

HABITAT FOR HUMANITY OF OREGON, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2020



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

HABITAT FOR HUMANITY OF OREGON, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Oregon, Inc.
Portland, Oregon

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Report on Summarized Comparative Information

We have previously audited Habitat for Humanity of Oregon, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
October 9, 2020

HABITAT FOR HUMANITY OF OREGON, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Comparative Totals as of June 30, 2019)

ASSETS	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 400,011	\$ 389,696
Investments	616,856	600,679
Accounts receivable	22,086	1,907
Contributions and grants receivable	78,528	201,078
Prepaid expenses	5,488	16,940
Current portion of notes receivable	90,693	120,530
Donated land held for sale	17,924	17,468
Total current assets	<u>1,231,586</u>	<u>1,348,298</u>
Long term assets		
Notes receivable, long term portion	358,801	348,436
Total long term assets	<u>358,801</u>	<u>348,436</u>
Total assets	<u>\$ 1,590,387</u>	<u>\$ 1,696,734</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 21,655	\$ 9,855
Designations payable	29,648	29,705
Note payable	60,000	-
Total current liabilities	<u>111,303</u>	<u>39,560</u>
Net assets		
Without donor restrictions		
Board designated		
Operating reserve	190,000	-
Loan capital reserve	100,000	-
Available for operations	243,688	376,028
Total without donor restrictions	<u>533,688</u>	<u>376,028</u>
With donor restrictions	945,396	1,281,146
Total net assets	<u>1,479,084</u>	<u>1,657,174</u>
Total liabilities and net assets	<u>\$ 1,590,387</u>	<u>\$ 1,696,734</u>

See notes to financial statements.

HABITAT FOR HUMANITY OF OREGON, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

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

	Without	With	Total	
	Donor Restrictions	Donor Restrictions	2020	2019
Contributions				
Individuals	\$ 29,297	\$ -	\$ 29,297	\$ 44,593
Bequest	-	-	-	314,756
Charitable fund drives, net	26,263	-	26,263	27,177
Foundations	4,000	117,500	121,500	303,000
Corporations	24,838	8,000	32,838	22,205
Build Oregon fundraiser	2,900	-	2,900	2,500
State tax checkoff	-	88,792	88,792	59,801
FHLB affordable housing program grant	66,000	-	66,000	154,000
CDFI grant	-	-	-	284,000
Total contributions	<u>153,298</u>	<u>214,292</u>	<u>367,590</u>	<u>1,212,032</u>
Earned income				
Loan fund application fees	3,985	-	3,985	10,315
Affiliate grant writing fees	106,700	-	106,700	23,100
Affiliate conference fees	2,720	-	2,720	7,784
Affiliate dues and fees for services	40,000	-	40,000	40,125
IDA grant administration	9,287	-	9,287	10,571
Total earned income	<u>162,692</u>	<u>-</u>	<u>162,692</u>	<u>91,895</u>
Other revenue				
Investment income	5,383	-	5,383	5,867
Habitat International support	6,583	-	6,583	19,541
Other revenue	916	-	916	4,481
In-kind services	2,265	-	2,265	1,739
Total other revenue	<u>15,147</u>	<u>-</u>	<u>15,147</u>	<u>31,628</u>
Total contributions and other revenue	<u>331,137</u>	<u>214,292</u>	<u>545,429</u>	<u>1,335,555</u>
Net assets released from restrictions				
Satisfaction of program restrictions	550,042	(550,042)	-	-
Total revenue and support	<u>881,179</u>	<u>(335,750)</u>	<u>545,429</u>	<u>1,335,555</u>
Expenses				
Program services	613,638	-	613,638	783,825
Supporting services				
Management and general	65,444	-	65,444	56,317
Fund-raising	44,437	-	44,437	43,436
Total expenses	<u>723,519</u>	<u>-</u>	<u>723,519</u>	<u>883,578</u>
Change in net assets	157,660	(335,750)	(178,090)	451,977
Net assets, beginning of year	<u>376,028</u>	<u>1,281,146</u>	<u>1,657,174</u>	<u>1,205,197</u>
Net assets, end of year	<u>\$ 533,688</u>	<u>\$ 945,396</u>	<u>\$ 1,479,084</u>	<u>\$ 1,657,174</u>

See notes to financial statements.

