NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

Audits of Consolidated Financial Statements

June 30, 2021 and 2020

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
New Orleans Area Habitat for Humanity, Inc.
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of New Orleans Area Habitat for Humanity, Inc. and its subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Area Habitat for Humanity, Inc. and its subsidiaries as of June 30, 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.

Other Matters
The financial statements of the Organization, as of and for the year ended June 30, 2020, were audited by other auditors, whose report dated December 20, 2020, expressed an unmodified opinion on those financial statements.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating schedules and other information on pages 30 and 32 are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The consolidating schedules and schedule of compensation, benefits, and other payments to agency head or chief executive officer has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 20, 2021

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statements of Financial Position
June 30, 2021 and 2020

		2021		2020
Assets				
Current Assets				
Cash and Cash Equivalents	$	1,004,201	$	904,544
Restricted Cash - Escrow Deposits		132,165		10,271
Accounts Receivable		222,043		461,117
Investments		14,406,256		17,190,792
Mortgage Notes Receivable, Current Portion, Net		243,864		131,277
Construction in Progress and Inventory		1,284,855		880,627
ReStore Inventory		237,527		250,458
Prepaid Expenses		77,207		59,612
Total Current Assets		17,608,118		19,888,698
Property and Equipment				
Buildings and Land		6,615,431		6,494,510
Rental Houses		5,679,869		4,947,216
Furniture and Fixtures		146,461		240,461
Tools and Equipment		325,044		196,845
Vehicles		381,318		381,318
		13,148,123		12,260,350
Less: Accumulated Depreciation		(2,244,249)		(1,848,167)
Total Property and Equipment, Net		10,903,874		10,412,183
Other Assets				
Mortgage Notes Receivable, Long-Term Portion, Net		2,504,272		3,073,822
Note Receivable		-		1,415,000
Lot Inventory		284,968		376,704
Deposits		6,725		6,725
Total Other Assets		2,795,965		4,872,251
Total Assets	$	31,307,957	$	35,173,132

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statements of Financial Position (Continued)
June 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 204,392	$ 178,209
Other Liabilities	593,324	225,674
Notes Payable, Current Portion	162,722	639,732
Total Current Liabilities	960,438	1,043,615
Long-Term Liabilities		
Notes Payable, Long-Term Portion, Net	919,639	4,854,823
Total Long-Term Liabilities	919,639	4,854,823
Total Liabilities	1,880,077	5,898,438
Net Assets		
Without Donor Restrictions	29,420,530	29,192,751
With Donor Restrictions	7,350	81,943
Total Net Assets	29,427,880	29,274,694
Total Liabilities and Net Assets	$ 31,307,957	$ 35,173,132

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Home Sales			
Sales Revenue	$ 1,685,827	$ -	$ 1,685,827
Mortgage Notes Receivable Discount	(585,725)	-	(585,725)
Contributions	335,865	35,500	371,365
Grants	-	485,303	485,303
Amortization of Mortgage Notes Receivable Discount	160,740	-	160,740
Investment Income, Net	915,354	-	915,354
ReStore Revenues	3,474,564	-	3,474,564
Rental Revenues	730,503	-	730,503
Gain on Sales of Mortgage Notes Receivable	467,053	-	467,053
Recovery of Prior Damages	62,694	-	62,694
Other Income, Net	1,133,166	-	1,133,166
Total	8,380,041	520,803	8,900,844
Net Assets Released from Restrictions	595,396	(595,396)	-
Total Revenues, Gains, and Support	8,975,437	(74,593)	8,900,844
Expenses			
Program Services	7,674,619	-	7,674,619
Supporting Services			
Management and General	717,824	-	717,824
Fundraising	355,215	-	355,215
Total Expenses	8,747,658	-	8,747,658
Change in Net Assets	227,779	(74,593)	153,186
Net Assets, Beginning of Year	29,192,751	81,943	29,274,694
Net Assets, End of Year	$ 29,420,530	$ 7,350	$ 29,427,880

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Home Sales			
Sales Revenue	$ 1,860,795	$ -	$ 1,860,795
Mortgage Notes Receivable Discount	(580,975)	-	(580,975)
Contributions	675,816	131,983	807,799
Grants	-	538,216	538,216
Amortization of Mortgage Notes Receivable Discount	248,018	-	248,018
Investment Income, Net	223,870	-	223,870
ReStore Revenues	2,700,093	-	2,700,093
Rental Revenues	601,373	-	601,373
Gain on Sales of Mortgage Notes Receivable	353,212	-	353,212
Recovery of Prior Damages	10,560,090	-	10,560,090
Other Income, Net	104,167	-	104,167
Total	16,746,459	670,199	17,416,658
Net Assets Released from Restrictions	588,256	(588,256)	-
Total Revenues, Gains, and Support	17,334,715	81,943	17,416,658
Expenses			
Program Services	6,743,937	-	6,743,937
Supporting Services			
Management and General	801,236	-	801,236
Fundraising	430,956	-	430,956
Total Expenses	7,976,129	-	7,976,129
Change in Net Assets	9,358,586	81,943	9,440,529
Net Assets, Beginning of Year	19,834,165	-	19,834,165
Net Assets, End of Year	$ 29,192,751	$ 81,943	$ 29,274,694

