

**HABITAT FOR HUMANITY NEW YORK CITY, INC.
AND AFFILIATES**

**Consolidated Financial Statements and Supplementary Information
For the Years Ended June 30, 2019 and 2018
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Financial Statements and Supplementary Information
For the Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Habitat for Humanity New York City, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Habitat for Humanity New York City, Inc. and Affiliates (HFH-NYC), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Habitat for Humanity New York City, Inc. and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, HFH-NYC adopted the provisions of Accounting Standards Update ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is 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 information has been subjected to the auditing procedures applied in the audits 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.

Mitchell Titus, LLP

December 6, 2019

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statements of Financial Position
As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,142,385	\$ 2,581,520
Accounts receivable	1,422,551	763,792
Contributions receivable—current portion - Note 5	329,998	275,000
Mortgages receivable—current portion - Note 4	346,356	363,759
CDFI loan receivable—current portion (net of loan-loss reserve)	23,553	-
ReStore inventory	14,804	22,214
Prepaid expenses and other assets	<u>259,182</u>	<u>316,981</u>
Total current assets	<u>3,538,829</u>	<u>4,323,266</u>
<i>Non-current assets</i>		
Restricted cash	220,448	897,034
Homeowners' escrow and reserve funds	6,252	33,976
Accounts receivable (net of allowance for bad debts)	132,172	122,866
Contributions receivable—long-term portion - Note 5	-	216,893
Mortgages receivable—long-term portion (net of unamortized discount) - Note 4	3,353,482	3,513,404
CDFI loan receivable—long-term portion (net of loan-loss reserve)	491,667	-
Projects under development - Note 6	40,261,645	26,458,013
Property and equipment (net of accumulated depreciation and amortization) - Note 7	308,625	407,107
Security deposit	<u>27,887</u>	<u>27,887</u>
Total non-current assets	<u>44,802,178</u>	<u>31,677,180</u>
Total assets	<u><u>\$ 48,341,007</u></u>	<u><u>\$ 36,000,446</u></u>

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statements of Financial Position (*continued*)
As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 4,259,418	\$ 3,548,181
Loan payable - Note 10	1,896,979	5,674,683
Line of credit	<u>3,500,000</u>	<u>1,000,000</u>
Total current liabilities	<u>9,656,397</u>	<u>10,222,864</u>
<i>Non-current liabilities</i>		
Recoverable grant liability (net of unamortized discount)	73,028	35,468
Deferred revenue - Note 9	2,639,294	2,405,504
Deferred rent - Note 14	80,166	86,060
Loan payable - Note 10	<u>21,905,215</u>	<u>5,596,982</u>
Total non-current liabilities	<u>24,697,703</u>	<u>8,124,014</u>
Total liabilities	<u>34,354,100</u>	<u>18,346,878</u>
<i>Net assets</i>		
<i>Without donor restrictions</i>		
Board-designated - Note 11	200,027	1,000,000
Undesignated	9,399,376	12,678,923
Non-controlling interest - Note 12	<u>3,779,221</u>	<u>2,987,154</u>
Total without donor restrictions	13,378,624	16,666,077
<i>With donor restrictions - Note 12</i>	<u>608,283</u>	<u>987,491</u>
Total net assets	<u>13,986,907</u>	<u>17,653,568</u>
Total liabilities and net assets	<u><u>\$ 48,341,007</u></u>	<u><u>\$ 36,000,446</u></u>

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE AND RECLASSIFICATIONS			
<i>Support</i>			
Contributions (including in-kind contributions of \$848,365 and contributed services of \$306,674)	\$ 3,690,929	\$ 191,387	\$ 3,882,316
Special events	397,623	10,000	407,623
<i>Revenue</i>			
<i>Sale of housing units</i>			
Proceeds from sales	3,673,181	-	3,673,181
Government subsidies - Note 9	2,337,771	134,000	2,471,771
ReStore sales	754,537	-	754,537
Investment return	27,985	-	27,985
Mortgage discount amortization	290,922	-	290,922
Other income—net	206,372	145,430	351,802
Total support and revenue	11,379,320	480,817	11,860,137
Net assets released from restrictions - Note 12	860,025	(860,025)	-
Total support, revenue and reclassifications	12,239,345	(379,208)	11,860,137
EXPENSES			
<i>Program services</i>			
Cost of housing units sold - Note 6	6,247,217	-	6,247,217
Personnel and other expenses	5,652,998	-	5,652,998
Total program services	11,900,215	-	11,900,215
<i>Supporting services</i>			
Management and general	2,104,601	-	2,104,601
Fundraising	1,521,982	-	1,521,982
Total supporting services	3,626,583	-	3,626,583
Total expenses	15,526,798	-	15,526,798
Change in net assets	(3,287,453)	(379,208)	(3,666,661)
Net assets, at beginning of year	16,666,077	987,491	17,653,568
Net assets, at end of year	<u>\$ 13,378,624</u>	<u>\$ 608,283</u>	<u>\$ 13,986,907</u>

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statement of Activities (*continued*)
For the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE AND RECLASSIFICATIONS			
<i>Support</i>			
Contributions (including in-kind contributions of \$967,760 and contributed services of \$45,000)	\$ 2,533,378	\$ 2,657,974	\$ 5,191,352
Special events	317,297	-	317,297
<i>Revenue</i>			
<i>Sale of housing units</i>			
Proceeds from sales	658,989	-	658,989
Government subsidies - Note 9	688,182	-	688,182
ReStore sales	636,933	-	636,933
Investment return	11,063	-	11,063
Mortgage discount amortization	467,119	-	467,119
Other income-net	225,537	-	225,537
Total support and revenue	5,538,498	2,657,974	8,196,472
Net assets released from restrictions - Note 11	1,699,783	(1,699,783)	-
Total support, revenue and reclassifications	7,238,281	958,191	8,196,472
EXPENSES			
<i>Program services</i>			
Cost of housing units sold - Note 6	1,137,995	-	1,137,995
Personnel and other expenses	6,534,378	-	6,534,378
Total program services	7,672,373	-	7,672,373
<i>Supporting services</i>			
Management and general	1,937,681	-	1,937,681
Fundraising	1,418,387	-	1,418,387
Total supporting services	3,356,068	-	3,356,068
Total expenses	11,028,441	-	11,028,441
Change in net assets	(3,790,160)	958,191	(2,831,969)
Net assets, at beginning of year	20,456,237	29,300	20,485,537
Net assets, at end of year	<u>\$ 16,666,077</u>	<u>\$ 987,491</u>	<u>\$ 17,653,568</u>

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
<i>Cost of housing units sold</i>				
Projects under development	\$ 6,247,217	\$ -	\$ -	\$ 6,247,217
<i>Personnel expenses</i>				
Salaries and wages	2,344,593	729,781	607,400	3,681,774
Payroll taxes and fringe benefits	660,165	194,587	162,388	1,017,140
Total personnel costs	3,004,758	924,368	769,788	4,698,914
<i>Other expenses</i>				
AmeriCorps/Vista program expenses	5,400	-	-	5,400
Professional fees	285,417	253,811	71,600	610,828
Occupancy costs	308,038	47,590	43,421	399,049
Insurance	78,544	68,895	317	147,756
Office expenses	162,687	9,104	17,631	189,422
Computer maintenance and software	126,172	93,154	52,470	271,796
Advertising	839	178,146	15,581	194,566
Staff training and education	43,597	8,731	16,258	68,586
Home owner education, credit reports	6,766	-	-	6,766
Postage	163	10,133	1,262	11,558
Common charges	7,495	999	1,500	9,994
Printing and duplicating	205	7,674	74	7,953
Special event indirect costs	9,758	5,078	110,156	124,992
Repairs and maintenance	347,293	4,079	55	351,427
Telephone	61,657	19,794	12,814	94,265
Travel and meetings	98,711	22,878	11,467	133,056
Direct mail and newsletters - printing, supplies, postage and delivery	-	32,919	370,856	403,775
Public relations	-	65,763	-	65,763
Tithe	80,194	-	-	80,194
Depreciation and amortization	19,952	78,530	-	98,482
HFHI fees	25,000	-	-	25,000
ReStore cost of sales	747,812	-	-	747,812
ReStore sales tax	56,320	-	-	56,320
Interest expense	-	195,556	-	195,556
Projects under development reserve	113,126	-	-	113,126
Loan-loss reserve	-	27,343	-	27,343
Miscellaneous	63,094	50,056	26,732	139,882
Total other expenses	2,648,240	1,180,233	752,194	4,580,667
Total expenses	\$ 11,900,215	\$ 2,104,601	\$ 1,521,982	\$ 15,526,798

