habitat CSS's third-party mortgage servicer (none at June 30, 2022). This amount is reserved for in the balance of allowance for doubtful mortgage receivables. Past due balances on Habitat CSS total \$22,882 and \$20,160 at June 30, 2022, and 2021, respectively.

In December 2016, Habitat CSS sold four mortgages receivable with full recourse to a financial institution. Proceeds received from the sale of such loans equated to the outstanding principal balance of the loans at the time of sale. In the event a sold loan becomes 90 days or more delinquent, the financial institution can require Habitat CSS to provide a substitute loan of similar characteristics. If no such loan exists that is acceptable to the financial institution, Habitat CSS may be required to repurchase the loan at the principal balance then outstanding. For two of these loans, the underlying property development was funded with federal funds under the NSP and HOME programs. The effects of the sale of these mortgages on the federal funds received is not known.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

7. Inventories – Land and Construction in Progress

Land and construction in progress inventory consists of the following at June 30:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Homes under construction (16 and 14 properties in 2022 and 2021, respectively) | \$ 1,274,236 | \$ 1,712,560 |
| Land held for future development | 429,141 | 432,513 |
| Total | \$ 1,703,377 | \$ 2,145,073 |

8. Inventory - ReStore

Inventory at June 30, consists of the following:

| | 2022 | 2021 |
|-----------------------------|-------------------|-------------------|
| Purchased inventory | \$ 11,652 | \$ 22,350 |
| Donated goods and materials | 273,719 | 178,802 |
| Total | \$ 285,371 | \$ 201,152 |

9. Payroll Protection Program Loan Payable

The Organization entered into a \$410,856 loan agreement dated April 18, 2020, to provide for working capital needs, with principal due in monthly installments including interest at 1%. The loan was obtained under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA). Payments commence the earlier of (a) forgiveness determination by the SBA or (b) ten months after the expiration of the Borrower's covered period, which is 24 weeks after the loan disbursement date. Under the Program rules, the loan will be 100% forgiven if the Organization meets certain conditions. The Organization applied for and received forgiveness for the entire balance on February 24, 2021. The expenses included in the application for forgiveness were ReStore payroll, rent, mortgage interest, and utilities. Therefore, the gain on extinguishment of the Paycheck Protection Program loan payable was recognized as income on the ReStore statement of activities in fiscal year 2021.

The Organization entered into a second loan for \$410,856, dated February 16, 2021, under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA), with similar terms to the initial loan. The Organization applied for and received forgiveness for the entire balance on December 22, 2021. The expenses included in the application for forgiveness were ReStore payroll, rent, mortgage interest, and utilities. Therefore, the gain on extinguishment of the Paycheck Protection Program loan payable was recognized as income on the ReStore statement of activities in fiscal year 2022.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

10. Long-Term Debt

DuPage Habitat for Humanity, Inc.

| | 2022 | 2021 |
|---|---------------------|------------|
| <p>On June 28, 2016, the Organization obtained a promissory note with HFHI in the amount of \$400,300 with an original maturity date of June 30, 2026. The Organization was allowed to defer payment of the principal portion due June 30 and September 30, 2020, due to the pandemic, and extend the maturity date of the note by two quarters to December 31, 2026. Original principal of \$400,300 payable in quarterly installments of \$12,630 which includes interest at 4.75%. Proceeds used to refinance all debt except Wheaton Bank and Trust Company line of credit.</p> | \$ 203,602 | \$ 243,267 |
| <p>On May 29, 2018, the Organization obtained a promissory note with First Eagle Bank in the amount of \$350,000 with an original maturity date of May 29, 2021. Original principal of \$350,000 payable in lump sum at maturity. Interest is payable monthly commencing June 29, 2018, at a variable rate equal to the prime rate as published in the Wall Street Journal (4.75% at June 30, 2022). Proceeds used to acquire property in Hanover Park. Dated May 29, 2021, a first amendment to the promissory note extended the maturity date to May 29, 2024, with monthly payments of all accrued unpaid interest commencing July 29, 2021, and a final payment of all unpaid principal and interest on May 29, 2024.</p> | 210,000 | 279,700 |
| <p>On March 4, 2022, the Organization obtained a promissory note with First Eagle Bank in the amount of \$1,586,000 with an interest rate of 3.35% and a maturity date of March 4, 2027. The Organization will make 59 monthly payments of principal and interest totaling \$10,031 commencing April 4, 2022, with lump sum payment of \$1,234,372 due at maturity. The proceeds were used to repay the mortgage note payable of ReStore Habitat for Humanity.</p> | 1,569,742 | - |
| | 1,983,344 | 522,967 |
| Less current portion | (111,134) | (39,664) |
| Net long-term debt | \$ 1,872,210 | \$ 483,303 |

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

10. Long-Term Debt (cont'd)

Minimum future principal payments are as follows at June 30:

| | | |
|-------|----|-----------|
| 2023 | \$ | 111,134 |
| 2024 | | 325,345 |
| 2025 | | 119,992 |
| 2026 | | 124,694 |
| 2027 | | 1,302,179 |
| Total | \$ | 1,983,344 |

Interest expense and interest paid totaled \$39,593 and \$21,272 for the years ended June 30, 2022, and 2021, respectively.

| ReStore Habitat for Humanity | 2022 | 2021 |
|---|-------------|---------------------|
| Mortgage note payable to a financial lending institution with original principal balance of \$1,800,431; payable in monthly installments of \$10,727, including interest at 3.75%; final installment due March 2023; secured by the real estate of ReStore. The note was repaid in the current year | \$ - | \$ 1,592,435 |
| Less unamortized debt issuance costs | - | (12,569) |
| Total debt, net of unamortized debt issuance costs | - | 1,579,866 |
| Less current portion | - | (69,318) |
| Net long-term debt | \$ - | \$ 1,510,548 |

Interest expense and interest paid totaled \$45,239 for the year ended June 30, 2022. Amortization of debt issuance costs included within interest expense totaled \$12,569 for the year ended June 30, 2022.

Interest expense and interest paid totaled \$62,913 for the year ended June 30, 2021. Amortization of debt issuance costs included within interest expense totaled \$7,541 for the year ended June 30, 2021.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

11. Net Assets with Donor Restrictions

Net assets with donor restrictions for DuPage Habitat for Humanity consists of unconditional promises to give cash of \$1,750,000 which is the second half of a donation received in August 2022, and donated materials and labor for the construction and rehabilitation of homes in the home ownership program totaling \$115,000 (\$72,183 of donated materials and labor for construction and rehabilitation of homes at June 30, 2021). Net assets released from restriction for DuPage Habitat for Humanity totaled \$67,183 and \$42,275 for the years ended June 30, 2022, and 2021, respectively.

Net assets with donor restriction for Habitat for Humanity – Chicago South Suburbs consists of the following at June 30:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Discounted first mortgages and payments received on those mortgages: | | |
| NSP grant | \$ 1,102,573 | \$ 1,102,573 |
| HOME grant | 587,402 | 587,402 |
| Thrivent Home Grant | - | 15,000 |
| Housing opportunities and home ownership | 16,685 | 16,685 |
| Home repair | 18,392 | 18,392 |
| FDC Foundation Housing Opportunity Grant | 20,000 | 20,000 |
| Home build for veteran | 35,000 | 35,000 |
| Home build for single mother | 35,000 | 35,000 |
| | <u>\$ 1,815,052</u> | <u>\$ 1,830,052</u> |

For Habitat for Humanity – Chicago South Suburbs, the Thrivent Home Grant of \$15,000 was released from restriction for the year ended June 30, 2022 (no amounts released from restriction in 2021).

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

12. Federal and Local Government Grants

DuPage Habitat for Humanity

Neighborhood Stabilization Program – The Organization had been selected by the County of DuPage (County) to act as a developer to acquire and rehabilitate eligible abandoned and foreclosed single family homes under a Neighborhood Stabilization Program (NSP) funded by the Department of Housing and Urban Development (HUD). Homes acquired and rehabilitated under the NSP are then sold by the Organization to qualifying low income individuals under the Organization's normal terms and conditions. The Organization received NSP funds from the County as it incurred eligible costs. The Organization executes notes to the County as the NSP funds are received from the County. The County releases the Organization from these notes when the related homes are sold by the Organization to eligible individuals. The homeowners execute non-interest-bearing first mortgages to the Organization at the time they purchase the homes. The amount of the first mortgage is determined by the Organization such that, when considering real estate taxes and insurance, the required mortgage payment is affordable to the homeowners in accordance with the Organization's mission. The homeowners also execute a second mortgage to the Organization that equals the difference between the actual costs of the home and the sum of the first mortgage. The homeowners may have a third mortgage if assistance from the County is received. The second and third mortgages are also non-interest-bearing and are payable only if certain events occur in the future.

Community Development Block Grants – The Organization had been awarded grants in prior years by the County from its Housing Development Fund that were used to fund, in part, the Organization's development of 11 homes in its Pioneer Prairie subdivision. These grants were funded through Community Development Block Grants (CDBG) from HUD. The Organization received CDBG funds from the County as it incurred eligible costs. For the portion of the funds used to build homes, the Organization executed notes to the County as the CDBG funds were received from the County. The homeowners executed non-interest-bearing first mortgages to the Organization at the time they purchased the homes. The amount of the first mortgage was determined by the Organization such that, when considering real estate taxes and insurance, the required mortgage payment was affordable to the homeowner in accordance with the Organization's policies.

In addition, the homeowners assumed a pro rata portion of the Organization's note to the County in the form of a third mortgage. The homeowners also executed a second mortgage to the Organization that equaled the difference between (a) the fair value of the home and (b) the sum of the sales price (which is the sum of the first mortgage and the down payment) and the third mortgage. The second and third mortgages were also non-interest-bearing and are payable only if certain events occur in the future.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

12. Federal and Local Government Grants (cont'd)

DuPage Habitat for Humanity (cont'd)

Community Development Block Grants (cont'd)

The Organization recognized the portion of the CDBG grant designated to fund a portion of the infrastructure costs as revenue without donor restrictions in the period it incurred the eligible infrastructure costs. The Organization recognized the portion of the CDBG grant designated to fund a portion of the cost of building the homes as revenue with donor restrictions in the period it incurred the eligible costs and released the restriction at the time of the sale of the home. The Organization does not receive a developer's fee under the CDBG grant agreement. No revenue was recognized as it relates to the prior years' CDBG grants from the County during the years ended June 30, 2022 and 2021.