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services		Supporting Services			
	Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,593,666	$ 1,593,666	$ 320,605	$ 181,776	$ 502,381	$ 2,096,047
Payroll Taxes	116,216	116,216	24,554	13,393	37,947	154,163
Benefits	224,254	224,254	31,196	23,383	54,579	278,833
Personnel Development	195,460	195,460	10,087	12,899	22,986	218,446
Vista/AmeriCorps	61,456	61,456	-	-	-	61,456
Contract Labor	87,935	87,935	42,887	-	42,887	130,822
Total Personnel Costs	2,278,987	2,278,987	429,329	231,451	660,780	2,939,767
Cost of Homes Sold	1,220,545	1,220,545	-	-	-	1,220,545
Cost of Merchandise Sold	1,784,209	1,784,209	-	-	-	1,784,209
Professional Services	477,170	477,170	96,188	5,592	101,780	578,950
Insurance	278,658	278,658	4,809	1,369	6,178	284,836
Occupancy Costs	201,307	201,307	4,808	1,505	6,313	207,620
Transportation	89,032	89,032	123	163	286	89,318
Supplies	57,998	57,998	2,085	471	2,556	60,554
Equipment	60,704	60,704	2,945	503	3,448	64,152
Home and Repair Costs	427,580	427,580	-	-	-	427,580
Special Events	-	-	-	8,006	8,006	8,006
Marketing	16,297	16,297	287	36,925	37,212	53,509
Program Expenses	88,872	88,872	37,654	62,993	100,647	189,519
Other Expenses	884,975	884,975	1,006	6,237	7,243	892,218
Depreciation and Amortization	394,010	394,010	138,590	-	138,590	532,600
Total Functional Expenses	8,260,344	8,260,344	717,824	355,215	1,073,039	9,333,383
Less: Sales Discounts Included with Revenues on the Consolidated Statement of Activities and Changes in Net Assets	(585,725)	(585,725)	-	-	-	(585,725)
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities and Changes in Net Assets	$ 7,674,619	$ 7,674,619	$ 717,824	$ 355,215	$ 1,073,039	$ 8,747,658

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Total Program Services	Supporting Services		Total Supporting Services	Total
	Program Services		Management and General	Fundraising		
Salaries	$ 1,346,713	$ 1,346,713	$ 500,831	$ 213,422	$ 714,253	$ 2,060,966
Payroll Taxes	107,808	107,808	41,431	17,137	58,568	166,376
Benefits	182,456	182,456	43,973	33,052	77,025	259,481
Personnel Development	35,885	35,885	24,967	14,239	39,206	75,091
Vista/AmeriCorps	43,412	43,412	-	-	-	43,412
Contract Labor	73,316	73,316	7,266	825	8,091	81,407
Total Personnel Costs	1,789,590	1,789,590	618,468	278,675	897,143	2,686,733
Cost of Homes Sold	2,190,837	2,190,837	-	-	-	2,190,837
Cost of Merchandise Sold	1,278,103	1,278,103	-	-	-	1,278,103
Professional Services	146,076	146,076	116,629	53,284	169,913	315,989
Insurance	347,862	347,862	3,946	3,726	7,672	355,534
Occupancy Costs	239,443	239,443	3,492	2,229	5,721	245,164
Transportation	98,889	98,889	92	1,138	1,230	100,119
Supplies	44,846	44,846	1,695	5,236	6,931	51,777
Equipment	78,719	78,719	4,965	452	5,417	84,136
Home and Repair Costs	345,041	345,041	-	-	-	345,041
Special Events	17,809	17,809	-	9,679	9,679	27,488
Marketing	18,091	18,091	445	37,000	37,445	55,536
Program Expenses	25,741	25,741	51,330	36,806	88,136	113,877
Other Expenses	319,790	319,790	174	2,731	2,905	322,695
Depreciation and Amortization	384,075	384,075	-	-	-	384,075
Total Functional Expenses	7,324,912	7,324,912	801,236	430,956	1,232,192	8,557,104
Less: Sales Discounts Included with Revenues on the Consolidated Statement of Activities and Changes in Net Assets	(580,975)	(580,975)	-	-	-	(580,975)
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities and Changes in Net Assets	$ 6,743,937	$ 6,743,937	$ 801,236	$ 430,956	$ 1,232,192	$ 7,976,129

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

		2021		2020
Cash Flows from Operating Activities				
Change in Net Assets	$	**153,186**	$	9,440,529
Adjustments to Reconcile Change in Net Assets to				
Net Cash (Used In) Provided by Operating Activities				
Depreciation		**396,084**		376,794
Amortization of Loan Obligation Costs		**136,516**		7,281
Amortization of Mortgage Notes Receivable Discount		**(160,740)**		(248,018)
Mortgage Note Receivable Discount		**585,725**		580,975
Non-cash Income from Investments				
Unrealized Gain on Investments		**(768,859)**		(44,519)
Realized Gain on Investments		**(138,583)**		(166,228)
Interest and Dividends Reinvested		**(7,912)**		(13,123)
Home Sales		**(1,510,300)**		(1,860,795)
Costs of Home Sales		**112,720**		-
Gain on Sale of Mortgage Notes Receivable		**(467,053)**		(353,212)
Net Realized Gain on NMTC		**(581,458)**		-
PPP Loan Forgiveness		**(426,400)**		-
Bad Debt Expense		**123,675**		-
Loss on Exchange of Property		**33,346**		-
(Increase) Decrease in Assets				
Accounts Receivable		**279,797**		(471,880)
Construction in Progress and Inventory		**(1,203,906)**		739,993
ReStore Inventory		**12,931**		(67,465)
Prepaid Expenses		**(17,595)**		4,932
Increase (Decrease) in Liabilities				
Accounts Payable		**26,183**		46,205
Other Liabilities		**367,650**		(66,204)
Net Cash (Used in) Provided by Operating Activities		**(3,054,993)**		7,905,265

