

Milwaukee Habitat for Humanity, Inc.

Financial Report

June 30, 2019

MILWAUKEE HABITAT FOR HUMANITY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Milwaukee Habitat for Humanity, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Milwaukee Habitat for Humanity, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

We did not observe the physical inventory (stated at \$247,697) as of June 30, 2018, as the organization's records did not contain physical counts of inventory. We were unable to obtain sufficient appropriate audit evidence about inventory quantities as of June 30, 2018. For the years ended June 30, 2019 and 2018, we were unable to obtain sufficient appropriate audit evidence about the amount of cost of goods sold (stated at \$2,377,000 and \$2,056,000, respectively) and ReStore donations (stated at \$2,552,252 and \$2,222,511, respectively).

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Habitat for Humanity, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note R to the financial statements, certain errors resulting in overstatements and understatements of amounts previously reported for investment in new markets tax credit, net assets with donor restrictions and net assets without donor restrictions as of June 30, 2018, were discovered by management of the organization during the current year. Accordingly, amounts reported for investment in new markets tax credit, net assets with donor restrictions and net assets without donor restrictions have been restated in the 2018 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2017, to correct the error. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2019, the organization adopted new accounting guidance for the presentation of financial statements of Not-for-Profit entities. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Milwaukee Habitat for Humanity, Inc. as of June 30, 2018, were audited by other auditors whose report dated November 20, 2018, expressed an unmodified opinion on those statements.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

November 12, 2019

MILWAUKEE HABITAT FOR HUMANITY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	Restated 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Cash and cash equivalents	\$ 2,940,125	\$ 2,475,476
Cash and cash equivalents - designated for loan recourse	516,100	359,200
	3,456,225	2,834,676
Total cash and cash equivalents		
Accounts receivable	16,816	9,626
Unconditional promises to give, short-term	396,272	426,284
Current maturities of loans receivable - home preservation	5,000	6,000
Homeowners' escrow receivable	114,920	98,041
Current maturities of mortgage notes receivable	766,000	792,000
Prepaid expenses	56,797	47,503
Warehouse and ReStore inventory	489,283	247,697
	5,301,313	4,461,827
Total current assets		
RESTRICTED ASSETS		
Homeowners' escrow	3,164	13,694
Restricted cash - special projects	98,605	84,952
New markets tax credit restricted cash	80,269	0
	182,038	98,646
Total restricted assets		
OTHER ASSETS		
New markets tax credit - investments	2,765,241	1,430,000
New markets tax credit - other asset/guaranty fee	89,899	34,126
Inventory of properties, net of valuation allowance of \$447,000 and \$340,000 as of June 30, 2019 and 2018, respectively	1,728,979	1,218,305
Unconditional promises to give, net, long-term	115,861	225,810
Mortgage notes receivable, net of allowance for doubtful accounts of \$76,000 and \$115,000 as of June 30, 2019 and 2018, respectively	4,434,787	4,558,962
Loans receivable - home preservation, less current maturities	1,688	5,655
Loans receivable - bridge loan program	6,632	7,035
Loans receivable - critical home repair program	61,150	23,364
Property and equipment, net	1,540,156	1,636,156
Website development costs, net	18,880	10,625
Land held for investment	393,329	393,329
	11,156,602	9,543,367
Total other assets		
TOTAL ASSETS	\$ 16,639,953	\$ 14,103,840

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

MILWAUKEE HABITAT FOR HUMANITY, INC.

STATEMENTS OF FINANCIAL POSITION (Continued)

June 30, 2019 and 2018

	2019	Restated 2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 292,662	\$ 242,671
Current maturities of notes payable	58,488	62,062
Accrued expenses	223,820	112,513
Deferred revenue, new markets tax credit	84,094	26,770
Deferred revenue, other	32,650	11,900
Total current liabilities	691,714	455,916
LONG-TERM LIABILITIES		
Notes payable, less current maturities	243,277	798,524
Loans payable, net	3,679,681	1,858,543
Total long-term liabilities	3,922,958	2,657,067
TOTAL LIABILITIES	4,614,672	3,112,983
NET ASSETS		
Net assets without donor restrictions	11,400,404	10,239,621
Net assets with donor restrictions	624,877	751,236
Total net assets	12,025,281	10,990,857
TOTAL LIABILITIES AND NET ASSETS	\$ 16,639,953	\$ 14,103,840