HOME – The Organization was awarded grants by the County from its Housing Development Fund to be used to fund, in part, the Organization's development of 12 townhomes in its Prairie Green subdivision. These grants are funded through HOME Investment Partnerships Act Funds (HOME) from HUD. The Organization received HOME funds from the County as it incurred eligible costs. The Organization executed notes to the County when the HOME grant was executed with the County. The future homeowners then executed non-interest-bearing first mortgages to the Organization at the time they purchased the townhomes. The amount of the first mortgage was determined by the Organization such that, when considering real estate taxes and insurance, the required mortgage payment is affordable to the homeowner in accordance with the Organization's policies. The homeowners also executed a second mortgage to the Organization that equals the difference between (a) the fair value of the townhome and (b) the sum of the sale price (which is the sum of the first mortgage and the down payment) not to exceed \$275,200. The second mortgage is also non-interest-bearing and payable only if certain events occur in the future.

The County released the Organization from 1/12th of the County's mortgage at the time each townhouse was sold to an eligible homeowner. Each townhouse is subject to a Regulatory Land Use Restriction Agreement (RLURA) that will impose resale restrictions on the townhomes for a period of 15 years. The RLURA is intended to ensure that any townhomes resold during that 15-year period will be sold to individuals whose income does not exceed specified levels at a price affordable to such individuals.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

12. Federal and Local Government Grants (cont'd)

DuPage Habitat for Humanity (cont'd)

HOME (cont'd)

The Organization recognized the HOME grant as revenue with donor restrictions in the period it incurred the eligible costs. A portion of the HOME grant, equal to costs incurred for the construction of the home plus a pro rata share of land and general infrastructure costs, was transferred to net assets without donor restrictions at the time of the sale of the home. All revenue related to the HOME grant award for the Prairie Green subdivision has been recognized in prior years. The Organization received a developer fee of fifteen percent of eligible costs for its services under the HOME agreement. The developer fee was recognized as revenue with donor restrictions as the eligible costs were incurred with a pro rata portion being transferred to net assets without donor restrictions at the time of the sale of the home.

During fiscal year 2018, the Organization received an additional HOME grant of \$500,000 to fund eligible costs related to the acquisition, rehabilitation and resale of at least five residential properties in the Greenbrook Tanglewood area of Hanover Park, Illinois. A portion of eligible costs were incurred during the current year. No revenue was recognized under this grant for the years ended June 30, 2022, and 2021.

Habit for Humanity – CSS

Funding from Cook County, Illinois

Habitat CSS has been selected by Cook County, Illinois, (County) to act as a developer to acquire and rehabilitate eligible abandoned and foreclosed single family homes under a Neighborhood Stabilization Program (NSP) and Home Investment Partnership Program (HOME) funded by the Department of Housing and Urban Development (HUD). Homes acquired and rehabilitated under these awards are then generally sold by Habitat CSS to qualifying low income individuals under Habitat CSS's normal terms and conditions. Habitat CSS receives NSP and HOME funds from the County as it incurs eligible costs. Habitat CSS then executes notes to the County as the NSP and HOME funds are received. These funds are recorded as refundable advances in the statement of financial position. The County releases Habitat CSS from these notes when the related homes are sold by Habitat CSS and the associated refundable advance is generally recognized as revenue with donor restriction. If the homes are sold to qualified low income individuals, the homeowners execute non-interest bearing first mortgages to Habitat CSS at the time they purchase the homes. The amount of the first mortgage is determined by Habitat CSS such that, when considering real estate taxes and insurance, the required mortgage payment is affordable to the homeowner in accordance with Habitat CSS's mission.

The homeowners also execute two second mortgages, equal in amount, to Habitat CSS and the County, which in the aggregate, equal the difference between the actual cost of the home and the sum of the first mortgage and the down payment. The second mortgages are also non-interest bearing and are payable only if certain events occur in the future.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

12. Federal and Local Government Grants (cont'd)

Habit for Humanity – CSS (cont'd)

Funding from Cook County, Illinois (cont'd)

For homes sold to qualified low income individuals, all amounts paid by the homeowners to Habitat CSS for their mortgages are considered NSP and HOME income and are retained by Habitat CSS with the restriction that such amounts be used by Habitat CSS for other eligible NSP and HOME activity in the County. Upon sale of the home, a portion of the NSP and HOME awards (the carrying amount of the first mortgage on NSP and HOME projects and any payments received under mortgages related to NSP and HOME projects) continues to be reflected as net assets with donor restriction until such time those amounts are depleted for other eligible NSP and HOME activities in the County. The NSP and HOME funding is not designed to be a recurring government program and Habitat CSS may not receive any future grants under this program beyond those described above.

If there are insufficient qualified buyers for homes available, Habitat CSS may sell the rehabilitated homes to non-qualified buyers. If the house is sold at a price below the eligible costs incurred and capitalized, any proceeds received at closing are remitted to the County. Any refundable advance associated with the respective home is forgiven by the County and offset with the eligible capital costs. If the house is sold at a price above the eligible costs incurred, Habitat CSS is obligated to remit proceeds up to the associated refundable advance for that house to the County. The gain would be recognized as revenue with donor restrictions for further reinvestment into the NSP. Additionally, the refundable advance would be offset with capitalized costs associated with the house. No homes were sold to qualified buyers for the years ended June 30, 2022 and 2021.

Illinois Department of Commerce and Economic Opportunity Funding

In May of 2013, Habitat CSS received an Illinois Department of Commerce and Economic Opportunity (DCEO) grant from the Illinois Facilities Fund (IFF) to acquire, develop, and sell homes in Park Forest and Lansing, Illinois, under the Illinois Disaster Recovery Program (IDRP). Properties acquired must be vacant structures and are subject to prior approval by the sub-grantee. Homes acquired and rehabilitated under this award are then generally sold by Habitat to qualifying low income individuals under Habitat CSS's normal terms and conditions. Habitat CSS receives IDRP funds from the IFF as it incurs eligible costs. All funds received from IFF are in the form of a construction loan that is forgiven upon sale of the eligible property to qualifying low income individuals. As such, all amounts received are recorded as refundable advances in the statement of financial position until such time the homes are sold. Habitat CSS had no such refundable advances at June 30, 2022 or 2021. If a house is sold at a price above the eligible costs incurred, Habitat CSS is obligated to remit sales proceeds up to the associated refundable advance for that house to the IFF.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

13. Home Sales

Beginning in the year ended June 30, 2018, a financial institution assumes the first mortgage on homes sold by the Organization. The first mortgage amount is based on a front-end ratio of 30%. The front-end ratio is calculated by dividing mortgage-related costs (principal, interest, property taxes and insurance) by gross monthly household income. The purchase price is based upon appraised value. The Organization issues a second and third mortgage to the homeowner on these properties. The amount of the second mortgage is the difference between the appraised value and the sum of the first mortgage, held by the financial institution, and the third mortgage held by the Organization. The second mortgage is interest free and is payable upon satisfaction of the first mortgage. The fair value of the second mortgage was determined by discounting the mortgage payments using the interest rate on the first mortgage issued by the financial institution. The third mortgage is equal to the interest owed to the financial institution over the life of the first mortgage, with the amount owed on the third mortgage reduced proportionately over the life of the first mortgage as payments are made.

Previously, the Organization recognized revenue from the sale of its homes at the fair value of the first mortgages it received plus the required down payments. The first mortgages issued by the Organization to the homeowners were non-interest-bearing and required monthly payments, typically over a 30-year period. The amount of a first mortgage was determined by the Organization such that, when considering real estate taxes and insurance, the required mortgage payment was affordable to the homeowner in accordance with the Organization's policies. The fair value of the first mortgage was determined by discounting the mortgage payments using an interest rate that approximates a current market rate of interest for such a mortgage instrument.

The sales price is the lower of appraised value or cost of construction. The Organization determines the amount of the first mortgage based on the partner family's ability to pay, and a second mortgage is entered into for the difference. The Organization sold seven homes in the current year with a fair value of \$1,860,000. The Organization took second mortgages on these three properties, which become payable upon payoff of first mortgage or sale of the property, totaling \$796,415. Third mortgages, which are forgivable ratably over time, totaling \$424,051 are not recognized as an asset but are recoverable to the extent not forgiven upon sale of the home.

The Organization sold three homes in the current year with a fair value of \$695,000. The Organization took second mortgages on these three properties, which become payable upon payoff of first mortgage or sale of the property, totaling \$190,087. Third mortgages, which are forgivable ratably over time, totaling \$148,286 are not recognized as an asset but are recoverable to the extent not forgiven upon sale of the home.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

14. Operating Leases

On March 1, 2011, the Organization commenced a lease for its office space located at 1600 East Roosevelt in Wheaton, Illinois, with a related party, Home Together, LLC. See Note 18 for information about the formation and mission of Home Together, LLC. The Organization's monthly rent is set annually by the Board of Managers of Home Together, LLC at an amount that approximates 50% of the projected operating costs of Home Together, LLC. Office space rent expense was \$42,000 for the year ended June 30, 2022 (\$42,000 for the year ended June 30, 2021).

In May 2018, Home Together, LLC entered a lease for additional space at 1616 East Roosevelt Road in Wheaton, Illinois. The lease initially ran from May 4, 2018, through May 3, 2021, and the expense was included in the amount in the paragraph above. Under a new lease, dated May 4, 2021, and running from May 4, 2021 through May 31, 2023, DuPage Habitat for Humanity replaced Home Together, LLC, as the lessee. Lease expense for DuPage Habitat for Humanity under the lease for the year ended June 30, 2022, was \$28,992 (\$4,808 for the year ended June 30, 2021). Minimum future lease payments are \$24,761 in 2023.

The Organization leases retail space for its operations at 869 South Route 53 in Addison, Illinois, under an operating lease with an original expiration date of February 28, 2016, that was amended from time to time to extend the lease through February 29, 2024. Rent for the years ended June 30, 2022 and 2021, was \$219,349 and \$182,812, respectively. Minimum future lease payments are \$173,830 and \$117,802 for the fiscal years ending June 30, 2023 and 2024, respectively.