The accompanying notes are an integral part of these consolidated financial statements.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Investing Activities		
Purchases of Fixed Assets	**(129,927)**	(645,283)
Purchase of Lot Inventory	**(12,500)**	(18,004)
Purchases of Investments	**(17,724,356)**	(10,575,479)
Proceeds from Sale of Investments	**21,424,246**	1,236,105
Receipts of Mortgage Notes Receivable Principal	**332,640**	656,457
Repurchase of Mortgage Notes Receivable	**(169,251)**	(151,651)
Proceeds from the Sale of Mortgage Notes Receivable	**1,681,544**	1,004,001
Net Cash Provided by (Used In) Investing Activities	**5,402,396**	(8,493,854)
Cash Flows from Financing Activities		
Issuance of Notes Payable	**591,727**	813,400
Payments on Notes Payable	**(2,717,579)**	(86,041)
Net Cash (Used in) Provided by Financing Activities	**(2,125,852)**	727,359
Net Increase in Cash, Cash Equivalents and Restricted Cash	**221,551**	138,770
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	**914,815**	776,045
Cash, Cash Equivalents and Restricted Cash, End of Year	**$ 1,136,366**	$ 914,815
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	**$ 109,934**	$ 153,555
Non-Cash Donations	**$ 1,684,698**	$ 1,425,974
Foreclosure on Mortgage Notes Receivable	**$ -**	$ 297,957

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Organization

New Orleans Area Habitat for Humanity, Inc. (Habitat) is a 501(c)3 organization incorporated in 1983 as an independent affiliate of Habitat for Humanity International (HFHI). Since its inception, Habitat has been working in partnership with hard-working, low-income families in New Orleans and surrounding areas to build and finance new, safe, affordable homes. The program makes homeownership possible for families who cannot qualify for traditional home loans but have a stable job, good or no credit, and the willingness to contribute 350 hours of sweat equity to the building of Habitat homes. Habitat has been a beacon of hope - rebuilding and deploying tens of thousands of volunteers to construct new homes in damaged, blighted neighborhoods following Hurricane Katrina. The support of volunteers, donors, and partners across the country, and even the world, has contributed to making Habitat one of the largest builders of homes in Louisiana. Habitat's leadership skills and construction capacity allow us to rapidly scale up in response to emergencies and/or other opportunities.

Programs offered by Habitat include:

- First Time Homebuyers Program (FTHP): Hard-working local families partner with Habitat to become homebuyers with a -0-% interest mortgage and a monthly payment of no more than 30% of their income. They provide 350 hours of sweat equity in place of a down payment by building Habitat homes or working at one of Habitat's ReStores. All FTHP families must show a need for housing, the ability to repay a mortgage, and the willingness to partner with Habitat. In addition to their contribution of sweat equity hours, homebuyers take financial literacy classes, home maintenance training, and save a minimum of $2,500 towards their escrow account.

- A Brush With Kindness (ABWK): ABWK is a program for homeowners in the New Orleans area who cannot afford necessary home improvements or repairs or are unable to complete those repairs due to age, disability, or other circumstances. We prefer ABWK partners to complete eight hours of sweat equity and be present if possible during the repairs, but we can waive the requirement based on the partner's circumstances. There is a great need for home repair services in the New Orleans area, especially for the elderly or disabled homeowners whose homes are at risk because of structural issues. The ABWK program brings affordable home repairs to those in our area who need it most while also helping preserve our neighborhoods. Many ABWK projects suffer from decades of deferred maintenance. In some instances, the required repairs can jeopardize the partners' ability to maintain and keep their homeowner's insurance in place. Whether ABWK partners are a dock worker or a retired teacher, the ABWK program lets Habitat provide these repairs through a grant, allowing the partner to age in place in their current home.

Note 1. Summary of Significant Accounting Policies (Continued)

Organization (Continued)

- Rental Program: Over one-third of New Orleans renters spend 50% of their income or more on rent. By providing affordable rentals, Habitat addresses a growing need and helps families achieve the financial stability needed to redirect funds to education, healthcare, and savings, and in some cases, to go on to homeownership.

- ReStore: Habitat owns and operates two ReStores in the New Orleans area - one at our home office on Elysian Fields Avenue in New Orleans and the other on Williams Boulevard in Kenner. Habitat ReStores accept donations of new or gently used furniture, appliances, and other household items and sells them to the public at a fraction of the retail price. Proceeds are used to help build strength, stability, self-reliance, and shelter in the New Orleans area by funding the mission of Habitat.

NOAHH MC, Inc. (MC) and NOAHH SO, Inc. (SO), are wholly owned subsidiaries of Habitat (collectively, the Organization) and are each 501(c)(3) exempt organizations. MC was incorporated in the State of Louisiana in March 2009. SO was incorporated in the State of Louisiana in December 2013. These subsidiaries' exclusive purpose is to benefit and support Habitat.

Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of Habitat and its wholly owned subsidiaries, MC and SO. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounts Standards Board (FASB) Accounting Standards Codification (ASC).

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes thereto are classified and reported as:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) imposed restrictions. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Estimates are used primarily for the allowance for doubtful accounts, discount on mortgage notes receivable and fair value of investments.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid bank money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for doubtful accounts at June 30, 2021 or 2020.