HABITAT FOR HUMANITY OF OREGON, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

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

	<u>SUPPORTING SERVICES</u>				
	<u>PROGRAM SERVICES</u>	<u>Management and</u>		<u>Total</u>	
		<u>General</u>	<u>Fundraising</u>	<u>2020</u>	<u>2019</u>
Grants to Habitat affiliates	\$ 208,918	\$ -	\$ -	\$ 208,918	\$ 396,733
Rent	11,520	1,207	1,193	13,920	11,136
Salaries, taxes and benefits	294,531	30,849	30,501	355,881	286,443
Affiliate conference and training	2,642	-	-	2,642	21,807
Travel and training	13,031	611	253	13,895	26,687
Tithe to Habitat International	6,878	-	-	6,878	39,182
Board strategic planning and travel	1,270	2,962	-	4,232	11,714
In-kind legal and professional	2,265	-	-	2,265	1,739
Subcontract accounting	791	15,025	-	15,816	14,826
Legal and professional	15,147	9,600	-	24,747	9,920
Insurance	1,776	186	184	2,146	2,112
Office expense	12,253	878	1,949	15,080	12,678
Affiliate advocacy	27,853	-	-	27,853	33,744
Miscellaneous	3,386	4,126	288	7,800	5,004
Fundraising fees	11,377	-	9,394	20,771	7,756
Uncollectible pledges	-	-	675	675	2,097
	<u>\$ 613,638</u>	<u>\$ 65,444</u>	<u>\$ 44,437</u>	<u>\$ 723,519</u>	<u>\$ 883,578</u>

See notes to financial statements.

HABITAT FOR HUMANITY OF OREGON, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

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

	2020	2019
Cash flows from operating activities:		
Cash received from donors and others	\$ 476,779	\$ 1,222,320
Earned fees and other revenue	153,869	112,450
Payments for salaries, benefits, and payroll taxes	(337,016)	(284,705)
Payments to vendors	(153,357)	(205,304)
Distribution to Oregon Affiliates	(198,181)	(410,335)
Interest received	5,383	5,867
Net cash flows provided by (used in) operating activities	(52,523)	440,293
 Cash flows from investing activities:		
Issuance of notes receivable	(113,126)	(206,000)
Repayments of notes receivable	132,597	125,576
Purchase of investments	(16,177)	(366,895)
Land held for sale	(456)	(487)
Net cash provided by (used in) investing activities	2,838	(447,806)
 Cash flows from financing activities:		
Proceeds from issuance of note payable	60,000	-
Net cash provided by (used in) investing activities	60,000	-
 Net increase (decrease) in cash	10,315	(7,513)
 Cash and cash equivalents, beginning of year	389,696	397,209
 Cash and cash equivalents, end of year	\$ 400,011	\$ 389,696

See notes to financial statements.

HABITAT FOR HUMANITY OF OREGON, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – DESCRIPTION OF ORGANIZATION

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope. Habitat for Humanity of Oregon (HFHO) provides fundraising, training, disaster preparedness and advocacy support for all 26 Habitat for Humanity affiliates—locally based organizations with dedicated staff and volunteers who build and repair homes across our state.

Our network is working diligently to complete 50 homes by the end of 2020. Many of the families waiting for a Habitat home represent the front-line workers who are fulfilling essential duties in at-risk industries during the COVID-19 pandemic. These are the individuals bagging groceries, delivering packages, preparing food and working in hospitals.

Habitat for Humanity of Oregon takes a multifaceted approach to supporting Oregon Habitat affiliates as they build internal capacity. The programs we offer include the following:

