



FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

with

Independent Accountants' Review Report

NEWBERG AREA HABITAT FOR HUMANITY

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Independent Accountants' Review Report

The Board of Directors
Newberg Area Habitat for Humanity

We have reviewed the accompanying financial statements of Newberg Area Habitat for Humanity (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Hoffman, Stewart & Schmidt, P.C.

November 29, 2021

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Financial Position

(See Independent Accountants' Review Report)

June 30,	2021	2020
ASSETS		
Cash and cash equivalents	\$ 351,034	\$ 107,338
Cash held for escrow <i>(Note 5)</i>	28,782	28,809
Grant receivable - due within one year	-	40,834
Mortgages receivable - net <i>(Note 2)</i>	1,646,932	1,687,464
Inventories <i>(Notes 3 and 6)</i>	453,924	197,204
Prepaid expenses	5,404	5,685
Cash held for property and equipment purchases <i>(Note 4)</i>	39,557	57,557
Property and equipment - net <i>(Note 4)</i>	<u>914,239</u>	<u>935,358</u>
Total assets	<u>\$ 3,439,872</u>	<u>\$ 3,060,249</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,523	\$ 2,918
Accrued vacation	7,394	10,636
Escrow deposits <i>(Note 5)</i>	28,782	28,809
Paycheck Protection Program loans <i>(Note 6)</i>	24,614	26,344
Notes payable <i>(Note 7)</i>	<u>203,300</u>	<u>65,875</u>
Total liabilities	266,613	134,582
Commitment <i>(Note 10)</i>		
Net assets:		
Without donor restrictions	3,164,636	2,901,449
With donor restrictions <i>(Note 8)</i>	<u>8,623</u>	<u>24,218</u>
Total net assets	<u>3,173,259</u>	<u>2,925,667</u>
Total liabilities and net assets	<u>\$ 3,439,872</u>	<u>\$ 3,060,249</u>

The accompanying notes are an integral part of the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Activities

(See Independent Accountants' Review Report)

Years Ended June 30,	2021	2020
Changes in net assets without donor restrictions		
Revenue, gains, and other support		
Sale of homes	\$ -	\$ 580,000
Sale of Resale store inventory	139,971	151,850
Contributions and grants	115,531	200,027
Noncash contributions - Resale store	139,252	146,819
Noncash contributions - other	37,471	3,210
Amortization of discount on mortgages receivable	78,156	79,052
Gain from forgiveness of the Paycheck Protection Program loan <i>(Note 6)</i>	26,344	-
Other <i>(Note 4)</i>	16,894	11,904
Net assets released from restrictions <i>(Note 8)</i>	<u>25,595</u>	<u>15,909</u>
Total revenue, gains, and other support	579,214	1,188,771
Expenses:		
Program services:		
Homeownership	29,083	695,005
Resale store	<u>259,440</u>	<u>274,104</u>
Total program services	288,523	969,109
Supporting services:		
Development	5,409	7,114
Management and general	<u>22,095</u>	<u>20,117</u>
Total supporting services	<u>27,504</u>	<u>27,231</u>
Total expenses	<u>316,027</u>	<u>996,340</u>
Change in net assets without donor restriction	263,187	192,431
Changes in net assets with donor restrictions		
Contributions and grants	10,000	34,500
Net assets released from restrictions <i>(Note 8)</i>	<u>(25,595)</u>	<u>(15,909)</u>
Increase in net assets	247,592	211,022
Net assets, beginning of year	<u>2,925,667</u>	<u>2,714,645</u>
Net assets, end of year	<u>\$ 3,173,259</u>	<u>\$ 2,925,667</u>

The accompanying notes are an integral part of the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Statement of Functional Expenses

(See Independent Accountants' Review Report)