Note 1. Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions or net assets with donor restrictions depending if their use is restricted by donor stipulations or law. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Realized and unrealized gains and losses and interest and dividends earned are reported net of fees as investment income, net in the consolidated statements of activities and changes in net assets.

Mortgage Notes Receivable

Mortgage notes receivable consist of non-interest-bearing mortgage notes which are collateralized by real estate in the New Orleans area and payable in monthly installments over the life of the mortgage loans. The mortgage notes receivable are net of discounts, which represent the difference between the stated amount of the mortgage notes and the present value based on an imputed amount of interest. The mortgage discount interest rate is set annually by Habitat for Humanity International. The rate is calculated by taking the average rate for twelve months, as published by the Internal Revenue Service (IRS) under the Index of Applicable Federal Rates (AFR) Rulings for Low-Income Housing Tax Credits. The imputed interest rates used approximate the rates that independent borrowers and lenders would have negotiated in a similar transaction. The discounts are amortized over the lives of the mortgage loans using the interest method. Mortgage notes receivable are considered past due if payments are more than thirty days late. All mortgage notes receivables are collateralized by residential property. Management believes that the values of such collateral are in excess of the mortgage notes receivable as of both June 30, 2021 and 2020 and, therefore, no allowance for losses has been provided.

Construction in Progress and Inventory

Construction inventory consists of land, materials, and other costs associated with houses under construction. Construction in progress is recorded at cost. Purchased inventory is recorded at the lower of cost or net realizable value determined by the specific identification method. Gift in-kind inventory is recorded at fair value on the date of receipt based on the specific identification method. When homes are sold, costs of homes sold are considered program services expense. As of June 30, 2021 and 2020, construction in progress and inventory included:

	2021	2020
Construction in Progress	**$ 1,166,909**	$ 811,017
Materials Inventory and Prepaid Supplies	**117,946**	69,610
	$ 1,284,855	$ 880,627

Note 1. Summary of Significant Accounting Policies (Continued)

ReStore Inventory

Inventory represents goods to be sold in the ReStore operations and is recorded at the lower of cost or net realizable value.

Property and Equipment

Property and equipment are recorded at cost when purchased and at their estimated fair market value when received as a donation. Improvements and major repairs, which extend and enhance the useful life of the asset, are capitalized. Expenditures for maintenance and repairs are expensed as incurred. The Organization has established a policy capitalizing all expenditures for property and equipment in excess of $2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over 29.5 years and rental houses are depreciated over 27.5 years. The useful lives of other fixed assets range from three to seven years. The costs and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets. For the years ended June 30, 2021 and 2020, depreciation expense totaled $396,084 and $376,796, respectively.

Lot Inventory

Land held for future home sites consists of purchased lots that will be used in future development of houses to be sold. The land is carried at cost and reclassified to construction in progress once construction has begun.

Loan Obligation Costs

Certain costs related to the New Market Tax Credit financing (see Note 6) were capitalized and amortized over the estimated life of the related notes payable.

Home Sales

Revenues from the sale of houses are recognized at the date of closing as the closing date is the point in time in which the home is transferred to the customer.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions were made. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as support 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 support with donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Grant Revenue

Expense-driven grants are recognized as grant revenue in the change in net assets when the qualifying expenses have been incurred and all other requirements have been met.

ReStore Revenues

The Organization has a resale store that sells primarily donated goods. The sales revenue is not restricted and is recognized at a point-in-time when the goods are exchanged for cash consideration and transferred to the customer. ReStore in-kind contributions totaled $1,623,925 and $1,321,142 for the years ended June 30, 2021 and 2020, respectively.

Rental Revenues

Tenants sign lease agreements for rental housing owned by the Organization. Lease terms are typically one year with automatic renewal on a month-to-month basis unless notification to terminate the lease is received from the tenant. Rental revenues are recognized monthly over the term of the lease. Any amounts received in advance of services provided are deferred and recognized when services have been provided.

Sale of Mortgage Notes Receivable

The Organization sells existing mortgages to third-party banks. Such revenues are recognized at the date of sale as this is the point in time in which the performance obligation of transferring the mortgage note receivable to the bank has been satisfied.

Donated Materials and Services

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donations of materials, supplies and other totaled $60,773 and $65,951 for the years ended June 30, 2021 and 2020, respectively.

Income Taxes

The Organization is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. It is exempt from Louisiana income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity and its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in interest expense.

Note 1. Summary of Significant Accounting Policies (Continued)

Sales Tax

State of Louisiana and Orleans Parish or Jefferson Parish impose a combined sales tax on all sales to non-exempt customers. The combined sales tax rate is 10% for Orleans Parish and 9.2% for Jefferson Parish. The Organization collects that sales tax from customers and remits the entire amount to the State of Louisiana. For the years ended June 30, 2021 and 2020, the Organization remitted state sales taxes totaling $206,488 and $126,890, respectively. Sales tax collected and paid is not reported as revenues and expenses on the statements of activities and changes in net assets.

Advertising Expense

The Organization uses advertising to promote ReStore operations and fundraising activities. The costs of advertising are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising costs totaled $6,712 and $27,226, respectively.