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses (*continued*)
For the Year Ended June 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<i>Cost of housing units sold</i>				
Projects under development	\$ 1,137,995	\$ -	\$ -	\$ 1,137,995
<i>Personnel expenses</i>				
Salaries and wages	2,327,506	796,383	664,221	3,788,110
Payroll taxes and fringe benefits	585,594	195,204	155,926	936,724
Total personnel costs	2,913,100	991,587	820,147	4,724,834
<i>Other expenses</i>				
AmeriCorps/Vista program expenses	31,207	-	-	31,207
Professional fees	358,547	246,482	60,341	665,370
Occupancy costs	319,276	56,052	46,443	421,771
Insurance	72,633	23,985	-	96,618
Office expenses	178,335	20,698	14,720	213,753
Computer maintenance and software	133,924	44,740	45,997	224,661
Advertising	2,860	179,203	1,009	183,072
Staff training and education	30,333	19,958	5,582	55,873
Home owner education, credit reports	42,210	-	-	42,210
Postage	2,384	11,718	800	14,902
Common charges	15,997	5,473	1,308	22,778
Printing and duplicating	1,212	15,298	154	16,664
Special event indirect costs	4,236	1,066	144,000	149,302
Repairs and maintenance	350,943	3,060	-	354,003
Telephone	62,441	16,816	11,726	90,983
Travel and meetings	127,871	8,308	6,098	142,277
Direct mail and newsletters - printing, supplies, postage and delivery	-	31,875	227,457	259,332
Public relations	-	155,926	-	155,926
Tithe	235,000	-	-	235,000
Depreciation and amortization	20,836	83,807	-	104,643
HFHI fees	25,000	-	-	25,000
ReStore cost of sales	645,806	-	-	645,806
ReStore sales tax	49,692	-	-	49,692
Loss on project development	80,000	-	-	80,000
Settlement expense	385,000	-	-	385,000
Interest expense	-	3,787	-	3,787
Projects under development reserve	375,828	-	-	375,828
Miscellaneous	69,707	17,842	32,605	120,154
Total other expenses	3,621,278	946,094	598,240	5,165,612
Total expenses	\$ 7,672,373	\$ 1,937,681	\$ 1,418,387	\$ 11,028,441

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,666,661)	\$ (2,831,969)
<i>Adjustments to reconcile change in net assets to net cash used in operations</i>		
Depreciation and amortization	98,482	104,643
Unrealized loss on investments	-	13,298
Mortgage discount amortization	(290,922)	(467,119)
Projects under development—reserve	113,126	375,828
Loan discount amortization	(2,440)	(4,532)
Loan-loss reserve	27,343	-
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(668,065)	(83,246)
Contributions receivable	161,895	(491,893)
Prepaid expenses and other assets	57,799	3,350
Family members' savings plan contributions, homeowners' escrow and reserve funds	27,724	(17,209)
Projects under development	(13,916,758)	(10,837,089)
ReStore inventory	7,410	31,232
Accounts payable and accrued expenses	711,237	(78,177)
Deferred revenue	233,790	-
Deferred rent	(5,894)	75,837
Net cash used in operating activities	<u>(17,111,934)</u>	<u>(14,207,046)</u>
CASH FROM INVESTING ACTIVITIES		
Acquisition of furniture and equipment	-	(215,727)
Proceeds from sale of furniture and equipment	-	11,338
Collections on mortgages receivable	468,247	839,214
CDFI loans issued	(542,563)	-
Sale of investments	-	6,105,832
Net cash provided by investing activities	<u>(74,316)</u>	<u>6,740,657</u>
CASH FROM FINANCING ACTIVITIES		
Proceeds from recoverable grants	40,000	40,000
Net borrowings under line of credit	2,500,000	1,000,000
Net borrowings under construction loans	<u>12,530,529</u>	<u>5,689,135</u>
Net cash provided by financing activities	<u>15,070,529</u>	<u>6,729,135</u>
Net decrease in cash	(2,115,721)	(737,254)
Cash, beginning of year	<u>3,478,554</u>	<u>4,215,808</u>
Cash, end of year	<u>\$ 1,362,833</u>	<u>\$ 3,478,554</u>
<i>Cash at end of year consisted of</i>		
Unrestricted cash	1,142,385	2,581,520
Restricted cash	<u>220,448</u>	<u>897,034</u>
Total	<u>\$ 1,362,833</u>	<u>\$ 3,478,554</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest charged to projects under development	<u>\$ 273,698</u>	<u>\$ 196,293</u>
Interest on line of credit	<u>\$ 195,556</u>	<u>\$ 3,787</u>

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

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 1 ORGANIZATION

Habitat for Humanity New York City, Inc. (HFH-NYC) transforms lives and New York City by building quality homes for families in need and uniting all New Yorkers around the cause of affordable housing. HFH-NYC's work includes the new construction of multi-family homes, rehabilitation of single- and multi-family homes, and community improvement projects, including painting and rehabilitating community and senior centers. HFH-NYC also advocates for housing policies that benefit low-income people. Generally, each housing project is undertaken under a separate entity organized under the New York State Private Housing Finance Law and New York State Not-For-Profit Corporation Law, with HFH-NYC being the sole member. HFH-NYC's housing projects are undertaken by the following entities:

- Habitat for Humanity Housing Development Fund Company (HDFC)
- Hart Lafayette Housing Development Fund Corporation (Hart-Lafayette)
- Habitat for Humanity St. John's Housing Development Fund Corporation (St. John's)
- Habitat for Humanity Bed-Stuy Homes HDFC (Bed-Stuy I)
- Habitat for Humanity Bed-Stuy Homes II HDFC (Bed-Stuy II)
- Habitat for Humanity Bed-Stuy Homes III HDFC (Bed-Stuy III)
- Habitat for Humanity Bed-Stuy Homes IV HDFC (Bed-Stuy IV)
- Habitat for Humanity Bed-Stuy Homes V HDFC (Bed-Stuy V)
- Habitat for Humanity Bed-Stuy Homes VI HDFC (Bed-Stuy VI)
- Habitat for Humanity Dean Street Housing Development Fund Corporation (Dean Street)
- Habitat for Humanity Latent Thomas Boyland Street Housing Development Fund Corporation (Latent)
- Habitat for Humanity Almat Tilden Street Housing Development Fund Corporation (Almat Tilden)
- Habitat for Humanity Queens Phase II Housing Development Fund Corporation (Queens Phase II)
- Ralph Avenue I Housing Development Fund Corporation (Ralph Avenue I)
- HFH NYC GC LLC (GC)
- Habitat Latent LLC
- AG Habitat Tilden Street LLC
- Habitat for Humanity NYC Fund Inc. (CDFI)
- 839 Tilden Street Housing Development Fund Corporation (839 Tilden Street)
- Habitat Net Zero LLC (Net Zero LLC)
- Habitat Net Zero Homes Housing Development Fund Corporation (Net Zero Homes HDFC)
- Habitat New Lots LLC (New Lots LLC)
- Habitat Passive Housing Development Fund Corporation (Passive HDFC)

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 1 ORGANIZATION *(continued)*

HFH-NYC and HDFC are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and have been classified as publicly supported organizations as described in Code Sections 509(a)(1) and 170(b)(a)(vi). Further, Hart-Lafayette, Bed-Stuy I, Bed-Stuy II, Bed-Stuy III, Bed-Stuy IV, Bed-Stuy V, Bed-Stuy VI, St. John's, Queens Phase II, Latent, Almat Tilden, Ralph Avenue I, 839 Tilden Street, and Dean Street are exempt from federal income taxes under Section 501(c)(4) of the Code.