The Organization entered into a six-month lease on January 21, 2019, for retail space in Downers Grove, Illinois, that was subsequently extended through March 31, 2021, and again through March 31, 2022. Monthly rent expense under the term of this lease is \$3,500, except that at the time the extension was signed in September 2019, only one payment of \$3,500 was required for the period September 15, 2019 through October 31, 2019. Effective November 1, 2019, payments resumed at \$3,500 per month. Lease expense was \$31,500 and \$42,000 for the years ended June 30, 2022, and 2021, respectively. The lease was not renewed at March 31, 2022.

The Organization entered into a lease for a copy machine in January 2019 expiring in December 2023. Monthly payments under the lease total \$605. Rent expense for the years ended June 30, 2022 and 2021, was \$7,260. Minimum future lease payments are \$7,260 for the fiscal year ending June 30, 2023, and \$3,630 for the fiscal year ending June 30, 2024.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

14. Operating Leases (cont'd)

On May 5, 2017, Habitat – CSS entered into an agreement to lease office space in Frankfort, Illinois, effective June 1, 2017. The original term of this agreement, which expired June 30, 2019, has been extended through March 31, 2020, and again through March 2021 and November 2021, and on a month to month basis thereafter. Rental expense for these leases amounted to \$7,718 and \$12,128 for the years ended June 30, 2022 and 2021, respectively. The lease was terminated for the year ended June 30, 2022.

Minimum future lease payments are as follows at June 30:

| | Retail Space | Other | Total |
|------|--------------|-----------|-------------------|
| 2023 | \$ 198,591 | \$ 7,260 | \$ 205,851 |
| 2024 | 117,802 | 3,630 | 121,432 |
| | \$ 316,393 | \$ 10,890 | \$ 327,283 |

15. Rental Property

Habitat for Humanity – CSS

Habitat CSS constructed a large home for a family of nineteen individuals which was not within the normal scope of the Habitat CSS mission. Because of the unusual nature of this house and the personal financial plight of the family, Habitat CSS retained ownership of the home and has rented it to the family. Gross rents received for the years ended June 30, 2022 and 2021, amounted to \$19,195 and \$22,670, respectively.

The building and related costs, reported as other assets on the statement of financial position, are being depreciated over 30 years and have a net book value of \$21,941 and \$22,271 at June 30, 2022 and 2021, respectively. Habitat CSS also substantially maintains the property. Depreciation expense, included in total depreciation expense, for the rental property was \$4,330 and \$4,330 and for the years ended June 30, 2022 and 2021, respectively.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

16. Related Party Transactions

The Organization annually remits a portion of its contributions (excluding in-kind contributions) to Habitat for Humanity International, Inc. (HFHI). These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2022, the Organization made contributions of \$86,278 earmarked for the Orphans and Vulnerable Groups Fund, the Global Mission Fund, and the Dominican Republic. For the year ended June 30, 2021, the Organization made contributions of \$100,000 earmarked for the Orphans and Vulnerable Groups Fund, the Global Mission Fund, and the Dominican Republic.

During the year ended June 30, 2022, the Organization received grant funds, contributions and pass-through funds from HFHI and Chicagoland Habitat for Humanity for unrestricted support, build days support, Stewardship and Organizational Sustainability Initiative (SOSI) fee support, and other support totaling \$437,085, (no Illinois Housing Development Authority (IHDA) tax credits in the current year (\$603,924, including IHDA tax credits of \$332,317 during the year ended June 30, 2021).

During 2011, the Organization borrowed \$249,900 from HFHI, securing the loan by pledging mortgages receivable. The loan was refinanced through proceeds from an additional note through HFHI totaling \$400,300 during the year ended June 30, 2016. Refer to Note 10 for further information.

On March 1, 2011, the Organization commenced a lease for office space located at 1600 East Roosevelt in Wheaton, Illinois, with Home Together, LLC. Refer to Note 15 for more information.

Intercompany charges are assessed between the affiliates for revenues received or costs incurred by one affiliate on behalf of another affiliate. As of June 30, 2022, balances due between the affiliates are as follows:

| <u>Receivable Affiliate</u> | <u>Amount</u> | <u>Payable Entity</u> | <u>Amount</u> |
|-----------------------------|---------------|-------------------------------------|---------------|
| DuPage Habitat for Humanity | \$ 133,974 | Neighborhood Revitalization Council | \$ 133,974 |
| DuPage Habitat for Humanity | 1,468,427 | ReStore | 1,468,427 |
| ReStore | 48,885 | Habitat - CSS | 48,885 |

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

16. Related Party Transactions (cont'd)

As of June 30, 2021, balances due between the affiliates are as follows:

| Receivable Affiliate | Amount | Payable Entity | Amount |
|-----------------------------|------------|-------------------------------------|------------|
| DuPage Habitat for Humanity | \$ 209,334 | Habitat – CSS | \$ 209,334 |
| DuPage Habitat for Humanity | 121,974 | Neighborhood Revitalization Council | 121,974 |
| DuPage Habitat for Humanity | 22,930 | ReStore | 22,930 |
| ReStore | 58,117 | Habitat – CSS | 58,117 |

17. Home Together, LLC

During the year ended June 30, 2011, DuPage Habitat for Humanity and DuPage Home Ownership Center (DHOC) formed Home Together, LLC to jointly acquire office space for themselves in DuPage County, Illinois. On February 13, 2012, Home Together, LLC received a notice from the Internal Revenue Service that it is a 501(c)(3) organization.

Home Together, LLC has acquired the property located at 1600 East Roosevelt Road in Wheaton, Illinois, for \$625,000. This purchase was funded through a CDBG grant received from HUD in the amount of \$566,888 and a loan from West Suburban Bank in the amount of \$70,000. The grant is in the form of a 20-year non-interest-bearing loan that will be forgiven after 20 years as long as the Organization, Home Together, LLC, and DHOC have complied with the terms of the grant. Specifically, the grant requires that any real property acquired using the grant funds be used to benefit low and moderate income persons for the 20-year term of the forgivable loan. The Organization, DHOC, and Home Together, LLC are jointly obligated for the forgivable loan.

The promissory note with West Suburban Bank has a term of 5 years, a maturity date of March 2016, and a fixed interest rate at 4.25%. Principal is being paid monthly as if the loan was amortized over 20 years, with the balance of the loan due in March of 2016. Effective November 1, 2015, the note was amended increasing the interest rate to 5.25% and extending the maturity date to October 1, 2025. The outstanding balance on the loan was \$28,786 and \$34,845 at June 30, 2021 and 2020, respectively.

Home Together, LLC will administer, operate and oversee the use and management of the property, including, without limitation, leasing office space to member organizations, repairing, and maintaining the property. Each member has equal membership interest and is entitled to appoint three managers of the Company.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

18. Future Accounting Standards

Leases – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require the Organization to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for the fiscal year beginning July 1, 2022. The Organization has not determined the effect of adopting the new standard.

Credit Losses – In June 2016, the Financial Accounting Standards Board issued new standards relating to accounting for credit losses on financial instruments. Under current GAAP, recognizing credit losses is delayed until a probable loss has occurred. The new standard will require the Organization to recognized current expected credit losses (CECL) in its loan portfolio that do not meet the “probable” threshold. The standard will be effective for the Organization for the fiscal year beginning July 1, 2023. The Organization has not determined the effect of adopting the new standard.

19. Correction of Errors

During the current year, an intercompany receivable and payable were identified included in accounts receivable and payable that should have been eliminated in the consolidating financial statements. This was corrected in 2021 financial statements resulting in a decrease in total assets and liabilities by \$169,614.

Habitat CSS was awarded a grant for one million dollars towards the Nicor Gas Smart Neighborhood Project (Project). The funding was to be used by Habitat CSS to support development related to planning, engineering, design, development and marketing of the Project in Sauk Village, Illinois. The contribution was awarded in January 2021 and received in July 2021. The amount was recorded as contribution with donor restrictions and included in net assets with donor restrictions at June 30, 2021.

During the current year, the Board of Habitat CSS determined Habitat CSS did not have the necessary resources to carry out the Project. The January 2021 letter of intent was terminated by Nicor Gas on January 19, 2022, and Habitat CSS was instructed to transfer all of the original donation to Chicagoland Habitat for Humanity, who would hold the funds and disburse them as determined appropriate by Nicor Gas. The one million dollars was transferred on January 26, 2022.

Habitat CSS had recorded this grant as a contribution with donor restrictions as of June 30, 2021. However, because there was a possibility of return of these funds, the donation should have been deemed conditional until certain events occurred to where the conditions were met resulting in no possibility of a return of funds. It was incorrectly recognized as a grant receivable on the statement of financial position and contribution with donor restriction on the statement of activities. It should not have been recorded as revenue until that point in time when it became unconditional.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

19. Correction of an Error (cont'd)

Accordingly, the Organization restated its results for fiscal year 2021. The effect on the June 30, 2021, financial statements is summarized in the following table:

| | As Previously Reported | Correction of Errors | As Restated |
|---|---------------------------|-------------------------|-------------|
| Statement of Financial Position: | | | |
| Assets: | | | |
| Other receivables | \$ 191,831 | \$ (169,614) | \$ 22,217 |
| Contributions receivable | 1,069,100 | (1,000,000) | 69,100 |
| Total current assets | 6,050,906 | (1,169,614) | 4,881,292 |
| Total assets | 10,479,164 | (1,169,614) | 9,309,550 |
| Liabilities: | | | |
| Accounts payable | 420,843 | (169,614) | 251,229 |
| Total current liabilities | 1,137,268 | (169,614) | 967,654 |
| Total liabilities | 3,131,119 | (169,614) | 2,961,505 |
| Net assets: | | | |
| With donor restrictions | 2,902,235 | (1,000,000) | 1,902,935 |
| Total net assets | 7,348,045 | (1,000,000) | 6,348,045 |
| Statement of Activities: | | | |
| Public support and revenue: | | | |
| Contributions with donor restrictions | 1,070,000 | (1,000,000) | 70,000 |
| Total public support and revenue, with donor restrictions | 1,027,725 | (1,000,000) | 27,725 |
| Change in net assets: | | | |
| With donor restrictions | 1,027,725 | (1,000,000) | 27,725 |
| Statement of Cash Flows: | | | |
| Cash flows from operating activities | | | |
| Change in net assets | 1,672,054 | (1,000,000) | 672,054 |
| Changes in operating assets and liabilities – accounts receivable | (1,207,035) | 1,000,000 | (207,035) |

DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Financial Position
June 30, 2022

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total |
|---|---|---|--------------------------------|---|-----------------------|-----------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 1,322,991 | \$ 10,104 | \$ 208,131 | \$ 401,757 | \$ - | \$ 1,942,983 |
| Other receivables | 394,250 | - | - | 3,774 | (394,250) | 3,774 |
| Critical home repair receivable | 37,997 | - | 7,486 | - | - | 45,483 |
| Grants receivable | 1,766,833 | - | - | - | - | 1,766,833 |
| Contributions receivable | 115,723 | - | 53 | - | - | 115,776 |
| Mortgages receivable, current | 67,559 | - | 27,833 | - | - | 95,392 |
| Intercompany receivable | 1,602,401 | - | - | 48,885 | (1,651,286) | - |
| Inventories - land and construction in progress | 1,572,222 | - | 102,213 | - | - | 1,674,435 |
| Inventory - ReStore | - | - | - | 285,371 | - | 285,371 |
| Inventory - real estate owned | 1,443,812 | - | 143,000 | - | - | 1,586,812 |
| Prepaid expenses | 7,480 | - | - | 2,500 | - | 9,980 |
| Deposits and other assets | 56,235 | - | 18,041 | - | - | 74,276 |
| Total current assets | 8,387,503 | 10,104 | 506,757 | 742,287 | (2,045,536) | 7,601,115 |
| Property and equipment: | | | | | | |
| Land and buildings | - | - | - | 440,000 | - | 440,000 |
| Buildings and improvements | - | - | - | 1,850,697 | (267,149) | 1,583,548 |
| Office equipment and furniture | 22,654 | - | - | - | - | 22,654 |
| ReStore equipment | - | - | - | 145,619 | (59,922) | 85,697 |
| Software | 57,840 | - | - | - | - | 57,840 |
| Vehicle | 145,019 | - | - | 30,820 | (30,714) | 145,125 |
| | 225,513 | - | - | 2,467,136 | (357,785) | 2,334,864 |
| Less accumulated depreciation | (186,867) | - | - | (590,322) | 357,785 | (419,404) |
| Total property and equipment, net | 38,646 | - | - | 1,876,814 | - | 1,915,460 |
| Other assets: | | | | | | |
| Investment in limited liability company | (18,449) | - | - | - | - | (18,449) |
| Mortgages receivable, noncurrent, net of present value discount | 2,222,474 | - | 651,649 | - | - | 2,874,123 |
| Other assets | 9,541 | - | - | - | - | 9,541 |
| Total other assets | 2,213,566 | - | 651,649 | - | - | 2,865,215 |
| Total assets | \$ 10,639,715 | \$ 10,104 | \$ 1,158,406 | \$ 2,619,101 | \$ (2,045,536) | \$ 12,381,790 |

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DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Financial Position (cont'd)
June 30, 2022

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total |
|---|---|---|--------------------------------|---|-----------------------|-----------------------|
| Liabilities and Net Assets | | | | | | |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 27,076 | \$ - | \$ - | \$ 399,564 | \$ (394,250) | \$ 32,390 |
| Accrued expenses | 111,100 | 45 | 21,362 | 29,410 | - | 161,917 |
| Intercompany payables | - | 133,974 | 48,885 | 1,468,427 | (1,651,286) | - |
| Escrow and closing funds held | 30,102 | - | - | - | - | 30,102 |
| Notes payable, current | 111,134 | - | - | - | - | 111,134 |
| Total current liabilities | 279,412 | 134,019 | 70,247 | 1,897,401 | (2,045,536) | 335,543 |
| Long-term liabilities - notes payable, net of current portion | 1,872,210 | - | - | - | - | 1,872,210 |
| Total liabilities | 2,151,622 | 134,019 | 70,247 | 1,897,401 | (2,045,536) | 2,207,753 |
| Net assets: | | | | | | |
| Without donor restrictions | 6,623,093 | (123,915) | (726,893) | 721,700 | - | 6,493,985 |
| With donor restrictions | 1,865,000 | - | 1,815,052 | - | - | 3,680,052 |
| Total net assets | 8,488,093 | (123,915) | 1,088,159 | 721,700 | - | 10,174,037 |
| Total liabilities and net assets | \$ 10,639,715 | \$ 10,104 | \$ 1,158,406 | \$ 2,619,101 | \$ (2,045,536) | \$ 12,381,790 |

See independent auditor's report.

DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Financial Position
June 30, 2021

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total |
|---|---|---|--------------------------------|---|---------------------|-----------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 609,667 | \$ 7,966 | \$ 357,371 | \$ 305,768 | \$ - | \$ 1,280,772 |
| Other receivables | 191,831 | - | - | - | (169,614) | 22,217 |
| Critical home repair receivable | 83,963 | - | - | - | - | 83,963 |
| Grants receivable | 86,835 | - | - | - | - | 86,835 |
| Contributions receivable | 54,100 | - | 15,000 | - | - | 69,100 |
| Mortgages receivable, current | 45,149 | - | 28,799 | - | - | 73,948 |
| Intercompany receivable | 354,238 | - | - | 58,117 | (412,355) | - |
| Inventories - land and construction in progress | 2,074,983 | - | 70,090 | - | - | 2,145,073 |
| Inventory - ReStore | - | - | - | 201,152 | - | 201,152 |
| Inventory - real estate owned | 781,444 | - | - | - | - | 781,444 |
| Prepaid expenses | 13,746 | - | - | 2,285 | - | 16,031 |
| Deposits and other assets | 38,386 | - | 82,371 | - | - | 120,757 |
| Total current assets | 4,334,342 | 7,966 | 553,631 | 567,322 | (581,969) | 4,881,292 |
| Property and equipment: | | | | | | |
| Land and buildings | - | - | - | 440,000 | - | 440,000 |
| Buildings and improvements | - | - | - | 1,858,307 | (267,149) | 1,591,158 |
| Office equipment and furniture | 22,654 | - | - | - | - | 22,654 |
| ReStore equipment | - | - | - | 145,619 | (59,922) | 85,697 |
| Software | 57,840 | - | - | - | - | 57,840 |
| Vehicle | 145,019 | - | - | 30,820 | (30,714) | 145,125 |
| | 225,513 | - | - | 2,474,746 | (357,785) | 2,342,474 |
| Less accumulated depreciation | (153,860) | - | - | (538,308) | 357,785 | (334,383) |
| Total property and equipment, net | 71,653 | - | - | 1,936,438 | - | 2,008,091 |
| Other assets: | | | | | | |
| Investment in limited liability company | (15,636) | - | - | - | - | (15,636) |
| Mortgages receivable, noncurrent, net of present value discount | 1,774,104 | - | 652,158 | - | - | 2,426,262 |
| Other assets | 9,541 | - | - | - | - | 9,541 |
| Total other assets | 1,768,009 | - | 652,158 | - | - | 2,420,167 |
| Total assets | \$ 6,174,004 | \$ 7,966 | \$ 1,205,789 | \$ 2,503,760 | \$ (581,969) | \$ 9,309,550 |

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DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Financial Position (cont'd)
June 30, 2021

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity Restated | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total Restated |
|--|---|---|--|---|---------------------|-----------------------------------|
| Liabilities and Net Assets | | | | | | |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 237,733 | \$ - | \$ - | \$ 183,110 | \$ (169,614) | \$ 251,229 |
| Accrued expenses | 100,784 | 404 | 23,215 | 21,754 | - | 146,157 |
| Intercompany payables | - | 121,974 | 267,451 | 22,930 | (412,355) | - |
| Escrow and closing funds held | 42,346 | - | 8,084 | - | - | 50,430 |
| Paycheck Protection Program loan payable | 410,856 | - | - | - | - | 410,856 |
| Notes payable, current | 39,664 | - | - | 69,318 | - | 108,982 |
| Total current liabilities | 831,383 | 122,378 | 298,750 | 297,112 | (581,969) | 967,654 |
| Long-term liabilities - notes payable, net of current portion | 483,303 | - | - | 1,510,548 | - | 1,993,851 |
| Total liabilities | 1,314,686 | 122,378 | 298,750 | 1,807,660 | (581,969) | 2,961,505 |
| Net assets: | | | | | | |
| Without donor restrictions | 4,787,135 | (114,412) | (923,013) | 696,100 | - | 4,445,810 |
| With donor restrictions | 72,183 | - | 1,830,052 | - | - | 1,902,235 |
| Total net assets | 4,859,318 | (114,412) | 907,039 | 696,100 | - | 6,348,045 |
| Total liabilities and net assets | \$ 6,174,004 | \$ 7,966 | \$ 1,205,789 | \$ 2,503,760 | \$ (581,969) | \$ 9,309,550 |