Functional Allocated Expenses

Expenses are summarized on a functional basis. The consolidated statements of functional expenses present the natural classification detail of expense by function. Salaries and related payroll expenses are allocated based upon the time spent for each function. Allocation of all other shared expenses is based upon management's estimates of the usage applicable to conducting various program or support activities. Other shared expenses that are allocated include professional services, transportation, insurance, occupancy, program expense, marketing, supplies, special events, and other expenses.

Reclassification

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Recently Issued Accounting Pronouncements - Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The ASU provides a five-step analysis of contracts to determine when and how revenue is recognized. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive.

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements - Adopted (Continued)
The Organization adopted the new standard effective July 1, 2020 using the modified retrospective method with a cumulative-effect adjustment to net assets recognized at the date of adoption. The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to opening net assets as a result of this adoption.

Recently Issued Accounting Pronouncements - Pending Adoption
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05, *Leases (Topic 842): Effective Dates for Certain Entities,* which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact ASU 2016-02 will have on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations and enhances disclosures with respect to these contributions. The ASU will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Note 2. Liquidity and Availability

The Organization regularly monitors liquidity required to meets its operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date consist of the following:

Cash and Cash Equivalents	$ 1,004,201
Accounts Receivable	222,043
Investments	14,406,256
Mortgage Notes Receivable, Current Portion, Net	243,864
	15,876,364
Less: Amounts not Available to be used within Twelve Months:	
Net Assets with Donor Restrictions	(7,350)
Total	$ 15,869,014

As part of the Organization's liquidity management plan, it invests cash in excess of daily requirements in short-term investments and money market funds.

Note 3. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	2021	2020
Cash and Cash Equivalents	**$ 1,004,201**	$ 904,544
Restricted Cash	**132,165**	10,271
Total	**$ 1,136,366**	$ 914,815

Habitat services the mortgages on the homes it sells. Restricted cash consists of escrow deposits.

Note 4. Investments

At June 30, 2021 and 2020, investments consisted of the following:

	2021	2020
Money Market Funds	$ 243,241	$ 12,545,661
Certificates of Deposit	-	808,011
Common Stocks	3,218,064	18,101
Mutual Funds	7,116,285	-
Exchange-Traded Products	789,451	1,393,112
Mortgage Backed Securities	974,336	-
Government and Corporate Bonds	2,064,879	2,425,907
Total	$ 14,406,256	$ 17,190,792

Note 5. Mortgage Notes Receivable

The Organization sells its completed homes to individual and family partners in exchange for a mortgage note secured by the residence with typical repayment terms over 20 to 30 years and bearing 0% interest. As of June 30, 2021 and 2020, there are no loans pledged as collateral to secure notes payable.

During the years ended June 30, 2021 and 2020, the Organization sold fourteen and nine of its mortgage notes receivable at their face value of $1,681,544 and $1,004,001, respectively. The loans are considered to be delinquent after 90 days of non-payment of principal. The Organization will repurchase or replace any delinquent loans if those loans are called by the financial institution. The Organization has retained servicing of these loans, which is performed by a third-party financial institution. During the years ended June 30, 2021 and 2020, the Organization repurchased three loans with a gross carrying value of $169,252 and two loans with a gross carrying value of $151,651, respectively.

As of June 30, 2021 and 2020, a summary of the mortgage notes receivable was:

	2021	2020
Mortgage Notes Receivable	$ 4,039,988	$ 4,539,016
Unamortized Discount (Imputed Rates 4.0% - 7.4%)	(1,291,852)	(1,333,917)
Mortgage Notes Receivable, Net	2,748,136	3,205,099
Less: Current Portion	(243,864)	(131,277)
Total	$ 2,504,272	$ 3,073,822

Note 5. Mortgage Notes Receivable (Continued)

As of June 30, 2021, contractual maturities of mortgage notes receivable were as follows:

Year Ending June 30,	Amount
2022	$ 243,864
2023	243,864
2024	239,673
2025	238,306
2026	238,306
Thereafter	2,835,975
Total	$ 4,039,988

Note 6. New Markets Tax Credits

Habitat applied for New Market Tax Credit (NMTC) of $2,000,000, which was received in March 2014. In preparation of these credits and to facilitate the NMTC structure, a new entity, SO, was formed in December 2013 as a support organization for Habitat. On March 19, 2014, Habitat made contributions totaling $1,415,000 to SO. SO funded a loan of $1,415,000 to a LLC lending entity in exchange for a note receivable with interest at 1.413427% for 25 years, calling for semi-annual payments of interest only beginning May 2014, and then semi-annual payments of principal and interest beginning May 2021 until maturity in March 2039. The unwind of the NMTC occurred during the year ended June 30, 2021 and the note receivable was agreed to be satisfied, resulting in a net loss of $1,344,198 included in other income in the consolidated statements of activities and changes in net assets.

On March 19, 2014, Habitat borrowed funds of $2,000,000 in a separate division within Habitat known as Portion of the Business (POB). These funds were borrowed through two separate qualified low-income community investment loans of $1,415,000 and $585,000 from a second LLC lending entity and payable to a commercial bank, which is a certified community development entity (CDE). The proceeds from the loans were used solely for the purpose of constructing and selling qualified housing properties to low-income residents. Semiannual payments of interest were only required for the first seven years. Beginning May 15, 2021, principal and interest payments were due in semi-annual installments through the maturity date. The stated interest was 1%, and the loans were set to mature on March 18, 2039. These loans were secured by the Organization's assets held with the financial institution. As a result of the unwind, the loans were ultimately transferred to Habitat as an assignee, resulting in a net gain of $1,948,156 included in other income on the consolidated statement of activities and changes in net assets.