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

MILWAUKEE HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
Changes in net assets:			
Public support, revenue and gains:			
Contributions	\$ 1,861,018	\$ 423,917	\$ 2,284,935
Grant Income	18,001	0	18,001
Donated goods and services	422,390	0	422,390
Special events	423,119	0	423,119
Late fee income	13,635	0	13,635
Sale of properties	1,973,220	0	1,973,220
Net realizable value adjustment - inventory of properties	(107,000)	0	(107,000)
Mortgage discount amortization	809,677	0	809,677
Investment income	34,227	0	34,227
ReStore retail sales	2,549,509	0	2,549,509
ReStore donations	2,552,252	0	2,552,252
Gain on sale of property and equipment	14,182	0	14,182
Loss on sale of mortgage notes receivable	(49,649)	0	(49,649)
Miscellaneous	138,073	0	138,073
Net assets released from restrictions	550,276	(550,276)	0
Total support, revenue and gains	11,202,930	(126,359)	11,076,571
Expenses:			
Program services:			
Homebuilding	4,752,996	0	4,752,996
ReStore	4,303,905	0	4,303,905
Total program services	9,056,901	0	9,056,901
Supporting services:			
Management and general	470,323	0	470,323
Fundraising	514,923	0	514,923
Total supporting services	985,246	0	985,246
Total expenses	10,042,147	0	10,042,147
Change in net assets	1,160,783	(126,359)	1,034,424
Net assets, beginning	10,239,621	751,236	10,990,857
Net assets, ending	<u>\$ 11,400,404</u>	<u>\$ 624,877</u>	<u>\$ 12,025,281</u>

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

MILWAUKEE HABITAT FOR HUMANITY, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2018

	Restated Without donor restrictions	Restated With donor restrictions	Restated Total
Changes in net assets:			
Support, revenue and gains:			
Contributions	\$ 1,772,220	\$ 751,236	\$ 2,523,456
Grant Income	176,395	0	176,395
Donated goods and services	450,050	0	450,050
Special events	448,088	0	448,088
Late fee income	1,615	0	1,615
Sale of properties	1,847,050	0	1,847,050
Net realizable value adjustment - inventory of properties	(340,000)	0	(340,000)
Discount on mortgages issued	(322,261)	0	(322,261)
Mortgage discount amortization	1,598,419	0	1,598,419
Investment income	17,621	0	17,621
ReStore retail sales	2,198,134	0	2,198,134
ReStore donations	2,222,511	0	2,222,511
Gain on sale of property and equipment	170,856	0	170,856
Miscellaneous	58,908	0	58,908
Net assets released from restrictions	42,338	(42,338)	0
Total support, revenue and gains	10,341,944	708,898	11,050,842
Expenses:			
Program Services:			
Homebuilding	5,275,590	0	5,275,590
ReStore	3,873,739	0	3,873,739
Total program services	9,149,329	0	9,149,329
Supporting services:			
Management and general	385,476	0	385,476
Fundraising	484,076	0	484,076
Total supporting services	869,552	0	869,552
Total expenses	10,018,881	0	10,018,881
Change in net assets	323,063	708,898	1,031,961
Net assets, beginning, as originally reported	10,017,063	42,338	10,059,401
Prior period adjustment - see Note R	(100,505)	0	(100,505)
Net assets, beginning, as restated	9,916,558	42,338	9,958,896
Net assets, ending	<u>\$ 10,239,621</u>	<u>\$ 751,236</u>	<u>\$ 10,990,857</u>