GC is a domestic single-member limited liability company (SMLLC) set up in the state of New York to act as a general contractor on some HFH-NYC construction projects. Habitat Latent LLC and AG Habitat Tilden Street LLC (LLC) are for-profit entities set up to sell units from the SEED and Sydney projects, respectively. Habitat for Humanity NYC Fund, Inc. has applied for the tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

On January 19, 2016, HFH-NYC formed LLC for the purpose of constructing and selling 57 affordable housing units for the Sydney House project. On May 11, 2016, HFH-NYC and Almat Group LLC executed an Operating Agreement for the LLC, which provides HFH-NYC with a 51% ownership interest and Almat Group LLC with a 49% ownership interest. On May 12, 2016, Habitat for Humanity Almat Tilden Street HDFC (Almat Tilden) acquired title for the land and improvements for the Sydney House project and executed a Nominee Agreement with the LLC that provides the LLC authority to make decisions on behalf of Almat Tilden. Additionally, on the same date, HFH-NYC originated a Sponsor Mortgage and Note in the amount of \$1,969,000 for which the LLC and Almat Tilden were collectively the mortgagor. The Sponsor Mortgage and Note were repaid on November 22, 2016.

On April 1, 2015, HFH-NYC and Latent Productions LLC executed a Joint Venture Agreement (JVA) for the purposes of constructing and selling 25 units of affordable housing for the SEED project. The JVA provides HFH-NYC a 65% ownership interest and Latent Productions LLC with a 35% ownership interest in a special-purpose entity formed for the project.

On March 22, 2016, Habitat Passive HDFC was formed to acquire title for the land and improvements for the Glenmore-Jersey project upon Construction Closing. A Nominee Agreement will be executed between New Lots LLC and Passive HDFC, providing New Lots LLC authority to make decisions on behalf of Habitat Passive HDFC.

On February 12, 2018, HFH-NYC formed 839 Tilden Street Housing Development Fund Corporation for the purpose of setting up the entity as a cooperative. Upon permanent conversion of the Sydney House project, the property will be deeded to this entity and it will be a cooperative owner issuing shares to eligible buyers.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 1 ORGANIZATION *(continued)*

HFH-NYC contributes to HFHI's tithing and stewardship programs. Tithe contributions amounted to approximately \$80,000 and \$235,000 in fiscal years 2019 and 2018, respectively, while stewardship contributions amounted to \$25,000 in each of fiscal years 2019 and 2018.

On February 9, 2017, HFH-NYC formed Habitat for Humanity NYC Fund, Inc. (the Fund) for the purpose of promoting community development and homeownership and to expand the availability of affordable housing by providing financing and technical assistance and other educational and development services. The Fund applied for Community Development Financial Institution (CDFI) designation from the U.S. Department of the Treasury.

On December 3, 2018, HFH-NYC formed Habitat Net Zero LLC for the purpose of constructing and selling 16 affordable single-family homes for the Net Zero project. HFH-NYC is the sole member and sponsor of this entity.

On January 3, 2019, HFH-NYC formed Habitat New Lots LLC for the purpose of constructing and selling 12 affordable housing units for the Glenmore-Jersey project. HFH-NYC is the sole member and sponsor of this entity.

On February 7, 2019, Habitat Net Zero Homes HDFC was formed to acquire title for the land and improvements for the Net Zero project upon Construction Closing. A Nominee Agreement will be executed between Net Zero LLC and Habitat Net Zero Homes HDFC providing Net Zero LLC authority to make decisions on behalf of Habitat Net Zero Homes HDFC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements consist of the accounts of Habitat for Humanity New York City, Inc. and Affiliates (collectively, HFH-NYC), and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All intercompany account balances and transactions have been eliminated, except for those involving non-controlling interest.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Asset Classifications

HFH-NYC's net assets have been presented and classified as without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions. HFH-NYC does not have endowment net assets.

Without donor restrictions—Resources that are not subject to donor restrictions. These amounts may be designated by the Board of Directors (the Board), or management at the Board's direction, to cover any purposes determined by HFH-NYC.

With donor restrictions—Funds that HFH-NYC may use in accordance with donors' restrictions for specific purposes or upon the passage of time (see Note 13).

Non-controlling interest—The equity in Habitat Latent LLC and LLC not attributable, directly or indirectly, to HFH-NYC.

As Controlling and Managing Member of the partnerships with Almat Group LLC and Latent Productions LLC (the Partners), HFH-NYC consolidates the partnerships into its financial statements. The non-controlling interest portion of net assets reflects the amount due to the Partners at the end of the life of the project.

Revenue Recognition

Contributions—All unconditional contributions are recorded at fair value as revenue when received.

The fair value of long-term contributions receivable is measured based on the present value of future cash flows, with consideration given to the expected possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. Fair value measurements also consider donors' credit risk.

All contributions are considered available for general use unless restricted specifically by the donor. HFH-NYC records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time. When donor restrictions expire (*i.e.*, when a time or purpose restriction is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition *(continued)*

Government subsidies—Certain housing projects of HFH-NYC receive government subsidies and capital project funds awarded by the State of New York and City of New York or for the sale of property received from the State of New York or its agencies (the State) and the City of New York or its agencies (the City) at substantially below fair value. Agencies of the State include the New York State Affordable Housing Corporation (AHC). Agencies of the City include the New York City Department of Housing Preservation and Development (HPD). Generally, the ability to utilize these subsidies is subject to the requirement that housing units are sold only to qualified purchasers, primarily families that do not exceed household income levels prescribed under the terms of the government subsidies.

Contributed Services

All of HFH-NYC's Board members have volunteered their time to serve on the Board of Directors. There are partner families (prospective qualified purchasers) and other volunteers who have donated significant time to HFH-NYC in project construction and its related programs. The value of this contributed time is not reflected in these consolidated financial statements since these services do not meet the following criteria for recognition under U.S. GAAP: (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills, and (c) would typically need to be purchased if they were not provided by donation.

Functional Allocation of Expenses

Costs that are specifically identifiable to programs and supporting services (to fundraising or to management and general) are charged directly to such functions. Costs incurred for both programs and supporting services are allocated based on certain factors deemed reasonable by management.

Cash and Cash Equivalents

HFH-NYC considers money market investments and certificates of deposits with a maturity of three months or less on the date of acquisition to be cash equivalents.

HFH-NYC maintains its cash in bank deposit accounts that may exceed federally insured limits. HFH-NYC has not experienced any losses in such accounts. At June 30, 2019, approximately 92% of unrestricted and restricted cash was held by two financial institutions.

Restricted cash consists primarily of funds set aside by HFH-NYC for projects under development and deposits required under the terms of various project funding agreements.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allowance for Doubtful Accounts

HFH-NYC evaluates the collectability of accounts receivable and contributions receivable and provides an allowance for any losses based on collection history and other factors determined by management. Write-offs are charged against the allowance. There was no allowance for uncollectible accounts on accounts and contributions receivable in fiscal years ended June 30, 2019 and 2018, as all accounts and contributions receivable were determined to be fully collectible.

Loan-Loss Reserve

HFH-NYC establishes a loan-loss reserve of 5% related to the CDFI loan receivable balance.

Mortgages Receivable

Mortgages receivable do not bear interest and are reported at present value, using a discount rate of 8%.

Management considers a loan to be delinquent or past due if a borrower fails to make a contractually scheduled principal payment that is over 120 days past due. HFH-NYC's management periodically reviews mortgage balances to determine whether an allowance for bad debts should be established for any amounts determined to be unrecoverable. Factors considered by management include principal collections experience, collateral value, borrowers' financial conditions, and other factors.

HFH-NYC considers a loan to be impaired when it is "probable" that repayment obligations due according to the contractual terms will not be met. The term "probable" is used consistently within Accounting Standards Codification (ASC) 450, *Contingencies*. In this instance, the mortgage carrying value is written down by management, if deemed necessary, based on their review of the collateral and other considerations. The receivables are collateralized by mortgage liens on the underlying housing units.