Note 6. New Markets Tax Credits (Continued)

The Organization incurred debt issuance costs of $182,023 which were capitalized and amortized over the term of the loans. Debt issuance costs are presented net of accumulated amortization of $45,507 at June 30, 2020. The debt issuance costs were fully amortized during the year ended June 30, 2021.

Note 7. Notes Payable

In December 2017, the Organization entered into a capital expenditure borrowing facility with a financial institution of $2,800,000 bearing an interest rate of 5%. The Organization had the right to draw upon the facility through March 2019 at which point the facility converted into a term note payable. The borrowings are payable in monthly interest only payments beginning January 2018 through March 2019, at which point principal and interest payments are paid in monthly installments beginning April 2019, with the remaining principal due in full in December 2024. The outstanding balance was $-0- and $2,693,271 as of June 30, 2021 and 2020, respectively.

On March 27, 2020, Congress enacted the Coronavirus Aid Relief, and Economic Security (CARES) Act which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain expenses during the COVID-19 crisis. The Organization applied for the loan under the Program and received from its bank proceeds of $426,400 on April 25, 2020. Under the terms of the Program, up to 100% of the loan and related interest may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Organization received forgiveness in the amount $426,400 from the Small Business Administration (SBA) on May 26, 2021. The amount of loan forgiveness is presented as a component of other income in the consolidated statement of activities and changes in net assets.

On April 1, 2021, the Organization applied for a second loan under the Program and received $491,727 in proceeds from a bank. The loan is forgivable if the Organization meets certain criteria established under the Program. If not forgiven, payments of principal and interest are due monthly beginning in January 2022. The loan bears interest at 1% and matures April 1, 2026. As of June 30, 2021, the note payable totaled $491,727.

On June 16, 2020, the Organization entered into a note payable agreement with the SBA for the amount of $114,500. The loan proceeds are to be used solely as working capital to alleviate economic injury caused by disaster that occurred in January 2020. The agreement calls for principal and interest payments of $489 per month beginning June 16, 2021. The loan bears interest at 2.75%, matures June 16, 2050 and is secured by the Organization's assets. In May of 2020, the Organization received an economic injury disaster loan advance from the SBA in the amount of $10,000. As of June 30, 2021 and 2020, the loan and advance amount totaled $124,400.

Note 7. Notes Payable (Continued)

On June 19, 2020, the Organization entered into several note payable agreements with a financial institution for a total of $387,000 with maturity dates of June of 2035, bearing interest of 3%, and is secured by real estate. As of June 30, 2021 and 2020, the loans totaled $366,234 and $387,000, respectively.

During the year ended June 30, 2021, the Organization received an advance of $100,000 as part of a housing investment program in the New Orleans area. The funds were used to purchase and develop a specific lot for future home sale and repayment is due as part of the closing of the home sale. The sale occurred subsequent to year-end and the advance was paid in full at closing on July 22, 2021.

At June 30, 2021, principal payments for the five years which follow for the above notes payable are:

Year Ending June 30,		Amount
2022	$	160,780
2023		122,380
2024		124,109
2025		125,870
2026		127,664
Thereafter		421,558
Total	$	1,082,361

Total interest expense for the above notes payable totaled $109,934 and $153,555 for the years ended June 30, 2021 and 2020, respectively.

Note 8. Net Assets With Donor Restrictions

The net assets with donor restrictions are primarily restricted for the construction or financing of certain future houses sponsored by the individual contributors and are included in accounts receivable. The Organization had net assets restricted for the following purposes at June 30:

Subject to Expenditure for Specified Purposes	$	7,350

Note 9. In-kind Contributions and Services

In-kind contributions consist principally of contributed fixed assets, building materials, and supplies for use in the Organization's home building program or inventory for use in the ReStore. During 2021 and 2020, the Organization received goods and supplies with an estimated fair value of $1,684,698 and $1,425,974, respectively. In-kind contributions are included in ReStore revenues or contributions in the consolidated statements of activities and changes in net assets based on use.

Note 10. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates.

The Organization's first loan under the Program was fully forgiven by the SBA on May 26, 2021 in the amount of $426,400 (see Note 7). The amount of forgiveness is presented as a component of other income in the consolidated statements of activities and changes in net assets. Even upon the SBA's review and approval of the forgiveness amount, the SBA still has the right to audit the Organization's compliance with the Program for a period of up to six years. The Organization may be required to repay its second loan to the extent any balances remain unforgiven.

Note 11. Commitments and Contingencies

Contract Commitments

Effective May 11, 2021, the Organization entered into an agreement for the purchase and sale of property with a purchase price of $3,000,000. The agreement required a deposit of $25,000 that was paid by the Organization. The Organization had until November 25, 2021 to secure a financing commitment. The agreement states closing on the property shall occur no later than December 31, 2021. As of the audit report date, the anticipated close date will be December 20, 2021.

In May 2021, the Organization entered into three design and build agreements for architecture and engineering services. The agreements require monthly payments in proportion to services performed by the architect. Commencement and completion dates are not yet defined. The total estimated cost of the projects is approximately $950,000. The Organization anticipates the projects to begin in 2022 and progress throughout the calendar year.

Note 11. Commitments and Contingencies (Continued)

Contingent Mortgage Notes Receivable

To encourage homeowners to fulfill their commitment to homeownership, second mortgage notes receivable (for the difference between the selling price and the estimated fair value at date of sale) are held by the Organization on most houses sold after March 1998. Mortgage note payments under these "soft" second mortgages are not due as long as the homeowners retain ownership and are current in their payments.