Year Ended June 30, 2021

	Program Services					Total	Development	Management and General	Indirect Expenses	Total
	Home-ownership	Resale Store								
Cost of goods sold - Resale store	\$ -	\$ 140,221	\$ 140,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,221	
Payroll and related expenses	48,253	59,427	107,680	3,289	5,677	5,541	11,099	5,541	122,187	
Professional fees	-	-	-	-	-	-	-	-	11,099	
Office expenses	5,568	9,062	14,630	1,628	347	15,968	548	15,968	32,573	
Occupancy	5,811	12,478	18,289	-	-	8	-	-	18,837	
Travel and vehicle expenses	247	1,960	2,207	-	-	-	-	-	2,215	
Interest expense	-	-	-	-	31	-	-	-	31	
Tithing (Note 11)	5,188	-	5,188	-	-	-	-	-	5,188	
Depreciation	-	21,119	21,119	-	-	-	-	-	21,119	
Insurance	14,134	1,884	16,018	-	-	-	-	-	16,018	
Other expenses	3,185	-	3,185	-	4,218	-	-	-	7,403	
Allocation of indirect expenses	7,561	13,289	20,850	492	723	(22,065)	-	(22,065)	-	
Capitalized expenses	(60,864)	-	(60,864)	-	-	-	-	-	(60,864)	
	<u>\$ 29,083</u>	<u>\$ 259,440</u>	<u>\$ 288,523</u>	<u>\$ 5,409</u>	<u>\$ 22,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,027</u>	

The accompanying notes are an integral part of the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Statement of Functional Expenses

(See Independent Accountants' Review Report)

Year Ended June 30, 2020

	Program Services					Total	Development	Management and General	Indirect Expenses	Total
	Home-ownership	Resale Store								
Cost of homes sold	\$ 344,565	\$ -	\$ 344,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,565	
Discounts granted on mortgages	306,707	-	306,707	-	-	-	-	-	306,707	
	651,272	-	651,272	-	-	-	-	-	651,272	
Cost of goods sold - Resale store	-	151,850	151,850	-	-	-	-	-	151,850	
Payroll and related expenses	57,381	55,336	112,717	3,631	-	6,364	8,275	-	130,987	
Professional fees	-	-	-	-	-	10,272	2,750	-	13,022	
Office expenses	12,008	11,275	23,283	2,843	-	70	16,490	-	42,686	
Occupancy	304	12,878	13,182	-	-	-	995	-	14,177	
Travel and vehicle expenses	1,919	4,277	6,196	-	-	-	-	-	6,196	
Interest expense	-	-	-	-	-	1,959	-	-	1,959	
Tithing (Note 11)	7,186	-	7,186	-	-	-	-	-	7,186	
Depreciation	-	21,411	21,411	-	-	-	-	-	21,411	
Insurance	15,120	1,985	17,105	-	-	-	-	-	17,105	
Other expenses	1,926	345	2,271	-	-	-	-	-	2,271	
Allocation of indirect expenses	11,671	14,747	26,418	640	-	1,452	(28,510)	-	-	
Capitalized expenses	(63,782)	-	(63,782)	-	-	-	-	-	(63,782)	
	\$ 695,005	\$ 274,104	\$ 969,109	\$ 7,114	\$ 20,117	\$ -	\$ -	\$ -	\$ 996,340	

The accompanying notes are an integral part of the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Cash Flows

(See Independent Accountants' Review Report)

Years Ended June 30,	2021	2020
Cash flows from operating activities:		
Cash receipts:		
Principal payments on mortgages receivable	\$ 118,661	\$ 102,743
Resale store	139,971	151,850
Contributions and grants	166,365	175,693
Other	<u>16,894</u>	<u>9,749</u>
	441,891	440,035
Cash disbursements:		
Land purchases and home construction costs	159,749	92,164
Payroll and related expenses	125,429	128,294
Interest	31	1,959
Tithing	5,188	7,186
Other	<u>87,864</u>	<u>95,479</u>
	<u>378,261</u>	<u>325,082</u>
Net cash provided by operating activities	63,630	114,953
Cash flows from investing activities:		
Proceeds from settlement of an insurance claim	<u>-</u>	<u>39,557</u>
Net cash provided by investing activities	-	39,557
Cash flows from financing activities:		
Contribution restricted for an equipment purchase	-	18,000
Proceeds from notes payable	188,300	-
Proceeds from Paycheck Protection Program loans	24,614	26,344
Principal payments on notes payable	<u>(50,875)</u>	<u>(72,414)</u>
Net cash provided (used) by financing activities	<u>162,039</u>	<u>(28,070)</u>
Net increase in cash and cash equivalents	225,669	126,440
Cash and cash equivalents and restricted cash, beginning of year	<u>193,704</u>	<u>67,264</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 419,373</u>	<u>\$ 193,704</u>