ReStore Inventory

The ReStore is set up to receive donated construction materials, home furnishings, tools, and similar items. HFH-NYC stores and sells these goods to the public at discount prices. This raises money for HFH-NYC's programs and makes discounted material available for the public. These contributions are recorded as in-kind contributions upon receipt at their estimated realizable value.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Projects under Development

Projects under development are recorded at the lower of cost or net realizable value. Project costs include expenditures to acquire properties or, if purchased at below fair value, the fair value at the time of receipt, environmental reviews and other activities to prepare the properties for construction, project construction costs and interest and fees incurred to finance the projects.

The total cost of development is funded by proceeds from the sale of the housing units, government subsidies for the housing project, and project-restricted private contributions. Projects under development reserves are recognized as program expense and amounted to \$113,126 and \$375,828 for the years ended June 30, 2019 and 2018, respectively.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair value at the time of receipt. Property and equipment other than leasehold improvements are depreciated on the straight-line basis over the respective estimated useful lives of the assets, which range from three to five years. Leasehold improvements are amortized over the term of the related lease or the estimated useful life of the improvements, whichever is shorter.

Rent Expense

Rent expense is recorded on the straight-line basis over the term of the lease. The difference between rental payments made under the leases and rent expense calculated on the straight-line basis is recorded as prepaid rent or deferred rent liability.

Income Taxes

As described in Note 1, HFH-NYC and HDFC are exempt from federal income taxes. They are also exempt from state income taxes. The GC is filed as part of HFH-NYC's tax returns as a disregarded entity. LLC and Habitat Latent LLC are pass-through entities and HFH-NYC is not expected to pay taxes from sales proceeds. All other entities that comprise HFH-NYC were established to be tax-exempt organizations under Code Sections 501(c)(3) and 501(c)(4).

Management evaluated HFH-NYC's tax positions and concluded that, as of June 30, 2019, there were no uncertain tax positions taken or expected to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying consolidated financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes *(continued)*

HFH-NYC is subject to audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes that HFH-NYC is no longer subject to income tax examinations by federal, state or local tax authorities for years ended on or prior to June 30, 2015.

New Accounting Pronouncements

Accounting Standards Update (ASU) 2016-02, Leases (Topic 842)

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 affects all companies and other entities, including not-for-profit organizations that lease assets. Key provisions include changes in accounting for leases, primarily by lessees:

- For operating leases, the guidance requires recognition of: (a) lease asset (right of use) and lease liability, initially measured at the present value of the lease payments, in the statement of financial position and (b) a single lease cost, calculated so that the cost of the lease is allocated over the lease term generally on a straight-line basis.
- ASU 2016-02 permits not-for-profit entities to use risk-free rates when determining the present value of lease liabilities.
- Requires enhanced qualitative and quantitative disclosures to assist financial statement users in understanding the amount, timing and uncertainty of cash flows arising from lease transactions.

ASU 2016-02 is effective for HFH-NYC for the year ending June 30, 2022.

ASU 2016-13, Financial Instruments—Credit Losses (Topic 326)

On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326). This guidance requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts.

ASU 2016-13 impacts organizations that hold financial assets and net investments in leases that are not accounted for at fair value through net income.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Accounting Pronouncements *(continued)*

The scope of ASU 2016-13 affects trade receivables, loans receivable and net investment in leases among other financial assets; however, it excludes contributions (pledges) receivable. The new guidance includes the following key provisions:

- Organizations are to reflect their current estimate of all expected credit losses over the contractual term of its financial assets. Previously, when credit losses were measured under U.S. GAAP, an entity only considered past events and current conditions when measuring the incurred losses.
- Forward-looking information can be considered when measuring credit losses.
- Forecast information can be utilized when forming expectations of credit losses.

ASU 2016-13 is effective for HFH-NYC for the year ending June 30, 2022.

ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the requirements for the presentation of the financial statements and notes. In particular, it enhances the qualitative and quantitative disclosures of the net asset classes, investment return, expenses, liquidity and availability of resources, and operating cash flows. The guidance was effective for the HFH-NYC's 2019 consolidated financial statements and has been reflected herein.

A summary of the net asset classifications pursuant to the adoption of ASU 2016-14 is as follows as of June 30, 2017:

<u>Net Asset Classification</u>	<u>ASU 2016-14 Classification</u>		<u>Total Net Assets</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	
<i>As previously presented</i>			
Unrestricted	\$ 20,456,237	\$ -	\$ 20,456,237
Temporarily restricted	-	29,300	29,300
Net assets, as reclassified	\$ 20,456,237	\$ 29,300	\$ 20,485,537

Reclassification

Certain line items in the June 30, 2018 consolidated financial statements have been reclassified to conform to the June 30, 2019 presentation.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

HFH-NYC receives contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. HFH-NYC manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. HFH-NYC maintains current financial assets, less current liabilities at a minimum of 30 days operating expenses. HFH-NYC targets a year-end balance of reserves of undesignated net assets without donor restrictions to meet 15 to 30 days of expected expenditures. To achieve these targets, HFH-NYC forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended June 30, 2019, the level of liquidity and reserves was managed within the policy requirements.

As of June 30, 2019, the financial assets held by HFH-NYC and the amounts of those financial assets that could readily be made available over the next 12 months to meet general expenditures are as follows:

Total financial assets	\$ 7,242,164
<i>Long-term financial assets</i>	
Receivables not due within the next 12 months	<u>(3,977,321)</u>
Net financial assets after donor-imposed restrictions	3,264,843
<i>Internal designations</i>	
Board-designated funds*	<u>(200,027)</u>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u><u>\$ 3,064,816</u></u>

*The Board-designated funds can be undesignated if needed to cover general expenditures.

NOTE 4 FAIR VALUE MEASUREMENTS

HFH-NYC accounts for fair value measurements under the accounting standard that establishes a hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 4 FAIR VALUE MEASUREMENTS (continued)

Level 1: Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Level 2: Measurements that are derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks and others.

Level 3: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The following tables provide the fair value hierarchy of HFH-NYC's investments at June 30, 2019 and 2018. There are no other assets or liabilities that are required to be measured at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>June 30, 2019</i>				
Interest-bearing cash and cash equivalents	\$ 311,019	\$ -	\$ -	\$ 311,019
Total	<u>\$ 311,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,019</u>
<i>June 30, 2018</i>				
Interest-bearing cash and cash equivalents	\$ 1,820,690	\$ -	\$ -	\$ 1,820,690
Total	<u>\$ 1,820,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,820,690</u>

The investment return in the consolidated statements of activities consisted of interest and dividend income of \$27,985 and \$24,361 during fiscal years 2019 and 2018, respectively, and an unrealized loss on investments of \$0 and \$13,298 during fiscal years 2019 and 2018, respectively.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 5 MORTGAGES RECEIVABLE

Prior to 2008, HFH-NYC originated interest-free mortgages to finance the sale of housing units to qualified purchasers. Discounted at an annual rate of 8% a year, the mortgage receivables at June 30, 2019 and 2018, consisted of the following:

	June 30, 2019							
	Past Due					Not Yet Due		Total
	1-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Current Portion	Noncurrent Portion	
Face amount	\$ 24,772	\$ 12,738	\$ 9,356	\$ 4,690	\$ 137,879	\$ 441,904	\$ 5,320,491	\$ 5,951,830
Unamortized discount	-	-	-	-	-	(284,983)	(1,967,009)	(2,251,992)
Net present value of mortgage receivable	\$ 24,772	\$ 12,738	\$ 9,356	\$ 4,690	\$ 137,879	\$ 156,921	\$ 3,353,482	\$ 3,699,838

	June 30, 2018							
	Past Due					Not Yet Due		Total
	1-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Current Portion	Noncurrent Portion	
Face amount	\$ 36,388	\$ 10,479	\$ 8,333	\$ 7,226	\$ 112,101	\$ 485,176	\$ 5,759,585	\$ 6,419,288
Unamortized discount	-	-	-	-	-	(295,944)	(2,246,181)	(2,542,125)
Net present value of mortgage receivable	\$ 36,388	\$ 10,479	\$ 8,333	\$ 7,226	\$ 112,101	\$ 189,232	\$ 3,513,404	\$ 3,877,163

Commencing in 2008, HFH-NYC discontinued financing sales as its primary method of providing homeowners' financing and partnered with the State of New York Mortgage Agency (SONYMA) such that banks originate mortgage loans to qualified purchasers. The mortgages are then purchased by SONYMA. However, on a limited basis, HFH-NYC has provided financing sales for homes when SONYMA mortgages were not feasible.