- **Fundraising Support:** Habitat for Humanity of Oregon provides pass-through grant funding and tailored loan funding to help affiliates expand local home building and repair capacity. Over the past five years, we have raised and distributed \$1,723,719 in financial assistance (40% in revolving loan funds and the remainder in grants) to Oregon Habitat affiliates. In addition, HFHO coordinates employee charitable fund drives across the state and the Oregon Charitable Tax Check-Off Program. In April of 2018, we became a certified CDFI (Community Development Financial Institution).
- **Technical Assistance and Training:** The Habitat Oregon team is hard at work planning our first Virtual Western Regional Conference for Sept. 29 – Oct. 1, 2020. Participants from Oregon, Washington, California, Hawaii and Idaho will explore the theme: Building an Inclusive and Resilient Future. In response to the COVID-19 pandemic, Habitat for Humanity of Oregon made significant programmatic shifts to support affiliate needs. We hosted 15 weekly calls to facilitate peer sharing and best practices for coronavirus response, launched a new website to help affiliates navigate operational support, engaged in conversations with affiliate leaders, helped every eligible Oregon affiliate to secure federal Payroll Protection Program funding and surveyed affiliates to ensure that we were accurately supporting their needs. While remaining highly flexible and responsive in the months ahead, Habitat for Humanity of Oregon is breaking exciting new ground: As requested by Oregon Habitat Executive Directors, we have begun hosting monthly, topic-specific Diversity, Equity and Inclusion discussions with affiliate leaders. We are committed to growing our capacity to serve Oregon communities in an equitable and inclusive way.

HABITAT FOR HUMANITY OF OREGON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

- **Government Relations and Advocacy:** HFHO leads advocacy efforts at the state level and carefully tracks legislative issues that affect the mission and operations of the 26 affiliates we serve. Seeking to expand our community impact, we meet face-to-face with elected officials and state employees in an ongoing conversation about affordable homeownership needs and opportunities. In February of 2019, Habitat for Humanity of Oregon received one of two national advocacy awards from Habitat for Humanity International. Working in partnership with the Housing Alliance and other affordable housing advocates during the 2019 legislative session, we raised our voices to move forward nationally groundbreaking renters' protection legislation. The legislature also approved a new \$150 million LIFT (Local Innovation Fast Track) housing allocation to help stimulate the development of over 2,500 new affordable homes. We are now entering the second year of Habitat for Humanity's first national advocacy campaign: The Cost of Home. Our neighbors and our communities have been hit hard by the realities of COVID-19. For far too many families, sheltering in place isn't as straightforward as it sounds. Through the Cost of Home advocacy campaign, Habitat for Humanity will mobilize local Habitat organizations, partners, volunteers and community members across the country to support policies to help families to remain stable during this critical time and increase access to affordable homes.
- **Disaster Risk Reduction and Response:** HFHO promotes awareness of the potential impact of disasters in affiliate service areas, promotes risk reduction, assists affiliates with developing a continuity of operations plans and participates in statewide recovery planning. This work is a combination of template sharing and training with local affiliates—as well as participating through our state VOAD: Oregon Voluntary Organizations Active in Disaster.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, the Organization adopted two new accounting pronouncements: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08").

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that may qualify as exchange transactions include grant writing, affiliate services, and other consulting fees.

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes to its revenue recognition policies are necessary to conform with the new standard.

HABITAT FOR HUMANITY OF OREGON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This guidance clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of June 30, 2019.

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments. The Organization maintains cash in bank deposits which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Office Equipment

Office equipment is stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the various assets. Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged to income as incurred. Donated assets are reflected as contributions at their estimated fair value at the date of receipt.

HABITAT FOR HUMANITY OF OREGON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and the nature of the fund-raising activity.

Revenue Recognition

Revenue streams applicable to the Organization that qualify as exchange transactions with "customers" are recognized at a single point upon receipt when all risks and rewards transfer. The Organization considers dues from its affiliates to be a service fee in exchange for participating in its various grant and loan programs. Habitat for Humanity of Oregon charges its affiliates for the processing of applications with the Oregon Local Innovation and Fast Track (LIFT) grants, and records its fee upon completion of the grant award.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Expenses are charged to each program based on direct expenditures incurred. Any program expenditure not directly chargeable is allocated to a program based on units of service or allocable space occupancy.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Designations Payable

A donor may designate their pledge to a particular 501(c)(3) Habitat affiliate with a local presence. The Organization has no discretion over these pledges and therefore they are not included in public support in the Statement of Activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HABITAT FOR HUMANITY OF OREGON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE C – INVESTMENTS

The Organization participates in a Certificate of Deposit Account Registry Service, known as CDARS. As a participant in a CDARS network, deposits that would otherwise exceed FDIC Insurance are exchanged by the lead bank for certificates of deposit issued by other banks in the same network – in increments of less than the standard FDIC insurance maximum – so that both principal and interest are eligible for complete FDIC protection. Funds held in the CDARS program total \$616,856 at June 30, 2020.