The accompanying notes are an integral part of the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Statements of Cash Flows - Continued

(See Independent Accountants' Review Report)

Years Ended June 30,	2021	2020
Reconciliation to statement of financial position:		
Cash and cash equivalents	\$ 351,034	\$ 107,338
Cash held for escrow	28,782	28,809
Cash held for property and equipment purchases	<u>39,557</u>	<u>57,557</u>
	<u>\$ 419,373</u>	<u>\$ 193,704</u>
Supplemental disclosures of non-cash investing and financing activities:		
Inventory acquired in exchange for outstanding mortgage receivable	\$ -	\$ 70,254

The accompanying notes are an integral part of the financial statements.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements

(See Independent Accountants' Review Report)

1. Significant Accounting Policies

Organization - Newberg Area Habitat for Humanity (the Organization) is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian not-for-profit organization whose purpose is to create decent, simple housing for those in need, and to make decent shelter a matter of conscience everywhere. Although Habitat International assists with information, resources, training, publications, and in other ways, the Organization is primarily and directly responsible for the legal, organizational, fundraising, family selection and nurture, financial, and construction aspects of the work. The Organization, through its many volunteers, constructs affordable housing in Newberg, Oregon, transfers the homes to qualified families at below-market prices, and provides non-interest-bearing mortgage loans.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Amounts designated for specific purposes by the Board of Directors are reported as net assets without donor restrictions. Gifts of land, buildings, and equipment are recorded as net assets without donor restrictions unless the donor explicitly stipulates how the donated assets must be used or how long they must be held. At June 30, 2021 and 2020, board designated net assets totaled \$39,557 and is designated for investment in property and equipment.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

Expenses - Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (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.

Use of Estimates - The preparation of financial statements in conformity with 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. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Significant estimates made by management include the valuation of donated resale store inventory, discounts on mortgages receivable, and the allocation of expenses by functional classification.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk - The Organization's cash holdings (including cash held for escrow) are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. On occasion, amounts on deposit with financial institutions may exceed FDIC limits.

Inventories - Inventories consist of construction in progress and raw materials. Inventories are stated at the lower of cost or net realizable value for purchased items and estimated fair value at the date of donation for donated items, determined by the first-in-first-out (FIFO) method. Costs incurred for construction in progress are allocated to each house based on specific identification.

Resale Store Inventory - Nearly all Resale store inventory items are donated and are valued at their estimated fair values based on their expected selling price.

Property and Equipment - Property and equipment are recorded at cost, if purchased, and at estimated fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years for personal property, and 39 years for real property. Maintenance and repairs are charged to expense when incurred; major renewals and betterments are capitalized.

Contributions and Grants - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give (including grants); or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions (including grants) to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued

Contributions and Grants - Continued - Contributions of assets other than cash (property, construction materials, land, and equipment) are recorded at their estimated fair value. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, (such as engineering, electrical, plumbing, etc.) and are recorded at their estimated fair values in the period received. Contributions of noncash assets and donated services received during the years ended June 30, were as follows:

	2021	2020
Professional services	\$ 5,673	\$ 250
Construction materials	<u>31,798</u>	<u>2,960</u>
	<u>\$ 37,471</u>	<u>\$ 3,210</u>

A substantial number of volunteers donate significant amounts of their time to the Organization for general construction and office labor. However, as these services do not require specialized skills or materially enhance the value of nonfinancial assets, the value of such services is not recorded in the financial statements.

Revenue Recognition - Revenue from sales of homes is recognized at the point in time the home is sold and title passes to a qualified homebuyer. Mortgages are non-interest bearing and have been discounted at various rates ranging from 3.48 to 6.67 percent. The rates are based on the prevailing market rates at the inception of the mortgages. The rates were based on the Freddie Mac 30 year fixed-rate mortgage rates. Discounts are amortized using the effective interest method over the lives of the mortgages, and the amortization of mortgage discount is recognized as revenue.

Resale store sales is also recognized at a point in time, which is when control is transferred to the customer. The amount recorded as revenue reflects the consideration the Organization receives in exchange for its inventory.