The housing units were sold to the Family Partners at below-market values, and therefore, the estimated realized value of the housing units that secure delinquent mortgages generally exceed the delinquent mortgages receivable. The value of the mortgages receivable with amounts over 120 days past due totaled approximately \$733,000 and \$1,229,000 at June 30, 2019 and 2018, respectively (net of unamortized discount of approximately \$233,000 and \$435,000 at June 30, 2019 and 2018, respectively), and averaged approximately \$981,000 and \$1,323,500 at June 30, 2019 and 2018, respectively (net of unamortized discount of \$334,000 and \$491,000 at June 30, 2019 and 2018, respectively). There is no interest accrued on overdue amounts as these mortgages are non-interest bearing.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2019 and 2018 are due to be collected as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 329,998	\$ 275,000
One to five years	-	235,000
Fair value adjustment	-	(18,107)
	<u>\$ 329,998</u>	<u>\$ 491,893</u>

Contributions receivable at June 30, 2018 that were due more than one year after inception were recorded at fair value using present value techniques. They have been discounted to their present value at a rate of 5%.

NOTE 7 CDFI LOAN RECEIVABLE

As of June 30, 2019, CDFI issued four loans to third parties, with an outstanding balance of \$515,220. HFH-NYC established a 5% loan-loss reserve on the outstanding loan balance, amounting to \$27,343 for the year ended June 30, 2019. There were no CDFI loans issued during 2018.

NOTE 8 PROJECTS UNDER DEVELOPMENT

The activity in projects under development during the years ended June 30, 2019 and 2018, consisted of:

<u>Project</u>	<u>Balance at July 1, 2018</u>	<u>Fiscal Year 2019 Activity</u>		<u>Balance at June 30, 2019</u>
		<u>Additions</u>	<u>Sales and Adjustments</u>	
Brownsville	\$ 97,143	\$ 20,150	\$ -	\$ 117,293
Glenmore-Jersey	136,209	153,844	-	290,053
Net Zero	101,847	520,580	-	622,427
Weeksville (formerly 249 Hart)	105,149	25,198	-	130,347
Queens Phase II	8,928,837	1,609,478	(6,247,218)	4,291,097
Sydney	7,059,559	14,119,001	-	21,178,560
SEED	4,101,457	3,483,335	-	7,584,792
Dean Street	7,283,825	46,167	-	7,329,992
Haven Green	87,265	186,223	-	273,488
Total	<u>27,901,291</u>	<u>20,163,976</u>	<u>(6,247,218)</u>	<u>41,818,049</u>
Projects under development - reserve	<u>(1,443,278)</u>	<u>-</u>	<u>(113,126)</u>	<u>(1,556,404)</u>
Net	<u>\$ 26,458,013</u>	<u>\$ 20,163,976</u>	<u>\$ (6,360,344)</u>	<u>\$ 40,261,645</u>

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 8 PROJECTS UNDER DEVELOPMENT *(continued)*

<u>Project</u>	<u>Balance at July 1, 2017</u>	<u>Fiscal Year 2018 Activity</u>		<u>Balance at June 30, 2018</u>
		<u>Additions</u>	<u>Sales and Adjustments</u>	
Brownsville	\$ -	\$ 97,143	\$ -	\$ 97,143
Glenmore-Jersey	55,406	80,803	-	136,209
Net Zero	-	101,847	-	101,847
Weeksville (formerly 249 Hart)	77,305	27,844	-	105,149
Queens Phase II	7,265,649	2,801,183	(1,137,995)	8,928,837
Sydney	3,146,474	3,913,085	-	7,059,559
SEED	1,056,610	3,044,847	-	4,101,457
Dean Street	5,462,758	1,821,067	-	7,283,825
Haven Green	-	87,265	-	87,265
Total	17,064,202	11,975,084	(1,137,995)	27,901,291
Projects under development - reserve	(1,067,450)	-	(375,828)	(1,443,278)
Net	\$ 15,996,752	\$ 11,975,084	\$ (1,513,823)	\$ 26,458,013

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
<i>Cost</i>		
Furniture and equipment	\$ 355,057	\$ 355,057
Office and leasehold improvements	714,814	714,814
Total	1,069,871	1,069,871
<i>Less: Accumulated depreciation and amortization</i>	(761,246)	(662,764)
Property and equipment, net	\$ 308,625	\$ 407,107

Depreciation expense for the years ended June 30, 2019 and 2018 was \$98,482 and \$104,643, respectively.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 10 DEFERRED REVENUE

Deferred revenue represents government grants and subsidies for projects under development, which will be recognized as revenue when the related housing units are sold to qualified purchasers. Deferred revenue at June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
<i>Dean Street project government subsidies:</i>		
City	\$ 345,996	\$ 345,996
AHC	600,000	600,000
HPD	<u>1,632,000</u>	<u>1,459,508</u>
Total Dean Street project government subsidies	2,577,996	2,405,504
Habitat House Party Gala 2020	58,225	-
Other	<u>3,073</u>	<u>-</u>
	<u>\$ 2,639,294</u>	<u>\$ 2,405,504</u>

Certain projects under development receive subsidies from New York City in the form of loan grants, capital project funds or sale of property at substantially below-market value for the project sites. The subsidies are encumbered by various loan agreements and related security instruments, which require repayment of the subsidies to the City in the event of HFH-NYC's default on its construction obligations and sale of the units to the qualified purchasers. HFH-NYC's obligations under the agreements are further collateralized by the projects under development.

Government Subsidies

Dean Street

Subsidies received are deferred and recognized as income as the housing units are sold to qualified buyers pursuant to the terms of the underlying agreements with the City. At June 30, 2019 and 2018, the deferred project subsidy consisted of \$345,996 for the various properties acquired from the City for the Dean St. project at a nominal price of \$4 under a land disposition agreement and deed executed on June 26, 2014. Collectively, the properties had an appraised value of \$346,000.

Under various agreements executed on June 26, 2014, HFH-NYC also expects to receive additional subsidies in the form of a construction loan grant, amounting to \$1,632,000 from the City through the HPD; \$600,000 in a conditional grant from the State of New York AHC and a permanent, non-interest-bearing loan of \$670,859 from the New York State Housing Trust Fund Corporation to finance a portion of the construction cost of the Dean Street project. The construction loan grant and conditional grant will be available in the form of advances in accordance with the order of disbursement and requisition process, among other requirements, which are set forth in the memorandum of understanding dated June 26, 2014, among HFH-NYC, HPD, and AHC. As of June 30, 2019, HFH-NYC received \$600,000 from AHC and \$1,632,000 from HPD.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 10 DEFERRED REVENUE *(continued)*

Government Subsidies *(continued)*

Dean Street (continued)

On December 7, 2013, HFH-NYC was awarded an \$18,000 grant by New York State Energy Research and Development Authority (NYSERDA) for receiving green energy certifications for the construction of the Dean Street homes. NYSERDA disbursed \$9,000 and \$4,950 to HFH-NYC as of June 30, 2019 and 2018, respectively.

Government Subsidies – Funding Commitments

Glenmore-Jersey

For the Glenmore-Jersey project (formerly Habitat Passive), HFH-NYC received from HPD two funding commitments dated July 6, 2017 and February 10, 2017, in the amounts not to exceed \$1,000,000 and \$300,000, respectively, for the construction of approximately 12 housing units in Brooklyn, New York.