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

MILWAUKEE HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program services			Supporting services			Total expenses
	ReStore	Homebuilding	Total program services	Management and general	Fundraising	Total supporting services	
Expenses:							
Salaries, payroll taxes and fringe benefits	\$ 975,299	\$ 922,242	\$ 1,897,541	\$ 346,984	\$ 299,828	\$ 646,812	2,544,353
Professional fees	25,000	316,190	341,190	0	0	0	341,190
Insurance	1,485	153,172	154,657	27,352	1,823	29,175	183,832
Staff travel and development	16,034	13,469	29,503	15,543	6,369	21,912	51,415
Occupancy	493,157	104,612	597,769	12,307	6,154	18,461	616,230
Audit/accounting	0	0	0	21,600	0	21,600	21,600
Office supplies	7,258	3,230	10,488	3,528	913	4,441	14,929
Printing and publications	2,220	1,133	3,353	4,650	13,235	17,885	21,238
Telephone	31,272	24,763	56,035	1,669	1,391	3,060	59,095
Equipment/maintenance	3,841	6,506	10,347	852	387	1,239	11,586
Database management	23,029	42,874	65,903	8,574	5,716	14,290	80,193
Completed project costs/cost of sales on properties	0	2,549,654	2,549,654	0	0	0	2,549,654
ReStore cost of sales	2,377,000	0	2,377,000	0	0	0	2,377,000
Volunteer expenses	12,058	8,596	20,654	0	0	0	20,654
Special events	523	334	857	3,032	927	3,959	4,816
Promotions and advertising	52,658	2,183	54,841	224	20,951	21,175	76,016
Interest expense	11,151	34,586	45,737	2,190	0	2,190	47,927
Bank and credit card fees	33,096	8,235	41,331	1,685	15,162	16,847	58,178
Sales tax	132,489	0	132,489	0	0	0	132,489
AmeriCorps	2,000	114,012	116,012	0	0	0	116,012
Depreciation	77,905	70,412	148,317	761	762	1,523	149,840
Postage and shipping	246	3,674	3,920	735	2,939	3,674	7,594
Fundraising	0	0	0	0	137,394	137,394	137,394
Cost of goods sold	23,260	0	23,260	0	0	0	23,260
Miscellaneous	2,924	51,227	54,151	18,637	972	19,609	73,760
National affiliate/Global Village	0	321,892	321,892	0	0	0	321,892
Total expenses	\$ 4,303,905	\$ 4,752,996	\$ 9,056,901	\$ 470,323	\$ 514,923	\$ 985,246	\$ 10,042,147

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

MILWAUKEE HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Program services			Supporting services			Total expenses
	ReStore	Homebuilding	Total program services	Management and general	Fundraising	Total supporting services	
Expenses:							
Salaries, payroll taxes and fringe benefits	\$ 829,768	\$ 830,066	\$ 1,659,834	\$ 282,221	\$ 282,297	\$ 564,518	2,224,352
Professional fees	0	414,777	414,777	0	0	0	414,777
Insurance	5,937	131,165	137,102	23,422	1,561	24,983	162,085
Staff travel and development	17,531	13,003	30,534	2,395	1,711	4,106	34,640
Occupancy	515,412	70,013	585,425	8,237	4,118	12,355	597,780
Audit/accounting	0	0	0	23,200	0	23,200	23,200
Office supplies	8,554	6,814	15,368	1,048	874	1,922	17,290
Printing and publications	2,484	2,446	4,930	569	13,465	14,034	18,964
Telephone	17,156	20,456	37,612	1,379	1,149	2,528	40,140
Equipment/maintenance	2,996	7,990	10,986	999	499	1,498	12,484
Database management	11,569	33,283	44,852	6,657	4,438	11,095	55,947
Completed project costs/cost of sales on properties	0	3,301,975	3,301,975	0	0	0	3,301,975
ReStore cost of sales	2,056,000	0	2,056,000	0	0	0	2,056,000
Volunteer expenses	11,916	7,980	19,896	0	0	0	19,896
Special events	457	6,174	6,631	269	2,614	2,883	9,514
Promotions and advertising	57,433	2,504	59,937	30	12,022	12,052	71,989
Interest expense	27,649	16,000	43,649	19,045	0	19,045	62,694
Bank and credit card fees	27,146	5,616	32,762	1,404	12,637	14,041	46,803
Sales tax	119,537	0	119,537	0	0	0	119,537
AmeriCorps	3,500	65,599	69,099	0	0	0	69,099
Depreciation	53,928	66,137	120,065	1,121	760	1,881	121,946
Postage and shipping	208	2,948	3,156	590	2,358	2,948	6,104
Fundraising	0	0	0	0	140,288	140,288	140,288
Bad debt expense	0	44,129	44,129	0	0	0	44,129
Cost of goods sold	73,149	0	73,149	0	0	0	73,149
Miscellaneous	1,409	34,031	35,440	12,890	3,285	16,175	51,615
National Affiliate/Global Village	30,000	192,484	222,484	0	0	0	222,484
Total expenses	\$ 3,873,739	\$ 5,275,590	\$ 9,149,329	\$ 385,476	\$ 484,076	\$ 869,552	\$ 10,018,881

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

MILWAUKEE HABITAT FOR HUMANITY, INC.