Mortgages Receivable - Mortgages receivable consist of non-interest bearing mortgages, which are secured by real estate and payable in monthly installments over the life of the mortgage. The Organization considers homeowners to be delinquent if they are 30 days past due on their mortgage payment. Every effort is made to assist homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or the Organization may accept a deed in lieu of foreclosure where homeowner mortgage payments are seriously delinquent. Properties acquired through foreclosure or a deed in lieu of foreclosure are generally refurbished and sold to other families in need of decent, affordable housing. Consequently, no allowance for credit losses has been established for mortgages receivable at June 30, 2021 or 2020.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

1. Significant Accounting Policies - Continued

Mortgages Receivable - Continued - In connection with the issuance of the original non-interest bearing mortgages, in many cases the Organization also issues a second mortgage. These second mortgages represent the difference between the original mortgage and the appraised value of the home. The second mortgage is to protect the value of the collateral. Second mortgages are due at the maturity (regardless of homeowner compliance) and thus are recorded and are included in the financial statements.

For mortgages issued prior to 2010, rather than a second mortgage, a provision in the mortgage agreement provided that the difference between the amount payable by the homeowner and the appraised value of the home would be due to the Organization only if the homeowner does not comply with the terms of the mortgage. The mortgage agreements also state the amount payable by the homeowner is reduced each year the homeowner complies with the terms of the mortgage. These amounts are not included in the financial statements as the amounts are only due to the Organization if the homeowner does not comply with the terms of the mortgage. At June 30, 2021, the amount payable to the Organization if terms of these mortgages are not complied with totaled \$65,938.

Income Taxes - The Organization is exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Functional Allocation of Expenses - Costs of providing various program and other activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses report certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and related expenses, office expenses, and occupancy, which are allocated on the basis of estimated time and effort.

Adoption of New Accounting Standard - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the ASU effective July 1, 2020.

The adoption of the ASU did not have a significant impact on the Organization's financial statements. Transactions classified as contributions is excluded from the scope of this ASU. Analysis of various provisions of this ASU resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The disclosures of revenue have been enhanced in accordance with this ASU.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

2. Mortgages Receivable - Net

	2021	2020
Mortgages receivable	\$ 2,823,953	\$ 2,942,641
Discount on mortgages receivable	<u>(1,177,021)</u>	<u>(1,255,177)</u>
Mortgages receivable - net of discount	<u>\$ 1,646,932</u>	<u>\$ 1,687,464</u>

3. Inventories

	2021	2020
Construction in progress	\$ 437,239	\$ 179,550
Raw materials:		
Construction	5,000	5,000
Resale store	<u>11,685</u>	<u>12,654</u>
	<u>\$ 453,924</u>	<u>\$ 197,204</u>

At June 30, 2021 and 2020, there were two homes under construction.

4. Property and Equipment - Net

	2021	2020
Land	\$ 191,740	\$ 191,740
Building	775,974	775,974
Equipment and computer software	53,127	53,127
Vehicles	<u>23,113</u>	<u>23,113</u>
	1,043,954	1,043,954
Less accumulated depreciation	<u>(129,715)</u>	<u>(108,596)</u>
Property and equipment - net	<u>\$ 914,239</u>	<u>\$ 935,358</u>

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

4. Property and Equipment - Net - Continued

In September 2019, the Organization discovered the Resale store's building had interior water damage. The Organization had insurance to cover the damages. During the year ended June 30, 2020, \$39,557 was received on the insurance claim. The net book value of the damaged portion of the building totaled \$37,402. Therefore, a gain of \$2,155 was recognized during the year ended June 30, 2020, which equals the receipt of cash from the insurance company less the net book value of the damaged portion of the building. The gain is included in other revenues, gains, and other support on the accompanying statements of activities.

Through June 30, 2021, no costs had been incurred to repair the building. Subsequent to June 30, 2021, the Organization incurred costs totaling \$159,773 to replace the roof.

At June 30, 2021 and 2020, the receipt of cash from the insurance claim of \$39,557 is included in cash held for property and equipment purchases on the accompanying statement of financial position. At June 30, 2020, also included in cash held for property and equipment purchases is \$18,000 received from a contribution restricted for purchase of a van for the Resale store. During the year ended June 30, 2021, the donor released the restriction, and therefore, the cash was made available for operations.