Brownsville and Weeksville

For the Brownsville and Weeksville projects, HFH-NYC received from The Council of The City of New York a funding commitment dated November 20, 2018, for an amount not to exceed \$800,000 in capital funding.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 11 DEBT

Loans Payable

Loans payable as of June 30, 2019 is as follows:

	<u>Balance at July 1, 2018</u>	<u>Additional Borrowings/ Draws</u>	<u>Payments/ Releases from sales</u>	<u>Balance at June 30, 2019</u>
On February 23, 2017, Community Preservation Corporation (CPC) provided a loan of \$3,450,000 to be drawn down. The loan bears interest calculated daily using the London Interbank Offered Rate (LIBOR) plus 5.30% per annum, due February 23, 2019. The loan is secured by a first priority mortgages on the property of the Queens Phase II project.	\$ 1,980,697	\$ 280,884	\$ (2,261,581)	\$ -
On February 23, 2017, New York City Department of Housing Preservation and Development (HPD), has provided a forgivable loan of \$2,550,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Queens Phase II project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	1,608,649	314,900	(1,136,727)	786,822
On February 23, 2017, New York State Affordable Housing Corporation (AHC), has provided a loan of \$800,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Queens Phase II project, with no interest or payments, forgivable and transferrable to the purchaser of each home.	514,584	98,800	(360,000)	253,384
On February 23, 2017, CPC has provided a loan of \$1,713,549 to be drawn down. The loan is secured by third priority mortgages on the property of the Queens Phase II project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	1,570,753	-	(713,980)	856,773
On February 10, 2017, CPC provided a loan of \$2,680,000 to be drawn down. The loan bears interest calculated daily using the LIBOR plus 5.30% per annum, due August 10, 2020. The loan is secured by a first mortgage on the property of the SEED project.	54,038	1,249,745	-	1,303,783
On February 10, 2017, CPC provided a forgivable loan of \$3,222,400 to be drawn down. The loan is secured by fourth mortgages on the property of the SEED project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	2,587,672	634,728	-	3,222,400
On February 10, 2017, HPD provided a forgivable loan of \$1,750,000 to be drawn down. The loan is secured by second mortgages on the property of the SEED project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	-	994,535	-	994,535
On February 10, 2017, AHC provided a forgivable loan of \$1,000,000 to be drawn down. The loan is secured by third mortgages on the property of the SEED project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	-	568,190	-	568,190
On February 22, 2018, JPMorgan Chase Bank, N.A. provided a loan of \$8,269,134 to be drawn down. The loan bears interest calculated daily using the LIBOR plus 2.85% per annum, due July 22, 2020. The loan is secured by a first priority mortgages on the property of the Sydney House project.	1,520,090	2,695,374	-	4,215,464
On February 22, 2018, HPD, has provided a forgivable loan of \$13,405,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Sydney House project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	1,216,405	8,616,577	-	9,832,982
On February 28, 2018, AHC, has provided a loan of \$2,240,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Sydney House project, with no interest or payments due, forgivable and transferrable to the purchaser of each home.	218,777	1,549,084	-	1,767,861
Total	11,271,665	<u>\$ 17,002,817</u>	<u>\$ (4,472,288)</u>	23,802,194
Less: Current portion	(5,674,683)			(1,896,979)
Long-term portion	<u>\$ 5,596,982</u>			<u>\$ 21,905,215</u>

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 11 DEBT (continued)

Loans Payable (continued)

At June 30, 2019, HFH-NYC was in compliance with its loan covenants with CPC and JPMorgan Chase Bank, N.A. (the Bank).

The following table summarizes the principal payments due for loans payable subsequent to June 30, 2019 and thereafter:

<u>Fiscal year ending June 30</u>	<u>Amount</u>
2020	\$ 1,896,979
2021	<u>21,905,215</u>
Total	<u><u>\$ 23,802,194</u></u>

The terms and conditions do not require HFH-NYC to utilize cash to repay the obligations from HPD, AHC, and CPC forgivable loans. Moreover, there are no scheduled maturities of the related debt, since HFH-NYC is relieved of an obligation to repay the loan upon transfer of the property to a qualified buyer. Interest on these loans that was capitalized in 2019 and 2018 amounted to \$273,698 and \$196,293, respectively.

Line of Credit

On February 4, 2016, HFH-NYC entered into a loan agreement (the Agreement) with the Bank, whereby the Bank provided HFH-NYC with a revolving line of credit (the Facility) in the amount of \$2,000,000 (the Facility Commitment). The Facility originally ended on February 4, 2017 (the Facility Expiration Date), and was renewed by the Bank prior to the Facility Expiration Date. During fiscal years ended June 30, 2019 and 2018, HFH-NYC renewed and increased the Facility to the amount of \$5,000,000 and \$3,000,000, respectively, with a Facility Expiration Date of May 3, 2020. The loan bears interest calculated daily using the London Interbank Offered Rate (LIBOR) plus 5.161% as of 2019 and 5.193% as of 2018.

The loan balance at June 30, 2019 and 2018 amounted to \$3,500,000 and \$1,000,000, respectively. Interest expense in 2019 and 2018 amounted to \$195,556 and \$3,787, respectively.

HFH-NYC was in compliance with the terms of the Agreement.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 11 DEBT *(continued)*

Recoverable Grant Liability

On November 15, 2017, HFH-NYC entered into a recoverable grant agreement with Deutsche Bank Americas Foundation (the Foundation), whereby the Foundation will provide \$40,000 annually for three years starting November 25, 2017. HFH-NYC is required to repay the funds in three installments of \$40,000 each due November 15, 2020, 2021, and 2022, respectively. The funds are interest free. HFH-NYC received \$80,000 and \$40,000 as of June 30, 2019 and 2018, respectively, from the Foundation and has reported the recoverable grant liability at present value net of unamortized discount of \$6,972 and \$4,320, as of June 30, 2019 and 2018, respectively, using a discount rate of 5%.

NOTE 12 BOARD-DESIGNATED NET ASSETS

The Board of Directors authorized management to establish a Board-designation of net assets in the amount of \$1,000,000 to provide a source of funds in times of general economic downturn and meet cash flow requirements as needed. This reserve enables HFH-NYC to avoid dramatic year-to-year program changes that might arise due to uncertainties associated with government grants and private funding streams.

ASC 958.205.45, *Not-for-Profit Entities—Other Presentation Matters—Reporting Endowment Funds*, provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. In September 2010, New York State adopted its version of UPMIFA, the New York Prudent Management of Institutional Funds Act.

HFH-NYC has invested its Board-designated fund to provide a predictable stream of funding while preserving the purchasing power of the funds, utilizing a fixed-income strategy to accomplish this objective. As of June 30, 2019 and 2018, the Board-designated net assets amounted to \$200,027 and \$1,000,000, respectively. Interest income related to the Board-designated fund amounted to approximately \$12,000 and \$22,000 in 2019 and 2018, respectively. The Board's policy is to appropriate such income to support HFH-NYC's activities. As of June 30, 2019, the Board has not established a spending rate policy for the Board-designated fund.

NOTE 13 NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions include those funds received or promised specifically for construction and development, rehabilitation, and other purposes, which have not yet been spent in fulfillment of those donor restrictions, as well as time-restricted grants.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 13 NET ASSETS (continued)

Net Assets with Donor Restrictions (continued)

The activity in net assets with donor restrictions is as follows:

	Balance, at June 30, 2018	Fiscal Year 2019 Activity		Balance, at June 30, 2019
		Additions	Releases from Restrictions	
<i>Projects</i>				
Queens Phase II	\$ -	\$ 50,000	\$ 50,000	\$ -
Dean	-	9,000	9,000	-
Sydney	-	14,286	14,286	-
<i>Other</i>				
Disaster Response	352,019	2,400	43,540	310,879
Brush With Kindness	-	16,729	16,729	-
ReStore	111,000	-	45,176	65,824
Global Village	2,700	6,000	-	8,700
Preservation	-	130,767	130,767	-
Community Land Trust	-	50,122	39,239	10,883
Loan Fund	314,672	201,513	404,188	111,997
Time	200,000	-	100,000	100,000
2018 Gala	7,100	-	7,100	-
Total	\$ 987,491	\$ 480,817	\$ 860,025	\$ 608,283

	Balance, at June 30, 2017	Fiscal Year 2018 Activity		Balance, at June 30, 2018
		Additions	Releases from Restrictions	
<i>Projects</i>				
Queens Phase II	\$ -	\$ 806,224	\$ 806,224	\$ -
Dean	-	119,662	119,662	-
Sydney	-	7,000	7,000	-
<i>Other</i>				
Disaster Response	-	445,000	92,981	352,019
Brush With Kindness	-	47,986	47,986	-
ReStore	-	111,000	-	111,000
Hurricane Sandy Project	24,025	6,166	30,191	-
Global Village	2,700	3,000	3,000	2,700
Preservation	2,575	284,241	286,816	-
Community Land Trust	-	57,561	57,561	-
Loan Fund	-	463,034	148,362	314,672
Time	-	300,000	100,000	200,000
2018 Gala	-	7,100	-	7,100
Total	\$ 29,300	\$ 2,657,974	\$ 1,699,783	\$ 987,491

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 13 NET ASSETS (continued)

Non-Controlling Interest

The balance of the non-controlling interest attributed to AG Habitat Tilden Street LLC totaled \$3,254,647 and \$2,468,064 at June 30, 2019 and 2018, respectively. The balance of the non-controlling interest attributed to Habitat Latent LLC totaled \$524,574 and \$519,090 at June 30, 2019 and 2018, respectively.