If the homeowners are current on the first mortgage notes, then after certain specified years, the principal balances of the second mortgage notes will be reduced over various time periods so that at the end of the amortization period the principal balances of the mortgage notes will be zero. For the fiscal years ended June 30, 2021 and 2020, the Organization recognized income from second mortgages totaling $152,781 and $99,881, respectively (the unforgiven portion), and this income is included in home sales revenue in the consolidated statements of activities and changes in net assets.

Recourse Mortgage Notes

The Organization occasionally sells its non-interest bearing mortgage notes receivable. The sales have a provision which requires the Organization to repurchase the notes in the event of default. At June 30, 2021 and 2020, the total recourse mortgage notes receivable had face value of $17,460,030 and $17,346,941, respectively. In the event the notes are repurchased, the Organization has the right to foreclose and resell or repurpose the associated property.

Note 12. Related-Party Transactions

A member of the Organization's board of directors and finance committee is a high ranking official of a financial institution who holds recourse mortgage notes that were purchased from the Organization (see Note 11).

Note 13. Concentration of Credit Risk

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, investments and mortgage notes receivable. Cash and cash equivalents are placed with financial institutions to minimize risk. Investments consist of money market funds that are primarily backed by U.S. government securities and other securities are typically invested in large international corporations. The Organization's mortgage notes receivable base is limited to primarily New Orleans, Louisiana. Homeowners insurance and flood insurance are required on all homes securing the mortgage notes, thus mitigating risk.

Note 13. Concentration of Credit Risk (Continued)

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, the Organization has cash totaling $1,076,754 held at one financial institution in excess of the $250,000 limit insured by the FDIC. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

As of June 30, 2021, the Organization's investments are held with a large national brokerage firm and are covered by Securities Investor Protection Corporation (SIPC) up to $500,000. Excess SIPC coverage has been purchased, at no cost to the Organization, from an international insurance firm, to cover amounts not covered under FDIC and SIPC limits.

Note 14. Fair Value Measurements

The Organization follows the provisions of FASB ASC, *Fair Value Measurement* Topic. Fair value is defined as the price that would be received by the Organization for an asset or paid by the Organization to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. The guidance establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgement.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into this determination of fair value require significant management judgement or estimation.

In some instances, the inputs used to measure fair value may fall into different levels within the fair value hierarchy. In such instances, the level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 14. Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used for the years ended June 30, 2021 and 2020.

Money Market Funds and Certificates of Deposit: Stated at cost, plus accrued interest, which approximates fair value.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange Traded Products: Valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Organization are closed-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Mortgage-Backed Securities: Valued based on trade history in like securities or using an option-adjusted discounted cash flow model.

Government and Corporate Bonds: Valued based on observable trades in exact securities or using a discounted cash flow model when observable trades are not available.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

June 30, 2021	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 243,241	$ -	$ -	$ 243,241
Common Stocks	3,218,064	-	-	3,218,064
Mutual Funds	7,116,285	-	-	7,116,285
Exchange-Traded Products	789,451	-	-	789,451
Mortgage-Backed Securities	-	974,336	-	974,336
Government and Corporate Bonds	1,957,531	107,348	-	2,064,879
Total Assets at Fair Value	$ 13,324,572	$ 1,081,684	$ -	$ 14,406,256

Note 14. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

June 30, 2020	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 12,545,661	$ -	$ -	$ 12,545,661
Certificates of Deposit	808,011	-	-	808,011
Common Stocks	18,101	-	-	18,101
Exchange-Traded Products	1,393,112	-	-	1,393,112
Corporate Bonds	2,425,907	-	-	2,425,907
Total Assets at Fair Value	$ 17,190,792	$ -	$ -	$ 17,190,792

Note 15. Benefit Plan

The Organization provides a 401(k) contribution plan to all employees who are at least 21 years of age. Employees are automatically enrolled in the plan upon hire unless they elect to opt out of the plan. Plan participants are fully vested after one year of service. During the years ended June 30, 2021 and 2020, matching contributions to the plan were $51,813 and $31,384, respectively.

Note 16. Recovery of Prior Damages

During 2020, the Organization received settlement proceeds in the amount of $10,560,090 for a claim related to Chinese sheetrock. The resulting gains relating to this settlement are recorded in the consolidated statements of activities and changes in net assets. According to the terms of previous settlements, an undetermined amount of the above proceeds could be payable to a third-party, under certain circumstances. However, as of June 30, 2021, no determination has been made.

Note 17. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 20, 2021, and determined the following events require disclosure:

On August 29, 2021, Hurricane Ida made landfall in Southeast Louisiana, causing catastrophic damage to New Orleans and the surrounding areas. As a result, the Organization sustained damage to property and equipment. The Organization maintains insurance to cover buildings, contents and loss of income. As of the audit date, the amount of damage and associated costs to replace or repair the assets is unknown.