See independent auditor's report.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Consolidating Statement of Activities
For the Year Ended June 30, 2022

| | DuPage Habitat for Humanity | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Eliminations | Consolidated Total |
|--|-----------------------------------|---|--------------------------------|---|------------------|-----------------------|
| Changes in unrestricted net assets: | | | | | | |
| Public support and revenue: | | | | | | |
| Federal and local government grants | \$ 5,915 | \$ - | \$ - | \$ - | \$ - | \$ 5,915 |
| Contributions | 3,408,866 | - | 144,231 | - | (828,936) | 2,724,161 |
| Contributions - donated merchandise | - | - | - | 2,091,339 | - | 2,091,339 |
| In-kind contributions and donated services | 8,174 | - | 4,228 | - | - | 12,402 |
| In-kind contributions - donated facilities | - | - | - | 25,704 | - | 25,704 |
| Special events revenue, less cost of direct benefit to donors of \$32,397 | 250,887 | - | - | - | - | 250,887 |
| Home sales | 1,863,816 | - | - | - | - | 1,863,816 |
| Net revenue from reclaimed homes | 823,441 | - | - | - | - | 823,441 |
| Mortgage loan discount amortization | 185,750 | - | 106,839 | - | - | 292,589 |
| ReStore operations | - | - | - | 2,178,995 | - | 2,178,995 |
| Critical home repair income, net | 3,920 | - | 7,789 | - | - | 11,709 |
| Rental Income | - | - | 19,195 | - | - | 19,195 |
| Gain on extinguishment of Paycheck Protection Program loan | - | - | - | 410,856 | - | 410,856 |
| Recovery of bad debt expense | - | - | 10,397 | - | - | 10,397 |
| Miscellaneous income | 4,076 | - | 5,612 | 14,315 | - | 24,003 |
| Equity in loss of limited liability company | (2,813) | - | - | - | - | (2,813) |
| Loss on disposal of property and equipment | - | - | - | (7,610) | - | (7,610) |
| Net assets released from restrictions | 52,183 | - | 15,000 | - | - | 67,183 |
| Total public support and revenue | 6,604,215 | - | 313,291 | 4,713,599 | (828,936) | 10,802,169 |
| Expenses: | | | | | | |
| Cost of goods sold | - | - | - | 2,092,526 | - | 2,092,526 |
| Program services: | | | | | | |
| Homebuilding | 3,865,059 | 9,503 | 64,572 | - | (65,962) | 3,873,172 |
| ReStore | - | - | - | 2,595,473 | (762,974) | 1,832,499 |
| Management and general | 302,527 | - | 43,216 | - | - | 345,743 |
| Fund-raising | 600,671 | - | 9,383 | - | - | 610,054 |
| Total expenses | 4,768,257 | 9,503 | 117,171 | 4,687,999 | (828,936) | 8,753,994 |
| Changes in unrestricted net assets | 1,835,958 | (9,503) | 196,120 | 25,600 | - | 2,048,175 |

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DuPage Habitat for Humanity, Inc. and Subsidiaries
Consolidating Statement of Activities (cont'd)
For the Year Ended June 30, 2022

| | DuPage Habitat for Humanity | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Eliminations | Consolidated Total |
|--|-----------------------------------|---|--------------------------------|---|--------------|-------------------------------|
| Changes in net assets with donor restrictions: | | | | | | |
| Contributions | \$ 1,845,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,845,000 |
| Net assets released from restrictions | (52,183) | - | (15,000) | - | - | (67,183) |
| Changes in net assets with donor restrictions | <u>1,792,817</u> | <u>-</u> | <u>(15,000)</u> | <u>-</u> | <u>-</u> | <u>1,777,817</u> |
| Increase (decrease) in net assets (deficit) | <u>3,628,775</u> | <u>(9,503)</u> | <u>181,120</u> | <u>25,600</u> | <u>-</u> | <u>3,825,992</u> |
| Net assets (deficit), beginning of the year: | | | | | | |
| Without donor restrictions | 4,787,135 | (114,412) | (923,013) | 696,100 | - | 4,445,810 |
| With donor restrictions | 72,183 | - | 1,830,052 | - | - | 1,902,235 |
| Net assets (deficit), beginning of the year | <u>4,859,318</u> | <u>(114,412)</u> | <u>907,039</u> | <u>696,100</u> | <u>-</u> | <u>6,348,045</u> |
| Net assets (deficit), end of the year: | | | | | | |
| Without donor restrictions | 6,623,093 | (123,915) | (726,893) | 721,700 | - | 6,493,985 |
| With donor restrictions | 1,865,000 | - | 1,815,052 | - | - | 3,680,052 |
| Net assets (deficit), end of the year | <u>\$ 8,488,093</u> | <u>\$ (123,915)</u> | <u>\$ 1,088,159</u> | <u>\$ 721,700</u> | <u>\$ -</u> | <u>\$ 10,174,037</u> |

See independent auditor's report.

DuPage Habitat for Humanity, Inc. and Subsidiaries
Consolidating Statement of Activities
For the Year Ended June 30, 2021

| | DuPage Habitat for Humanity | Neighborhood Revitalization Council | CSS Habitat for Humanity Restated | ReStore of Fox Valley Habitat for Humanity | Eliminations | Consolidated Total Restated |
|--|-----------------------------------|---|--|---|------------------|-----------------------------------|
| Changes in unrestricted net assets: | | | | | | |
| Public support and revenue: | | | | | | |
| Federal and local government grants | \$ 45,563 | \$ - | \$ - | \$ - | \$ - | \$ 45,563 |
| Illinois affordable housing tax credits | 954,738 | - | - | - | - | 954,738 |
| Contributions | 1,492,959 | - | 116,239 | 42,187 | (609,087) | 1,042,298 |
| Contributions - donated merchandise | - | - | - | 2,090,302 | - | 2,090,302 |
| In-kind contributions and donated services | 9,690 | - | 4,583 | - | - | 14,273 |
| In-kind contributions - donated facilities | - | - | - | 51,408 | - | 51,408 |
| Special events revenue, less cost of direct benefit to donors of \$32,397 | 231,913 | - | - | - | - | 231,913 |
| Home sales | 695,000 | - | - | - | - | 695,000 |
| Net revenue from reclaimed homes | 342,104 | - | - | - | - | 342,104 |
| Mortgage loan discount amortization | 218,654 | - | 45,145 | - | - | 263,799 |
| ReStore operations | - | - | - | 2,148,876 | - | 2,148,876 |
| Critical home repair income, net | 39,210 | - | - | - | - | 39,210 |
| Rental income | - | - | 23,773 | - | - | 23,773 |
| Gain on extinguishment of Paycheck Protection Program loan | - | - | - | 410,856 | - | 410,856 |
| Recovery of bad debt expense | - | - | 69,161 | - | - | 69,161 |
| Miscellaneous income | 161 | 701 | 2,573 | 95 | - | 3,530 |
| Net assets released from restrictions | 42,275 | - | - | - | - | 42,275 |
| Total public support and revenue | 4,072,267 | 701 | 261,474 | 4,743,724 | (609,087) | 8,469,079 |
| Expenses: | | | | | | |
| Cost of goods sold | - | - | - | 2,184,086 | - | 2,184,086 |
| Program services: | | | | | | |
| Homebuilding | 2,658,243 | 23,276 | 133,006 | - | (71,210) | 2,743,315 |
| ReStore | - | - | - | 2,491,365 | (537,877) | 1,953,488 |
| Management and general | 205,229 | - | 55,561 | - | - | 260,790 |
| Fund-raising | 680,678 | - | 2,393 | - | - | 683,071 |
| Total expenses | 3,544,150 | 23,276 | 190,960 | 4,675,451 | (609,087) | 7,824,750 |
| Changes in unrestricted net assets | 528,117 | (22,575) | 70,514 | 68,273 | - | 644,329 |

(cont'd)

DuPage Habitat for Humanity, Inc. and Subsidiaries
Consolidating Statement of Activities (cont'd)
For the Year Ended June 30, 2021

| | DuPage Habitat for Humanity | Neighborhood Revitalization Council | CSS Habitat for Humanity Restated | ReStore of Fox Valley Habitat for Humanity | Eliminations | Consolidated Total Restated |
|--|-----------------------------------|---|--|---|--------------|-----------------------------------|
| Changes in net assets with donor restrictions: | | | | | | |
| Contributions | \$ 55,000 | \$ - | \$ 15,000 | \$ - | \$ - | \$ 70,000 |
| Net assets released from restrictions | (42,275) | - | - | - | - | (42,275) |
| Changes in net assets with donor restrictions | <u>12,725</u> | <u>-</u> | <u>15,000</u> | <u>-</u> | <u>-</u> | <u>27,725</u> |
| Increase (decrease) in net assets (deficit) | <u>540,842</u> | <u>(22,575)</u> | <u>85,514</u> | <u>68,273</u> | <u>-</u> | <u>672,054</u> |
| Net assets (deficit), beginning of the year: | | | | | | |
| Without donor restrictions, as previously reported | 4,259,018 | (91,837) | (993,527) | 627,827 | - | 3,801,481 |
| With donor restrictions | 59,458 | - | 1,815,052 | - | - | 1,874,510 |
| Net assets (deficit), beginning of the year | <u>4,318,476</u> | <u>(91,837)</u> | <u>821,525</u> | <u>627,827</u> | <u>-</u> | <u>5,675,991</u> |
| Net assets (deficit), end of the year: | | | | | | |
| Without donor restrictions | 4,787,135 | (114,412) | (923,013) | 696,100 | - | 4,445,810 |
| With donor restrictions | 72,183 | - | 1,830,052 | - | - | 1,902,235 |
| Net assets (deficit), end of the year | <u>\$ 4,859,318</u> | <u>\$ (114,412)</u> | <u>\$ 907,039</u> | <u>\$ 696,100</u> | <u>\$ -</u> | <u>\$ 6,348,045</u> |

See independent auditor's report.

DuPage Habitat for Humanity Inc. and Subsidiaries
Consolidating Statement of Functional Expenses
For the Year Ended June 30, 2022