NOTE D – NOTES RECEIVABLE – HABITAT OREGON FUND

Habitat for Humanity of Oregon has created loan funds to offer its affiliates a way to finance the purchase of land for decent and affordable homes or to make much needed home repairs. The source of funds are permanently restricted grants described in Note H.

The loans are staggered with either five- or ten-year terms and bear no interest. Principal is paid ratably over the term of the note. Due to economic difficulties caused by the COVID Pandemic, affiliates were in a state of forbearance from April 2020 to October 2020 and may request additional forbearance. Principal is expected to be collected during the following five years as follows:

Year Ending June 30,	
2021	\$ 90,693
2022	115,890
2023	84,776
2024	60,537
2025	41,173
Thereafter	<u>56,425</u>
	<u>\$ 449,494</u>

Funds loaned to affiliates interest free as a program of the Organization. Any Habitat for Humanity affiliate in Oregon can apply for funds to assist in the acquisition of land, permits, home repair, and related activity. Every loan in excess of \$30,000 is collateralized by either a deed against real property or a UCC filing with the state of Oregon.

HABITAT FOR HUMANITY OF OREGON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE D – NOTES RECEIVABLE – HABITAT OREGON FUND (CONTINUED)

Notes receivable consist of the following:

Benton County	\$	52,010
Florence		66,270
Central Lane		14,992
Junction City		37,182
Lincoln County		35,020
Newberg Area		64,655
Portland		20,010
Rogue Valley		28,343
Sisters		6,245
Tillamook		35,270
West Tuality		39,820
Umpqua		<u>49,677</u>
	\$	<u><u>449,494</u></u>

NOTE E – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2020 represent unconditional promises to pay. The receivables are expected to be collected as follows:

In addition to recorded contributions, a total of \$861,400 is conditionally awarded by the Federal Home Loan Bank of Des Moines to the Organization for the purpose distribution to Habitat Affiliates in Oregon when they have sold a qualifying property. As of June 30, 2020, \$220,000 of the grant has been utilized by affiliates of the Organization and recognized as revenue and grant expense leaving \$641,400 available for future funding by qualified projects.

NOTE F – DESIGNATIONS PAYABLE

The Organization agreed to serve as an agent for Habitat affiliates under contractual arrangements for local, federal, and Oregon employee charitable fund drives. Habitat for Humanity of Oregon, Inc. pays affiliates upon conclusion of each year's fund drive, and in aggregate owed affiliates \$29,648 for their designations as of June 30, 2020.

NOTE G – RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA for the benefit of its employees. The Organization contributes 3% of salaries to the plan. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. The Organization contributed \$7,983 for the year ended June 30, 2020.

HABITAT FOR HUMANITY OF OREGON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE H – GRANTS TO HABITAT AFFILIATES

In order to facilitate coordinated applications for grant and charitable contributions from individuals, businesses and foundations, the Organization makes many appeals statewide for the benefit of the individual Habitat for Humanity affiliates that are located in the state. Many of these grants are collected in one fiscal year but distributed in the next based upon grant requirements.

The Oregon State Tax Checkoff funds are used by the affiliates during the year to run credit reports on their applicants. Remaining funds are distributed in the following fiscal year.

	State Tax Checkoff	Credit Credit Usage	Charitable Fund Drives	Grants	Total
Albany Area	\$ 1,686	\$ -	\$ 1,692	220	\$ 3,598
Bend-Redmond	4,203	1,133	4,317	165	9,818
Benton	1,660	77	1,666	4,569	7,972
Central Lane	1,557	328	1,662	3,672	7,219
Columbia County	1,427	-	1,640	2	3,069
Columbia Gorge	1,946	151	2,152	142	4,391
Coos County	2,594	-	2,603	138	5,335
Florence	1,090	77	1,093	-	2,260
Grande Ronde Valley	2,984	-	2,993	211	6,188
Grants Pass Area	778	-	781	92	1,651
Jefferson County	519	-	521	-	1,040
Junction City / Harrisburg	1,038	-	1,174	261	2,473
La Pine/Sunriver	3,892	1,027	25,905	-	30,824
Lebanon Area	1,038	-	1,041	198	2,277
Lincoln Co	649	-	651	569	1,869
McMinnville Area	1,557	224	1,562	270	3,613
Mid-Willamette Valley	1,557	-	45,562	7,793	54,912
N. Willamette Valley	1,167	-	1,271	1,965	4,403
Newberg Area	3,139	-	3,150	-	6,289
Portland/Metro East	8,328	17,446	14,227	3,519	43,520
Rogue Valley	2,231	529	5,060	899	8,719
Sisters	2,127	747	2,134	-	5,008
Tillamook County	4,462	-	4,827	-	9,289
Umpqua Valley	1,842	-	2,078	101	4,021
West Tuality	2,335	554	2,343	319	5,551
Willamette West	3,995	2,383	4,009	1,054	11,441
	<u>59,801</u>	<u>24,676</u>	<u>136,114</u>	<u>26,159</u>	<u>246,750</u>
Less designated allocations	<u>(11,673)</u>	<u>-</u>	<u>-</u>	<u>(26,159)</u>	<u>(37,832)</u>
	<u>\$ 48,128</u>	<u>\$ 24,676</u>	<u>\$ 136,114</u>	<u>\$ -</u>	<u>\$ 208,918</u>