No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidating Statement of Financial Position
June 30, 2021

	New Orleans Area Habitat for Humanity, Inc.	NOAHH SO, Inc.	NOAHH MC, Inc.	Eliminations/ Reclassifications	Consolidated
Assets					
Current Assets					
Cash and Cash Equivalents	$ 1,004,201	$ -	$ -	$ -	$ 1,004,201
Restricted Cash - Escrow Deposits	132,165	-	-	-	132,165
Accounts Receivable	222,043	-	-	-	222,043
Investments	14,406,256	-	-	-	14,406,256
Mortgage Notes Receivable, Current Portion, Net	243,864	-	-	-	243,864
Construction in Progress and Inventory	1,284,855	-	-	-	1,284,855
ReStore Inventory	237,527	-	-	-	237,527
Prepaid Expenses	77,207	-	-	-	77,207
Total Current Assets	17,608,118	-	-	-	17,608,118
Property and Equipment					
Buildings and Land	6,615,431	-	-	-	6,615,431
Rental Houses	5,679,869	-	-	-	5,679,869
Furniture and Fixtures	146,461	-	-	-	146,461
Tools and Equipment	325,044	-	-	-	325,044
Vehicles	381,318	-	-	-	381,318
	13,148,123	-	-	-	13,148,123
Less: Accumulated Depreciation	2,244,249	-	-	-	2,244,249
Total Property and Equipment, Net	10,903,874	-	-	-	10,903,874
Other Assets					
Mortgage Notes Receivable, Long-Term Portion, Net	2,504,272	-	-	-	2,504,272
Lot Inventory	284,968	-	-	-	284,968
Deposits	6,725	-	-	-	6,725
Total Other Assets	2,795,965	-	-	-	2,795,965
Total Assets	$ 31,307,957	$ -	$ -	$ -	$ 31,307,957

See accompanying independent auditors' report.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidating Statement of Financial Position (Continued)
June 30, 2021

	New Orleans Area Habitat for Humanity, Inc.	NOAHH SO, Inc.	NOAHH MC, Inc.	Eliminations/ Reclassifications	Consolidated
Liabilities and Net Assets					
Current Liabilities					
Accounts Payable	$ 204,392	$ -	$ -	$ -	$ 204,392
Other Liabilities	593,324	-	-	-	593,324
Notes Payable, Current Portion	162,722	-	-	-	162,722
Total Current Liabilities	960,438	-	-	-	960,438
Long-Term Liabilities					
Notes Payable, Long-Term Portion, Net	919,639	-	-	-	919,639
Total Long-Term Liabilities	919,639	-	-	-	919,639
Total Liabilities	1,880,077	-	-	-	1,880,077
Net Assets					
Without Donor Restrictions	29,420,530	-	-	-	29,420,530
With Donor Restrictions	7,350	-	-	-	7,350
Total Net Assets	29,427,880	-	-	-	29,427,880
Total Liabilities and Net Assets	$ 31,307,957	$ -	$ -	$ -	$ 31,307,957

See accompanying independent auditors' report.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	New Orleans Area Habitat for Humanity, Inc.	NOAHH SO, Inc.	NOAHH MC, Inc.	Eliminations/ Reclassifications	Consolidated
Revenues, Gains, and Support					
Home Sales					
Sales Revenue	$ 1,685,827	$ -	$ -	$ -	$ 1,685,827
Mortgage Notes Receivable Discount	(585,725)	-	-	-	(585,725)
Contributions	371,365	-	-	-	371,365
Grants	485,303	-	-	-	485,303
Amortization of Mortgage Notes Receivable Discount	160,740	-	-	-	160,740
Investment Income, Net	915,354	-	-	-	915,354
ReStore Revenues	3,474,564	-	-	-	3,474,564
Rental Revenues	730,503	-	-	-	730,503
Gain on Sales of Mortgage Notes Receivable	467,053	-	-	-	467,053
Recovery of Prior Damages	62,694	-	-	-	62,694
Other Income, Net	2,725,400	(1,539,889)	(52,345)	-	1,133,166
Total Revenues, Gains, and Support	10,493,078	(1,539,889)	(52,345)	-	8,900,844
Expenses					
Program Services	7,674,619	-	-	-	7,674,619
Supporting Services					
Management and General	717,824	-	-	-	717,824
Fundraising	355,215	-	-	-	355,215
Total Expenses	8,747,658	-	-	-	8,747,658
Change in Net Assets	1,745,420	(1,539,889)	(52,345)	-	153,186
Net Assets, Beginning of Year	27,682,460	1,539,889	52,345	-	29,274,694
Net Assets, End of Year	$ 29,427,880	$ -	$ -	$ -	$ 29,427,880

See accompanying independent auditors' report.

NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2021

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Marguerite Oestreicher, Executive Director

Purpose	**Amount**
Salary	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Other	$0
Car Allowance	$0
Vehicle Provided by Government	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0

See accompanying independent auditors' report.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
New Orleans Area Habitat for Humanity, Inc.
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of New Orleans Area Habitat for Humanity, Inc. (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal controls) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be maternal weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 20, 2021

Part I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
3. Noncompliance material to the financial statements noted?	No

Federal Awards – Not applicable

Part II - Financial Statement Findings

None noted.

Part III - Findings and Questioned Costs for Federal Awards

Not applicable.

Finding 2020-01 Check Signing - Two Signatures Required

Condition: The Organization has a policy requiring two signatures for checks greater than $15,000. Upon inspection of disbursements made during the year ended June 30, 2020, we noted substantial noncompliance with this policy.

Status: Resolved.

Finding 2020-02 Check Signing: Conflicting Duties

Condition: Adequate internal controls include appropriate segregation of duties over significant transactions including disbursements. The Chief Financial Officer for the Organization is also an authorized check signor on the cash accounts. Recently the Organization put into place a control that any check over $15,000 requires two signatures.

Status: Resolved.