| | DuPage Habitat for Humanity, Inc. | | | | Habitat for Humanity - Chicago South Suburbs | | | | ReStore of Fox Valley Habitat for Humanity | |
|--|-------------------------------------|------------------------------|-------------------|---------------------|--|------------------------------|-----------------|-------------------|---|---------------------|
| | Program Services Homebuilding | Management and General | Fund-raising | Total | Program Services Homebuilding | Management and General | Fund-raising | Total | Program Services ReStore | Total |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,942 | \$ 2,942 | \$ 4,680 | \$ 4,680 |
| Alarm system/security | - | - | - | - | - | - | - | - | 9,910 | 9,910 |
| Bank charges | 13,806 | 1,099 | - | 14,905 | - | - | - | - | 1,808 | 1,808 |
| Building | - | - | - | - | - | - | - | - | 24,419 | 24,419 |
| Construction costs - houses sold | 1,983,112 | - | - | 1,983,112 | - | - | - | - | - | - |
| Credit card processing | - | - | 3,202 | 3,202 | - | - | - | - | 56,967 | 56,967 |
| Depreciation | 33,007 | - | - | 33,007 | 4,330 | - | - | 4,330 | 52,014 | 52,014 |
| Donations to affiliate | 71,210 | - | - | 71,210 | - | - | - | - | 862,518 | 862,518 |
| Donor development | 13,105 | 2,217 | 21,243 | 36,565 | - | - | 6,328 | 6,328 | - | - |
| Dues and subscriptions | 37,020 | 2,348 | 1,408 | 40,776 | - | - | - | - | 983 | 983 |
| Education and conferences | 1,748 | 990 | 1,925 | 4,663 | - | - | - | - | - | - |
| Employee relations | 11,793 | 1,136 | 887 | 13,816 | - | - | - | - | 1,256 | 1,256 |
| Equipment rental | - | 803 | - | 803 | - | - | - | - | 76,448 | 76,448 |
| Home building related costs | 55,017 | - | - | 55,017 | - | - | - | - | - | - |
| Home repair costs | 50,810 | - | - | 50,810 | - | - | - | - | - | - |
| Insurance | 91,711 | 237 | 966 | 92,914 | - | - | - | - | 1,159 | 1,159 |
| Insurance contributions | - | - | - | - | - | - | - | - | 81,347 | 81,347 |
| Interest | 20,677 | 18,916 | - | 39,593 | - | 337 | - | 337 | 57,808 | 57,808 |
| Licenses and permits | - | - | - | - | - | - | - | - | 4,936 | 4,936 |
| Miscellaneous | 39,625 | (8,187) | 5,000 | 36,438 | 22,643 | 667 | 113 | 23,423 | 30,832 | 30,832 |
| Office supplies | 5,151 | 5,139 | 2,095 | 12,385 | - | - | - | - | 7,897 | 7,897 |
| Occupancy | 71,742 | 11,238 | 24,802 | 107,782 | 1,252 | 8,441 | - | 9,693 | 245,053 | 245,053 |
| Payroll | 857,158 | 154,117 | 380,795 | 1,392,070 | - | 9,785 | - | 9,785 | 741,458 | 741,458 |
| Payroll processing | - | - | - | - | - | - | - | - | 33,977 | 33,977 |
| Payroll taxes and benefits | 182,901 | 48,970 | 88,437 | 320,308 | - | 3,467 | - | 3,467 | 74,700 | 74,700 |
| Postage and delivery | 1,402 | 193 | 582 | 2,177 | - | (17) | - | (17) | 4,291 | 4,291 |
| Printing and reproduction | 2,958 | 1,267 | 4,258 | 8,483 | - | 2,576 | - | 2,576 | 392 | 392 |
| Professional fees | 133,534 | 50,136 | 52,794 | 236,464 | 10,690 | 17,312 | - | 28,002 | 40,539 | 40,539 |
| Property development | - | - | - | - | 668 | - | - | 668 | - | - |
| Real estate tax | 54,304 | - | - | 54,304 | 20,790 | - | - | 20,790 | 3,710 | 3,710 |
| Repairs and maintenance | 6,482 | - | 119 | 6,601 | 4,173 | - | - | 4,173 | - | - |
| Retirement contribution | 12,053 | 3,354 | 2,024 | 17,431 | - | - | - | - | (215) | (215) |
| Tithing to Habitat International | 86,278 | - | - | 86,278 | - | - | - | - | - | - |
| Telephone and internet | 14,047 | 2,916 | 4,439 | 21,402 | 26 | 648 | - | 674 | 13,177 | 13,177 |
| Tools and equipment | 2,574 | 80 | 22 | 2,676 | - | - | - | - | 5,387 | 5,387 |
| Trash disposal | 3,842 | - | - | 3,842 | - | - | - | - | 45,932 | 45,932 |
| Travel, meals and entertainment | 7,774 | 5,558 | 5,673 | 19,005 | - | - | - | - | 3,891 | 3,891 |
| Utilities | - | - | - | - | - | - | - | - | 90,173 | 90,173 |
| Vehicle expense other | - | - | - | - | - | - | - | - | 17,744 | 17,744 |
| Volunteer appreciation | 218 | - | - | 218 | - | - | - | - | 282 | 282 |
| Total | 3,865,059 | 302,527 | 600,671 | 4,768,257 | 64,572 | 43,216 | 9,383 | 117,171 | 2,595,473 | 2,595,473 |
| Expenses presented separate on the statement of activities - cost of goods sold | - | - | - | - | - | - | - | - | 2,092,526 | 2,092,526 |
| Total expenses | \$ 3,865,059 | \$ 302,527 | \$ 600,671 | \$ 4,768,257 | \$ 64,572 | \$ 43,216 | \$ 9,383 | \$ 117,171 | \$ 4,687,999 | \$ 4,687,999 |

(cont'd)

DuPage Habitat for Humanity Inc. and Subsidiaries
Consolidating Statement of Functional Expenses (cont'd)
For the Year Ended June 30, 2022

| | Neighborhood Revitalization Council | | | Consolidated Totals | | | | | |
|---|-------------------------------------|----------|---------------|---------------------|--------------|--------------|------------------------|--------------|--------------|
| | Program Services | | Consolidating | Program Services | | | Management and General | Fund-raising | Total |
| | Homebuilding | Total | | Homebuilding | ReStore | Total | | | |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ 4,680 | \$ 4,680 | \$ - | \$ 2,942 | \$ 7,622 |
| Alarm system/security | - | - | - | - | 9,910 | 9,910 | - | - | 9,910 |
| Bank charges | - | - | - | 13,806 | 1,808 | 15,614 | 1,099 | - | 16,713 |
| Building | - | - | - | - | 24,419 | 24,419 | - | - | 24,419 |
| Construction costs - houses sold | - | - | - | 1,983,112 | - | 1,983,112 | - | - | 1,983,112 |
| Credit card processing | - | - | - | - | 56,967 | 56,967 | - | 3,202 | 60,169 |
| Depreciation | - | - | - | 37,337 | 52,014 | 89,351 | - | - | 89,351 |
| Donations to affiliate | - | - | (828,936) | - | 104,792 | 104,792 | - | - | 104,792 |
| Donor development | - | - | - | 13,105 | - | 13,105 | 2,217 | 27,571 | 42,893 |
| Dues and subscriptions | - | - | - | 37,020 | 983 | 38,003 | 2,348 | 1,408 | 41,759 |
| Education and conferences | - | - | - | 1,748 | - | 1,748 | 990 | 1,925 | 4,663 |
| Employee relations | - | - | - | 11,793 | 1,256 | 13,049 | 1,136 | 887 | 15,072 |
| Equipment rental | - | - | - | - | 76,448 | 76,448 | 803 | - | 77,251 |
| Home building related costs | - | - | - | 55,017 | - | 55,017 | - | - | 55,017 |
| Home repair costs | - | - | - | 50,810 | - | 50,810 | - | - | 50,810 |
| Insurance | - | - | - | 91,711 | 1,159 | 92,870 | 237 | 966 | 94,073 |
| Insurance contributions | - | - | - | - | 81,347 | 81,347 | - | - | 81,347 |
| Interest | - | - | - | 20,677 | 57,808 | 78,485 | 19,253 | - | 97,738 |
| Licenses and permits | - | - | - | - | 4,936 | 4,936 | - | - | 4,936 |
| Miscellaneous | - | - | - | 62,268 | 30,832 | 93,100 | (7,520) | 5,113 | 90,693 |
| Office supplies | - | - | - | 5,151 | 7,897 | 13,048 | 5,139 | 2,095 | 20,282 |
| Occupancy | - | - | - | 72,994 | 245,053 | 318,047 | 19,679 | 24,802 | 362,528 |
| Payroll | 7,988 | 7,988 | - | 865,146 | 741,458 | 1,606,604 | 163,902 | 380,795 | 2,151,301 |
| Payroll processing | - | - | - | - | 33,977 | 33,977 | - | - | 33,977 |
| Payroll taxes and benefits | 1,515 | 1,515 | - | 184,416 | 74,700 | 259,116 | 52,437 | 88,437 | 399,990 |
| Postage and delivery | - | - | - | 1,402 | 4,291 | 5,693 | 176 | 582 | 6,451 |
| Printing and reproduction | - | - | - | 2,958 | 392 | 3,350 | 3,843 | 4,258 | 11,451 |
| Professional fees | - | - | - | 144,224 | 40,539 | 184,763 | 67,448 | 52,794 | 305,005 |
| Property development | - | - | - | 668 | - | 668 | - | - | 668 |
| Real estate tax | - | - | - | 75,094 | 3,710 | 78,804 | - | - | 78,804 |
| Repairs and maintenance | - | - | - | 10,655 | - | 10,655 | - | 119 | 10,774 |
| Retirement contribution | - | - | - | 12,053 | (215) | 11,838 | 3,354 | 2,024 | 17,216 |
| Tithing to Habitat International | - | - | - | 86,278 | - | 86,278 | - | - | 86,278 |
| Telephone and internet | - | - | - | 14,073 | 13,177 | 27,250 | 3,564 | 4,439 | 35,253 |
| Tools and equipment | - | - | - | 2,574 | 5,387 | 7,961 | 80 | 22 | 8,063 |
| Trash disposal | - | - | - | 3,842 | 45,932 | 49,774 | - | - | 49,774 |
| Travel, meals and entertainment | - | - | - | 7,774 | 3,891 | 11,665 | 5,558 | 5,673 | 22,896 |
| Utilities | - | - | - | - | 90,173 | 90,173 | - | - | 90,173 |
| Vehicle expense other | - | - | - | - | 17,744 | 17,744 | - | - | 17,744 |
| Volunteer appreciation | - | - | - | 218 | 282 | 500 | - | - | 500 |
| Total | 9,503 | 9,503 | (828,936) | 3,867,924 | 1,837,747 | 5,705,671 | 345,743 | 610,054 | 6,661,468 |
| Expenses presented separate on the statement of activities - cost of goods sold | - | - | - | - | 2,092,526 | 2,092,526 | - | - | 2,092,526 |
| Total expenses | \$ 9,503 | \$ 9,503 | \$ (828,936) | \$ 3,867,924 | \$ 3,930,273 | \$ 7,798,197 | \$ 345,743 | \$ 610,054 | \$ 8,753,994 |

See independent auditor's report.