HABITAT FOR HUMANITY OF OREGON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE I – NOTE PAYABLE

In response to the widespread economic impact caused by an outbreak of a coronavirus, the United States (US) Small Business Administration (SBA) launched a forgivable loan program to many US businesses and nonprofit organizations. These loans are commonly referred to as Payroll Protection Program (PPP) loans. While the SBA funds these loans, they are actually funded by a bank. These loans are intended to assist entities with payroll and related costs, and if all compliance requirements for use of funds are met, the bank will evaluate this compliance and forgive the loan and forgive all or part of the loan. The Organization qualified for and received a \$60,000 loan on April 9, 2020.

As these funds have been expended for purposes described in the PPP regulations, this Organization expects forgiveness of most or all of the \$60,000 loan. As forgiveness had not yet occurred as of June 30, 2020, the proceeds of the PPP loan are reflected as a note payable as of June 30, 2020. If not forgiven, the Organization must make payments of no less than \$3,374 including interest at 1% per annum, until the loan is repaid, and it must be repaid no later than April, 2022.

Year Ending June 30,	
2021	\$ 30,366
2022	<u>29,634</u>
	<u>\$ 60,000</u>

NOTE J – BOARD DESIGNATED FUNDS

The Organization maintains board designated funds with the following purpose.

Operating Reserve – The Organization maintains an operating reserve equal to 4 months of operating costs. At June 30, 2020 this is \$190,000.

Loan Capital Reserve – The Organization has set aside \$100,000 to serve as a revolving fund to assist its Affiliates with emergency funding for home building during COVID.

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets restricted for purpose at June 30, 2020 consist of the following:

Habitat Oregon Fund	\$ 600,000
Oregon Charitable Checkoff Fund	64,116
Timing restriction - operating support	15,000
Sponsorships	5,000
CDFI	<u>261,280</u>
	<u>\$ 945,396</u>

HABITAT FOR HUMANITY OF OREGON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE L – IN-KIND CONTRIBUTIONS

The Organization reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated. During the year ended June 30, 2020, Habitat recorded \$2,265 of legal in-kind service.

In addition, the Organization regularly receives contributed services from a large number of volunteers who assist in program activities, fund-raising, and other activities. The value of such services, which the Organization considers not practical to estimate, has not been recognized on the accompanying financial statements.

NOTE M – LEASE COMMITMENT

The Organization leases office space under an agreement that has been extended to December 31, 2021. The future minimum lease payments under this lease will total \$16,704 during the year ending June 30, 2021 and \$8,352 during the year ending June 30, 2022.

NOTE N – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2020:

Financial assets at year-end		
Cash and cash equivalents	\$	400,011
Investments		616,856
Other receivables		22,086
Contributions and grants receivable		78,528
Notes receivable		449,494
Less those unavailable for general expenditure within one year, due to:		
Cash and receivables restricted to revolving loan fund		(600,000)
Restricted by donor with purpose restriction		<u>(325,396)</u>
Financial assets available to meet general expenditures within one year	\$	<u><u>641,579</u></u>

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 9, 2020, which is the date the financial statements were available to be issued.

HABITAT FOR HUMANITY OF OREGON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE O – SUBSEQUENT EVENTS (CONTINUED)

Beginning in January 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors, sponsors, and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.