The changes in non-controlling net asset amounts are summarized as follows for the years ended June 30:

	<u>Controlling Interest</u>	<u>Non-controlling Interest</u>	<u>Total Net Assets Without Donor Restrictions</u>
Balance, at June 30, 2017	\$ 19,660,880	\$ 795,357	\$ 20,456,237
Change in net assets	<u>(5,981,957)</u>	<u>2,191,797</u>	<u>(3,790,160)</u>
Balance, at June 30, 2018	13,678,923	2,987,154	16,666,077
Change in net assets	<u>(4,079,520)</u>	<u>792,067</u>	<u>(3,287,453)</u>
Balance, at June 30, 2019	<u>\$ 9,599,403</u>	<u>\$ 3,779,221</u>	<u>\$ 13,378,624</u>

NOTE 14 EMPLOYEE BENEFIT PLAN

HFH-NYC has a 403(b) defined contribution retirement plan. Employees become eligible to contribute to the plan upon employment. Participating employees may contribute any amount up to the maximum IRS annual contribution limits. Matching contributions by HFH-NYC, which are discretionary, totaled \$78,215 and \$92,536 during the years ended June 30, 2019 and 2018, respectively.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Leases

HFH-NYC has an operating lease for its office space that expires on March 21, 2022. The payment due in fiscal year 2019 amounted to \$299,000.

HFH-NYC also entered into a non-cancellable, 39-month operating lease agreement for office equipment, which commenced in May 2017 and expires in July 2020. Payments are \$1,055 per month.

HFH-NYC also entered into a non-cancellable, 36-month operating lease agreement for office equipment, which commenced in June 2017 and expires in May 2020. Payments are \$110 per month.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 15 COMMITMENTS AND CONTINGENCIES *(continued)*

Leases *(continued)*

Additionally, commencing on September 15, 2015, HFH-NYC entered into a 10-year operating lease agreement for its ReStore space that expires on September 15, 2025. Annual payments range from \$75,850 to \$83,435.

Approximate future minimum lease payments related to the operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 372,500
2021	382,250
2022	304,900
2023	83,450
2024	83,450
Thereafter	100,800
	<u>\$ 1,327,350</u>

Rent expense was approximately \$399,000 and \$402,000 for the years ended June 30, 2019 and 2018, respectively. The cumulative difference between rent expense and amounts paid in accordance with the terms of the lease amounted to \$35,166 and \$11,060 as of June 30, 2019 and 2018, respectively, and has been reflected as deferred rent liability in the accompanying consolidated statements of financial position. Additionally, \$75,000 in lease upgrade incentives were recorded during fiscal year ended June 30, 2018, which are being amortized over the term of the lease. The unamortized amounts are \$45,000 and \$60,000 as of June 30, 2019 and 2018, respectively.

Contingencies

HFH-NYC was a defendant in a legal proceeding pertaining to matters normally incidental to routine operations. Such litigation included breach of contract. During June 30, 2018, the litigation was settled and HFH-NYC paid a total of \$685,000, of which \$300,000 was accrued in prior years and \$385,000 was recorded during the year ended June 30, 2018. The settlement expense is recorded in the accompanying consolidated financial statements.

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

NOTE 16 FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on departmental headcounts include occupancy, depreciation and amortization, professional services, office expenses, computer maintenance and software, and insurance. Salaries and wages, payroll taxes and benefits are based upon both time and effort. All other expenses are directly charged to its proper function based upon the nature and classification of the expense.

NOTE 17 SUBSEQUENT EVENTS

HFH-NYC evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the consolidated financial statements. Such evaluation was performed through December 6, 2019, the date the consolidated financial statements were approved for issuance.

For the Brownsville and Weeksville projects, HFH-NYC received from the Office of the Brooklyn Borough President a funding commitment dated August 1, 2019, for an amount not to exceed \$285,000 in capital funding.

On October 7, 2019, CDFI entered into an agreement with a bank for a line of credit of \$2,500,000. The loan bears interest at 3%.

On November 19, 2019, CDFI received a Financial Assistance award in the amount of \$375,000 from the U.S. Treasury.

SUPPLEMENTARY SCHEDULES

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidating Schedule of Financial Position
As of June 30, 2019
(With Consolidated Totals as of June 30, 2018)

	Habitat for Humanity NYC, Inc.	Habitat for Humanity HDFC	Habitat for Humanity Dean Street HDFC	Habitat for Humanity Queens Phase II HDFC	Habitat Latent LLC	AG Habitat Tildent Street LLC	Habitat for Humanity NYC Fund Inc.	Habitat Net Zero LLC	Habitat New Lots LLC	Consolidating Eliminations	Consolidated Total 2019	Consolidated Total 2018
ASSETS												
<i>Current assets</i>												
Cash and cash equivalents	\$ 945,837	\$ 18,928	\$ -	\$ 135	\$ 2,898	\$ 62,159	\$ 112,428	\$ -	\$ -	\$ -	\$ 1,142,385	\$ 2,581,520
Accounts receivable	87,197	-	64,553	1,266,898	-	-	3,903	-	-	-	1,422,551	763,792
Contributions receivable—current portion	244,998	-	-	-	-	-	85,000	-	-	-	329,998	275,000
Due from affiliates	8,981,646	-	-	-	-	-	-	-	-	(8,981,646)	-	-
Mortgages receivable—current portion	-	55,088	-	-	-	-	291,268	-	-	-	346,356	363,759
CDFI loan receivable—current portion (net of loan-loss reserve)	-	-	-	-	-	-	23,553	-	-	-	23,553	-
ReStore inventory	14,804	-	-	-	-	-	-	-	-	-	14,804	22,214
Prepaid expenses and other assets	259,182	-	-	-	-	-	-	-	-	-	259,182	316,981
Total current assets	10,533,664	74,016	64,553	1,267,033	2,898	62,159	516,152	-	-	(8,981,646)	3,538,829	4,323,266
<i>Non-current assets</i>												
Restricted cash	-	-	220,448	-	-	-	-	-	-	-	220,448	897,034
Homeowners' escrow and reserve funds	6,252	-	-	-	-	-	-	-	-	-	6,252	33,976
Accounts receivable (net of allowance for bad debts)	132,172	-	-	-	-	-	-	-	-	-	132,172	122,866
Contributions receivable—long-term portion	-	-	-	-	-	-	-	-	-	-	-	216,893
Mortgages receivable—long-term portion (net of unamortized discount)	-	1,355,379	-	-	-	-	1,998,103	-	-	-	3,353,482	3,513,404
CDFI loan receivable—long-term portion (net of loss reserve)	-	-	-	-	-	-	491,667	-	-	-	491,667	-
Projects under development	521,128	-	5,773,588	4,291,097	7,584,792	21,178,560	-	622,427	290,053	-	40,261,645	26,458,013
Property and equipment (net of accumulated depreciation and amortization)	308,488	-	-	137	-	-	-	-	-	-	308,625	407,107
Security deposit	27,887	-	-	-	-	-	-	-	-	-	27,887	27,887
Total non-current assets	995,927	1,355,379	5,994,036	4,291,234	7,584,792	21,178,560	2,489,770	622,427	290,053	-	44,802,178	31,677,180
Total assets	\$ 11,529,591	\$ 1,429,395	\$ 6,058,589	\$ 5,558,267	\$ 7,587,690	\$ 21,240,719	\$ 3,005,922	\$ 622,427	\$ 290,053	\$ (8,981,646)	\$ 48,341,007	\$ 36,000,446
LIABILITIES AND NET ASSETS												
<i>Current liabilities</i>												
Accounts payable and accrued expenses	\$ 1,345,513	\$ -	\$ 369,709	\$ 154,364	\$ 276,353	\$ 2,113,479	\$ -	\$ -	\$ -	\$ -	\$ 4,259,418	\$ 3,548,181
Due to affiliates	-	1,429,395	2,803,827	3,145,589	690,355	-	-	622,427	290,053	(8,981,646)	-	-
Loan payable	-	-	-	1,896,979	-	-	-	-	-	-	1,896,979	5,674,683
Line of credit	3,500,000	-	-	-	-	-	-	-	-	-	3,500,000	1,000,000
Total current liabilities	4,845,513	1,429,395	3,173,536	5,196,932	966,708	2,113,479	-	622,427	290,053	(8,981,646)	9,656,397	10,222,864
<i>Non-current liabilities</i>												
Recoverable grant liability (net of unamortized discount)	-	-	-	-	-	-	73,028	-	-	-	73,028	35,468
Deferred revenue	58,225	-	2,577,996	-	-	-	3,073	-	-	-	2,639,294	2,405,504
Deferred rent	80,166	-	-	-	-	-	-	-	-	-	80,166	86,060
Loan payable	-	-	-	-	6,088,908	15,816,307	-	-	-	-	21,905,215	5,596,982
Total non-current liabilities	138,391	-	2,577,996	-	6,088,908	15,816,307	76,101	-	-	-	24,697,703	8,124,014
Total liabilities	4,983,904	1,429,395	5,751,532	5,196,932	7,055,616	17,929,786	76,101	622,427	290,053	(8,981,646)	34,354,100	18,346,878
<i>Net assets</i>												
<i>Without donor restrictions</i>												
Board-designated	200,027	-	-	-	-	-	-	-	-	-	200,027	1,000,000
Undesignated	5,849,374	-	307,057	361,335	7,500	56,286	2,817,824	-	-	-	9,399,376	12,678,923
Non-controlling interest	-	-	-	-	524,574	3,254,647	-	-	-	-	3,779,221	2,987,154
Total without donor restrictions	6,049,401	-	307,057	361,335	532,074	3,310,933	2,817,824	-	-	-	13,378,624	16,666,077
With donor restrictions	496,286	-	-	-	-	-	111,997	-	-	-	608,283	987,491
Total net assets	6,545,687	-	307,057	361,335	532,074	3,310,933	2,929,821	-	-	-	13,986,907	17,653,568
Total liabilities and net assets	\$ 11,529,591	\$ 1,429,395	\$ 6,058,589	\$ 5,558,267	\$ 7,587,690	\$ 21,240,719	\$ 3,005,922	\$ 622,427	\$ 290,053	\$ (8,981,646)	\$ 48,341,007	\$ 36,000,446