DuPage Habitat for Humanity Inc. and Subsidiaries
Consolidating Statement of Functional Expenses
For the Year Ended June 30, 2021

| | DuPage Habitat for Humanity, Inc. | | | | Habitat for Humanity - Chicago South Suburbs | | | | ReStore of Fox Valley Habitat for Humanity | |
|--|-------------------------------------|------------------------------|-------------------|---------------------|--|------------------------------|-----------------|-------------------|---|---------------------|
| | Program Services Homebuilding | Management and General | Fund-raising | Total | Program Services Homebuilding | Management and General | Fund-raising | Total | Program Services ReStore | Total |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,280 | \$ 2,280 | \$ 20,320 | \$ 20,320 |
| Alarm system/security | - | - | - | - | - | - | - | - | 16,186 | 16,186 |
| Bank charges | 19,206 | 992 | 5 | 20,203 | - | - | - | - | 1,708 | 1,708 |
| Building | - | - | - | - | - | - | - | - | 39,412 | 39,412 |
| Construction costs - houses sold | 987,698 | - | - | 987,698 | - | - | - | - | - | - |
| Credit card processing | - | - | 5,026 | 5,026 | - | - | - | - | 47,883 | 47,883 |
| Depreciation | 29,916 | 1,631 | - | 31,547 | 4,330 | - | - | 4,330 | 53,886 | 53,886 |
| Donations to affiliate | 71,210 | - | - | 71,210 | - | - | - | - | 598,334 | 598,334 |
| Donor development | 9,023 | 80 | 48,640 | 57,743 | - | - | - | - | - | - |
| Dues and subscriptions | 38,964 | 1,585 | 1,971 | 42,520 | - | - | - | - | 1,926 | 1,926 |
| Education and conferences | 1,753 | 2,501 | 565 | 4,819 | - | - | - | - | - | - |
| Employee relations | 22,253 | 432 | 3,048 | 25,733 | - | - | - | - | 2,048 | 2,048 |
| Equipment rental | - | (107) | - | (107) | - | - | - | - | 76,041 | 76,041 |
| Home building related costs | 59,879 | - | - | 59,879 | - | - | - | - | - | - |
| Home repair costs | 63,336 | - | - | 63,336 | - | - | - | - | - | - |
| Insurance | 87,715 | 368 | 1,119 | 89,202 | 3,478 | - | - | 3,478 | 30,867 | 30,867 |
| Insurance contributions | - | - | - | - | - | - | - | - | 100,415 | 100,415 |
| Interest | 21,272 | - | - | 21,272 | - | - | - | - | 70,454 | 70,454 |
| Licenses and permits | - | - | - | - | - | - | - | - | 1,807 | 1,807 |
| Miscellaneous | 7,664 | - | - | 7,664 | 100 | 667 | 113 | 880 | (590) | (590) |
| Office supplies | 11,678 | 2,915 | 3,154 | 17,747 | - | 1,682 | - | 1,682 | 14,364 | 14,364 |
| Occupancy | 78,693 | 9,869 | 18,766 | 107,328 | 1,252 | 13,933 | - | 15,185 | 234,220 | 234,220 |
| Payroll | 676,423 | 139,586 | 401,107 | 1,217,116 | - | 15,723 | - | 15,723 | 862,342 | 862,342 |
| Payroll processing | - | - | - | - | - | - | - | - | 36,385 | 36,385 |
| Payroll taxes and benefits | 179,069 | 25,819 | 95,170 | 300,058 | - | 4,188 | - | 4,188 | 90,270 | 90,270 |
| Postage and delivery | 515 | 184 | 1,155 | 1,854 | - | 200 | - | 200 | 82 | 82 |
| Printing and reproduction | 3,940 | 3,096 | 942 | 7,978 | - | 2,993 | - | 2,993 | 1,913 | 1,913 |
| Professional fees | 118,724 | 11,253 | 87,145 | 217,122 | 10,690 | 12,820 | - | 23,510 | 19,614 | 19,614 |
| Property development | - | - | - | - | 20,386 | - | - | 20,386 | - | - |
| Real estate tax | 55,500 | - | - | 55,500 | 20,746 | - | - | 20,746 | (1,700) | (1,700) |
| Reduction of grants and pledges | 35,000 | - | - | 35,000 | - | - | - | - | - | - |
| Repairs and maintenance | 10,368 | - | 2,144 | 12,512 | 11,998 | - | - | 11,998 | - | - |
| Retirement contribution | 14,359 | 239 | 5,238 | 19,836 | - | - | - | - | 4,910 | 4,910 |
| Tithing to Habitat International | 40,000 | - | - | 40,000 | 60,000 | - | - | 60,000 | - | - |
| Telephone and internet | 8,413 | 3,498 | 4,079 | 15,990 | 26 | 3,268 | - | 3,294 | 16,486 | 16,486 |
| Tools and equipment | 2,249 | 1,158 | 792 | 4,199 | - | - | - | - | 11,387 | 11,387 |
| Trash disposal | 2,726 | - | - | 2,726 | - | - | - | - | 38,711 | 38,711 |
| Travel, meals and entertainment | 674 | 130 | 273 | 1,077 | - | - | - | - | 1,322 | 1,322 |
| Utilities | - | - | - | - | - | - | - | - | 72,924 | 72,924 |
| Vehicle expense other | - | - | - | - | - | 87 | - | 87 | 26,875 | 26,875 |
| Volunteer appreciation | 23 | - | 339 | 362 | - | - | - | - | 563 | 563 |
| Total | 2,658,243 | 205,229 | 680,678 | 3,544,150 | 133,006 | 55,561 | 2,393 | 190,960 | 2,491,365 | 2,491,365 |
| Expenses presented separate on the statement of activities - cost of goods sold | - | - | - | - | - | - | - | - | 2,184,086 | 2,184,086 |
| Total expenses | \$ 2,658,243 | \$ 205,229 | \$ 680,678 | \$ 3,544,150 | \$ 133,006 | \$ 55,561 | \$ 2,393 | \$ 190,960 | \$ 4,675,451 | \$ 4,675,451 |

(cont'd)

DuPage Habitat for Humanity Inc. and Subsidiaries
Consolidating Statement of Functional Expenses (cont'd)
For the Year Ended June 30, 2021

| | Neighborhood Revitalization Council | | | Consolidated Totals | | | | | |
|---|-------------------------------------|------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------------|---------------------|
| | Program Services | | Consolidating | Program Services | | | Management and General | Fund-raising | Total |
| | Homebuilding | Total | | Homebuilding | ReStore | Total | | | |
| Advertising | \$ - | \$ - | \$ - | \$ - | \$ 20,320 | \$ 20,320 | \$ - | \$ 2,280 | \$ 22,600 |
| Alarm system/security | - | - | - | - | 16,186 | 16,186 | - | - | 16,186 |
| Bank charges | - | - | - | 19,206 | 1,708 | 20,914 | 992 | 5 | 21,911 |
| Building | - | - | - | - | 39,412 | 39,412 | - | - | 39,412 |
| Construction costs - houses sold | - | - | - | 987,698 | - | 987,698 | - | - | 987,698 |
| Credit card processing | - | - | - | - | 47,883 | 47,883 | - | 5,026 | 52,909 |
| Depreciation | - | - | - | 34,246 | 53,886 | 88,132 | 1,631 | - | 89,763 |
| Donations to affiliate | - | - | (609,087) | - | 60,457 | 60,457 | - | - | 60,457 |
| Donor development | - | - | - | 9,023 | - | 9,023 | 80 | 48,640 | 57,743 |
| Dues and subscriptions | - | - | - | 38,964 | 1,926 | 40,890 | 1,585 | 1,971 | 44,446 |
| Education and conferences | - | - | - | 1,753 | - | 1,753 | 2,501 | 565 | 4,819 |
| Employee relations | - | - | - | 22,253 | 2,048 | 24,301 | 432 | 3,048 | 27,781 |
| Equipment rental | - | - | - | - | 76,041 | 76,041 | (107) | - | 75,934 |
| Home building related costs | - | - | - | 59,879 | - | 59,879 | - | - | 59,879 |
| Home repair costs | - | - | - | 63,336 | - | 63,336 | - | - | 63,336 |
| Insurance | - | - | - | 91,193 | 30,867 | 122,060 | 368 | 1,119 | 123,547 |
| Insurance contributions | - | - | - | - | 100,415 | 100,415 | - | - | 100,415 |
| Interest | - | - | - | 21,272 | 70,454 | 91,726 | - | - | 91,726 |
| Licenses and permits | - | - | - | - | 1,807 | 1,807 | - | - | 1,807 |
| Miscellaneous | - | - | - | 7,764 | (590) | 7,174 | 667 | 113 | 7,954 |
| Office supplies | - | - | - | 11,678 | 14,364 | 26,042 | 4,597 | 3,154 | 33,793 |
| Occupancy | - | - | - | 79,945 | 234,220 | 314,165 | 23,802 | 18,766 | 356,733 |
| Payroll | 21,300 | 21,300 | - | 697,723 | 862,342 | 1,560,065 | 155,309 | 401,107 | 2,116,481 |
| Payroll processing | - | - | - | - | 36,385 | 36,385 | - | - | 36,385 |
| Payroll taxes and benefits | 1,976 | 1,976 | - | 181,045 | 90,270 | 271,315 | 30,007 | 95,170 | 396,492 |
| Postage and delivery | - | - | - | 515 | 82 | 597 | 384 | 1,155 | 2,136 |
| Printing and reproduction | - | - | - | 3,940 | 1,913 | 5,853 | 6,089 | 942 | 12,884 |
| Professional fees | - | - | - | 129,414 | 19,614 | 149,028 | 24,073 | 87,145 | 260,246 |
| Property development | - | - | - | 20,386 | - | 20,386 | - | - | 20,386 |
| Real estate tax | - | - | - | 76,246 | (1,700) | 74,546 | - | - | 74,546 |
| Reduction of grants and pledges | - | - | - | 35,000 | - | 35,000 | - | - | 35,000 |
| Repairs and maintenance | - | - | - | 22,366 | - | 22,366 | - | 2,144 | 24,510 |
| Retirement contribution | - | - | - | 14,359 | 4,910 | 19,269 | 239 | 5,238 | 24,746 |
| Tithing to Habitat International | - | - | - | 100,000 | - | 100,000 | - | - | 100,000 |
| Telephone and internet | - | - | - | 8,439 | 16,486 | 24,925 | 6,766 | 4,079 | 35,770 |
| Tools and equipment | - | - | - | 2,249 | 11,387 | 13,636 | 1,158 | 792 | 15,586 |
| Trash disposal | - | - | - | 2,726 | 38,711 | 41,437 | - | - | 41,437 |
| Travel, meals and entertainment | - | - | - | 674 | 1,322 | 1,996 | 130 | 273 | 2,399 |
| Utilities | - | - | - | - | 72,924 | 72,924 | - | - | 72,924 |
| Vehicle expense other | - | - | - | - | 26,875 | 26,875 | 87 | - | 26,962 |
| Volunteer appreciation | - | - | - | 23 | 563 | 586 | - | 339 | 925 |
| Total | 23,276 | 23,276 | (609,087) | 2,743,315 | 1,953,488 | 4,696,803 | 260,790 | 683,071 | 5,640,664 |
| Expenses presented separate on the statement of activities - cost of goods sold | - | - | - | - | 2,184,086 | 2,184,086 | - | - | 2,184,086 |
| Total expenses | \$ 23,276 | \$ 23,276 | \$ (609,087) | \$ 2,743,315 | \$ 4,137,574 | \$ 6,880,889 | \$ 260,790 | \$ 683,071 | \$ 7,824,750 |

See independent auditor's report.

DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Cash Flows
June 30, 2022

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total |
|---|---|---|--------------------------------|---|------------------|-----------------------|
| Cash flows from operating activities: | | | | | | |
| Change in net assets | \$ 3,628,775 | \$ (9,503) | \$ 181,120 | \$ 25,600 | \$ - | \$ 3,825,992 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | | | | | |
| Debt forgiveness income | - | - | - | (410,856) | - | (410,856) |
| Depreciation | 33,007 | - | 4,330 | 52,014 | - | 89,351 |
| Amortization of debt issuance costs | - | - | - | 12,569 | - | 12,569 |
| Mortgage loan discount amortization | (185,750) | - | (106,839) | - | - | (292,589) |
| Pledges received | (95,000) | - | - | - | - | (95,000) |
| Payments received on pledges | 33,377 | - | - | - | - | 33,377 |
| Reduction of allowance for doubtful mortgages | - | - | (10,397) | - | - | (10,397) |
| Present value on mortgages issued for home sales | (796,415) | - | (45,000) | - | - | (841,415) |
| Shared appreciation on real estate buybacks | (107,634) | - | - | - | - | (107,634) |
| Income recognized on reclaimed homes | (716,271) | - | - | - | - | (716,271) |
| Gain on sale of real estate owned | (199,798) | - | - | - | - | (199,798) |
| Equity in loss of limited liability company | 2,813 | - | - | - | - | 2,813 |
| Loss on disposal of property and equipment | - | - | - | 7,610 | - | 7,610 |
| Cash provided by (applied to) other operating activities: | | | | | | |
| Receivables | (156,453) | - | 7,461 | (3,774) | - | (152,766) |
| Grants receivable | (1,679,998) | - | - | - | - | (1,679,998) |
| ReStore inventory | - | - | - | (84,219) | - | (84,219) |
| Land and construction inventory | 502,761 | - | (32,123) | - | - | 470,638 |
| Prepaid expenses, deposits and other assets | (11,583) | - | 60,000 | (215) | - | 48,202 |
| Accounts payable and accrued expenses | (200,341) | (359) | (1,853) | 224,110 | - | 21,557 |
| Escrow and closing funds held | (12,244) | - | - | - | - | (12,244) |
| Net cash from operating activities | 39,246 | (9,862) | 56,699 | (177,161) | - | (91,078) |
| Cash flows from investing activities: | | | | | | |
| Increase in related party receivable | (1,659,019) | - | - | 9,232 | 1,649,787 | - |
| Additions to real estate owned | (246,100) | - | (48,503) | - | - | (294,603) |
| Proceeds from sale of real estate owned | 770,000 | - | - | - | - | 770,000 |
| Proceeds from sale of mortgaged property | 75,730 | - | - | - | - | 75,730 |
| Principal repayments on mortgage receivables | 273,090 | - | 61,130 | - | - | 334,220 |
| Net cash from investing activities | (786,299) | - | 12,627 | 9,232 | 1,649,787 | 885,347 |

(cont'd)

DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Cash Flows (cont'd)
June 30, 2022

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total |
|--|---|---|--------------------------------|---|--------------------|-----------------------|
| Cash flows from financing activities: | | | | | | |
| Proceeds from notes payable | \$ 1,586,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,586,000 |
| Payments on notes payable | (125,623) | - | - | (1,592,435) | - | (1,718,058) |
| Increase (decrease) in related party payable | - | 12,000 | (218,566) | 1,856,353 | (1,649,787) | - |
| Net cash from financing activities | 1,460,377 | 12,000 | (218,566) | 263,918 | (1,649,787) | (132,058) |
| Net change in cash | 713,324 | 2,138 | (149,240) | 95,989 | - | 662,211 |
| Cash, beginning of the year | 609,667 | 7,966 | 357,371 | 305,768 | - | 1,280,772 |
| Cash, end of the year | \$ 1,322,991 | \$ 10,104 | \$ 208,131 | \$ 401,757 | \$ - | \$ 1,942,983 |
| Noncash investing and financing transactions: | | | | | | |
| Recognition of debt forgiveness income in ReStore of Fox Valley Habitat for Humanity via intercompany accounts | \$ (410,856) | \$ - | \$ - | \$ 410,856 | \$ - | \$ - |
| Mortgages receivable transferred to real estate owned in buyback transactions | \$ 162,565 | \$ - | \$ 94,497 | \$ - | \$ - | \$ 257,062 |

See independent auditor's report.

DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2021

| | DuPage Habitat for Humanity, Inc. | Neighborhood Revitalization Council | CSS Habitat for Humanity Restated | ReStore of Fox Valley Habitat for Humanity | Consolidating | Consolidated Total Restated |
|---|---|---|--|---|---------------|-----------------------------------|
| Cash flows from operating activities: | | | | | | |
| Change in net assets | \$ 540,842 | \$ (22,575) | \$ 85,514 | \$ 68,273 | \$ - | \$ 672,054 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | | | | | |
| Debt forgiveness income | - | - | - | (410,856) | - | (410,856) |
| Depreciation | 31,547 | - | 4,330 | 53,886 | - | 89,763 |
| Amortization of debt issuance costs | - | - | - | 7,541 | - | 7,541 |
| Mortgage loan discount amortization | (218,654) | - | (45,145) | - | - | (263,799) |
| Pledges received | (98,500) | - | - | - | - | (98,500) |
| Payments received on pledges | 51,675 | - | - | - | - | 51,675 |
| Reduction of pledges - bad debt | 35,000 | - | - | - | - | 35,000 |
| Recovery of bad debt expense | - | - | (69,161) | - | - | (69,161) |
| Present value on mortgages issued for home sales | (190,087) | - | - | - | - | (190,087) |
| Shared appreciation on real estate buybacks | (114,750) | - | - | - | - | (114,750) |
| Income recognized on reclaimed homes | (163,704) | - | - | - | - | (163,704) |
| Cash provided by (applied to) other operating activities: | | | | | | |
| Accounts receivable | (192,035) | - | (15,000) | - | - | (207,035) |
| Grants receivable | (86,835) | - | - | - | - | (86,835) |
| ReStore inventory | - | - | - | (14,247) | - | (14,247) |
| Land and construction inventory | (98,964) | - | 66,326 | - | - | (32,638) |
| Prepays, deposits and other assets | 17,556 | - | (60,100) | (2,285) | - | (44,829) |
| Accounts payable and accrued expenses | 163,591 | 357 | (98,857) | 164,946 | - | 230,037 |
| Escrow and closing funds held | 17,100 | - | - | - | - | 17,100 |
| Deferred rent | - | - | - | (4,181) | - | (4,181) |
| Net cash from operating activities | (306,218) | (22,218) | (132,093) | (136,923) | - | (597,452) |
| Cash flows from investing activities: | | | | | | |
| Purchase of property and equipment | (3,790) | - | - | - | - | (3,790) |
| Additions to real estate owned | (147,084) | - | - | - | - | (147,084) |
| Proceeds from sale of real estate owned | 240,000 | - | - | - | - | 240,000 |
| Proceeds from sale of mortgaged property | 87,993 | - | - | - | - | 87,993 |
| Principal repayments on mortgage receivables | 213,707 | - | 75,770 | - | - | 289,477 |
| Net cash from investing activities | 390,826 | - | 75,770 | - | - | 466,596 |

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DuPage Habitat For Humanities, Inc. & Subsidiaries
Consolidating Statement of Cash Flows (cont'd)
For the Year Ended June 30, 2021

| | <u>DuPage Habitat for Humanity, Inc.</u> | <u>Neighborhood Revitalization Council</u> | <u>CSS Habitat for Humanity Restated</u> | <u>ReStore of Fox Valley Habitat for Humanity</u> | <u>Consolidating</u> | <u>Consolidated Total Restated</u> |
|--|--|--|--|---|----------------------|--|
| Cash flows from financing activities: | | | | | | |
| Proceeds from Payroll Protection Program loan | \$ 410,856 | \$ - | \$ - | \$ - | \$ - | \$ 410,856 |
| Payments on notes payable | (98,842) | - | - | (66,791) | - | (165,633) |
| Increase in related party receivable | (430,153) | - | 414,315 | (58,117) | 73,955 | - |
| Increase (decrease) in related party payable | - | - | (151,247) | 225,202 | (73,955) | - |
| Net cash from financing activities | <u>(118,139)</u> | <u>-</u> | <u>263,068</u> | <u>100,294</u> | <u>-</u> | <u>245,223</u> |
| Net change in cash | (33,531) | (22,218) | 206,745 | (36,629) | - | 114,367 |
| Cash, beginning of the year | <u>643,198</u> | <u>30,184</u> | <u>150,626</u> | <u>342,397</u> | <u>-</u> | <u>1,166,405</u> |
| Cash, end of the year | <u>\$ 609,667</u> | <u>\$ 7,966</u> | <u>\$ 357,371</u> | <u>\$ 305,768</u> | <u>\$ -</u> | <u>\$ 1,280,772</u> |
| Noncash investing and financing transactions: | | | | | | |
| Recognition of debt forgiveness income in ReStore of Fox Valley Habitat for Humanity via intercompany accounts | <u>\$ (410,856)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 410,856</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditor's report.