5. Escrow Accounts

The Organization maintains escrow accounts on behalf of homeowners. These accounts are used to collect homeowner deposits to be used to pay escrow expenses (such as property taxes and homeowners' insurance premiums). The total balance of these accounts at June 30, 2021 and 2020, was \$28,782 and \$28,809, respectively.

6. Paycheck Protection Program Loans

In May 2020, the Organization received loan proceeds in the amount of \$26,344 from US Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

The loan was forgiven in full by the Small Business Administration (SBA) in December 2020 and, as such, during the year ended June 30, 2021, the Organization recognized a gain of \$26,344, the full amount of the original loan.

In February 2021, the Organization received proceeds of \$24,614 from a Paycheck Protection Program Second Draw loan from the SBA under the Consolidated Appropriations Act of 2021 (the Act). The loan will have substantially the same terms as the PPP loan received during 2020. If the Organization meets certain criteria under the Act, all or a portion of the loan may be forgiven. Any portion of the loan not forgiven will bear interest at 1 percent per annum over a 2 year period.

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

7. Notes Payable

	2021	2020
Note payable to First Federal Savings & Loan Association of McMinnville, payable in monthly installments of \$1,000, including interest at 4 percent per annum. The interest rate will be redetermined in June 2026, based on the five year Federal Home Loan Bank of Des Moines plus an applicable margin. The note is secured by property with a carrying value of \$885,677 and is due June 2031.	\$ 188,300	\$ -
Note payable to Habitat for Humanity of Oregon at zero percent interest, secured by substantially all assets of the Organization. Monthly payments are \$1,000. The note is due June 2022.	15,000	24,000
Two notes payable to Habitat for Humanity of Oregon paid in full during June 2021.	<u>-</u>	<u>41,875</u>
	<u><u>\$ 203,300</u></u>	<u><u>\$ 65,875</u></u>

Total principal payments required under note payable agreements for the years subsequent to June 30, 2021, are as follows:

Years Ending June 30,	Amount
2022	\$ 16,551
2023	7,736
2024	4,929
2025	5,130
2026	5,339
Thereafter	<u>163,615</u>
	<u><u>\$ 203,300</u></u>

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
A Brush with Kindness projects	\$ 8,623	\$ 6,218
Purchase of a van for the Resale store	<u>-</u>	<u>18,000</u>
	<u>\$ 8,623</u>	<u>\$ 24,218</u>

During the years ended June 30, 2021 and 2020, net assets of \$7,595 and \$15,909, respectively, were released from restrictions due to the specific actions of the Organization and/or the passage of time.

During the year ended June 30, 2021, net assets of \$18,000 was released from restriction by the donor that made the original restricted contribution for the purchase of a van for the Resale store.

9. Liquidity and Availability of Financial Assets

The Organization's financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date consist of the following:

	2021	2020
Cash and cash equivalents	\$ 351,034	\$ 107,338
Grant receivable	-	40,834
Current portion of mortgages receivable	<u>95,340</u>	<u>95,340</u>
Total financial assets available within one year	446,374	243,512
Less net assets restricted for "A Brush with Kindness" projects	<u>(8,623)</u>	<u>(6,218)</u>
	<u>\$ 437,751</u>	<u>\$ 237,294</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

To help manage unanticipated liquidity needs, the Organization has a line of credit through US Bank for borrowings up to \$125,000 (Note 10).

NEWBERG AREA HABITAT FOR HUMANITY

Notes to Financial Statements - Continued

(See Independent Accountants' Review Report)

10. Line of Credit

The Organization has a \$125,000 unsecured line of credit available with US Bank. Interest on the line of credit is at the bank's prime rate (3.25 percent at June 30, 2021). At June 30, 2021 and 2020, there were no outstanding borrowings.

11. Related Party Transactions

The Organization annually remits a portion of its unrestricted contributions (excluding in-kind contributions and grants) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2021 and 2020, the total amount remitted was \$5,188 and \$7,186, respectively.

12. Subsequent Events

Management has evaluated subsequent events through November 29, 2021, the date the financial statements were available to be issued.

Subsequent to June 30, 2021, the Organization incurred costs totaling \$245,811 on land for a home construction project and \$159,773 to replace the roof on the Resale store's building.