HABITAT FOR HUMANITY NEW YORK CITY, INC. AND AFFILIATES
Consolidating Schedule of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Habitat for Humanity NYC, Inc.	Habitat for Humanity HDFC	Habitat for Humanity Dean Street HDFC	Habitat for Latent Thomas Boylard St. HDFC	Habitat for Humanity Almat Tilden St. HDFC	Habitat for Humanity Queens Phase II HDFC	Habitat Latent LLC	AG Habitat Tilden Street LLC	Habitat for Humanity NYC Fund Inc.	Habitat Net Zero LLC	Habitat New Lots LLC	Consolidating Eliminations	Consolidated Total 2019	Consolidated Total 2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS														
SUPPORT, REVENUE AND RECLASSIFICATIONS														
<i>Support</i>														
Contributions (including in-kind contributions of \$848,365 and contributed services of \$306,674)	\$ 3,672,858	\$ -	\$ -	\$ -	\$ -	\$ 3,571	\$ 7,500	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 3,690,929	\$ 2,533,378
Special events	397,623	-	-	-	-	-	-	-	-	-	-	-	397,623	317,297
<i>Revenue</i>														
<i>Sale of housing units</i>														
Proceeds from sales	-	-	-	-	-	3,673,181	-	-	-	-	-	-	3,673,181	658,989
Government subsidies - Note 9	-	-	-	-	-	2,337,771	-	-	-	-	-	-	2,337,771	688,182
ReStore sales	754,537	-	-	-	-	-	-	-	-	-	-	-	754,537	636,933
Investment return	27,985	-	-	-	-	-	-	-	-	-	-	-	27,985	11,063
Mortgage discount amortization	-	89,462	-	-	-	-	-	-	201,460	-	-	-	290,922	467,119
Other income-net	206,372	-	-	-	-	-	-	-	-	-	-	-	206,372	225,537
Total support and revenue	5,059,375	89,462	-	-	-	6,014,523	7,500	7,000	201,460	-	-	-	11,379,320	5,538,498
Net assets released from restrictions - Note 12	382,551	-	9,000	-	-	50,000	-	14,286	404,188	-	-	-	860,025	1,699,783
Total support, revenue and reclassifications	5,441,926	89,462	9,000	-	-	6,064,523	7,500	21,286	605,648	-	-	-	12,239,345	7,238,281
EXPENSES														
<i>Program services</i>														
Cost of housing units sold - Note 6	-	-	-	-	-	6,247,217	-	-	-	-	-	-	6,247,217	1,137,995
Personnel and other expenses	6,088,946	89,462	-	-	-	-	-	-	266,657	-	-	(792,067)	5,652,998	6,534,378
Total program services	6,088,946	89,462	-	-	-	6,247,217	-	-	266,657	-	-	(792,067)	11,900,215	7,672,373
<i>Supporting services</i>														
Management and general	1,967,069	-	-	-	-	-	-	-	137,532	-	-	-	2,104,601	1,937,681
Fundraising	1,521,982	-	-	-	-	-	-	-	-	-	-	-	1,521,982	1,418,387
Total supporting services	3,489,051	-	-	-	-	-	-	-	137,532	-	-	-	3,626,583	3,356,068
Total expenses	9,577,997	89,462	-	-	-	6,247,217	-	-	404,189	-	-	(792,067)	15,526,798	11,028,441
Change in net assets without donor restrictions before change in non-controlling interest	(4,136,071)	-	9,000	-	-	(182,694)	7,500	21,286	201,459	-	-	792,067	(3,287,453)	(3,790,160)
Net assets without donor restrictions before change in non-controlling interest, at beginning of year	10,185,472	-	298,057	-	-	544,029	519,090	2,503,064	2,616,365	-	-	-	16,666,077	20,456,237
Change in non-controlling interest	-	-	-	-	-	-	5,484	786,583	-	-	-	(792,067)	-	-
Net assets without donor restrictions, at end of year	6,049,401	-	307,057	-	-	361,335	532,074	3,310,933	2,817,824	-	-	-	13,378,624	16,666,077
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS														
Contributions	103,137	-	-	-	-	40,000	-	-	48,250	-	-	-	191,387	2,657,974
Special events	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
Government subsidies	-	-	9,000	-	-	-	-	-	125,000	-	-	-	134,000	-
Other income-net	102,881	-	-	-	-	-	-	14,286	28,263	-	-	-	145,430	-
Net assets released from restrictions	(382,551)	-	(9,000)	-	-	(50,000)	-	(14,286)	(404,188)	-	-	-	(860,025)	(1,699,783)
Total change in net assets with donor restrictions	(176,533)	-	-	-	-	-	-	-	(202,675)	-	-	-	(379,208)	958,191
Net assets with donor restrictions, at beginning of year	672,819	-	-	-	-	-	-	-	314,672	-	-	-	987,491	29,300
Net assets with donor restrictions, at end of year	496,286	-	-	-	-	-	-	-	111,997	-	-	-	608,283	987,491
Total net assets, at end of year	\$ 6,545,687	\$ -	\$ 307,057	\$ -	\$ -	\$ 361,335	\$ 532,074	\$ 3,310,933	\$ 2,929,821	\$ -	\$ -	\$ -	\$ 13,986,907	\$ 17,653,568