STATEMENTS OF CASH FLOWS
Years ended June 30, 2019 and 2018

	2019	Restated 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,034,424	\$ 1,031,961
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for doubtful accounts	(39,000)	44,129
Depreciation	149,840	125,930
Amortization of debt issuance costs	8,852	2,398
Discount on mortgages issued	0	322,261
Mortgage discount amortization	(809,677)	(1,598,419)
Loss on sale of mortgage notes receivable	49,649	0
Gain on sale of property and equipment	(14,182)	(170,856)
Valuation allowance for loss on homes	107,000	340,000
Increase (decrease) in cash due to changes in:		
Accounts receivable	(7,190)	134,165
Unconditional promises to give	139,961	(652,094)
Grants receivable	0	399
Escrow receivable	(16,879)	2,444
Prepaid expenses	(9,294)	37,585
Inventory	(1,817,058)	(1,541,906)
New markets tax credit - other asset/guaranty fee	(55,773)	29,251
Accounts payable	49,991	(3,961)
Accrued expenses	111,307	(25,376)
Deferred revenue	78,074	(26,547)
Net cash used in operating activities	(1,039,955)	(1,948,636)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(42,395)	(1,124,350)
Purchase of website development costs	(19,700)	0
Collections on mortgage notes receivable	911,849	1,172,722
Collections on home preservation loans receivable	4,967	7,990
Collections on bridge loans receivable	403	675
Issuance of critical home repair loans receivables	(37,786)	(23,364)
Proceeds from sale of property and equipment	14,182	170,856
Proceeds from sale of mortgage notes	995,152	2,610,272
Investments in new markets tax credit	(1,335,241)	0
Net change in restricted cash	(83,392)	(24,073)
Net cash provided by investing activities	408,039	2,790,728
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	80,000	993,299
Principal payments on notes payable	(638,821)	(774,902)
Proceeds from issuance of loans payable	1,918,494	0
Payment of debt issuance costs	(106,208)	0
Net cash provided by financing activities	1,253,465	218,397

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

MILWAUKEE HABITAT FOR HUMANITY, INC.

STATEMENTS OF CASH FLOWS (Continued)

Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Change in cash and cash equivalents	\$ 621,549	\$ 1,060,489
Cash and cash equivalents:		
Beginning	<u>2,834,676</u>	<u>1,774,187</u>
Ending	<u>\$ 3,456,225</u>	<u>\$ 2,834,676</u>
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 41,459</u>	<u>\$ 60,296</u>
SUPPLEMENTAL SCHEDULE(S) OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Issuance of mortgage notes receivable for sale of houses	<u>\$ 957,798</u>	<u>\$ 1,847,675</u>

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

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE A -- Nature of business and significant accounting policies

Nature of business

Milwaukee Habitat for Humanity, Inc. (the organization) is a nonprofit charitable corporation organized to solicit funds and materials from various sources for the purpose of sponsoring new construction or rehabilitation of affordable homes in the Greater Milwaukee community. The organization sells these homes to individuals who would not, because of income level, qualify for a mortgage from a lending institution, offering affordable mortgages to qualified applicants who have put in significant hours of work into the construction of the home they are purchasing.

The Milwaukee Habitat ReStores recycle overstocked, discontinued, new, or used building materials, furniture, appliances and other supplies donated by manufacturers, stores, contractors, and individuals. These donated items are sold to the public, and income generated from the ReStores is used to support the programs and initiatives of Milwaukee Habitat for Humanity.

A summary of significant accounting policies follows:

Basis of accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions have been limited by donor-imposed time or purpose restrictions or are required to be maintained in perpetuity. Included in net assets without donor restrictions are voluntary board-approved designations for specific purposes, projects, or investments.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Exempt status

The organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of IRC. The organization is also exempt from state income taxes. The organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE A -- Nature of business and significant accounting policies (Continued)

Cash and cash equivalents

For purposes of reporting cash flows, the organization considers all investments purchased with a maturity of three months or less to be cash equivalents.

The organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

The organization considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible they will be charged to operations when that determination is made. Accounts receivable are not interest-bearing. A receivable is considered past due if payments have not been received by the organization after 30 days.

Promises to give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventories

The warehouse inventory consists of donated items which will be used in construction. This inventory has been valued at the estimated net realizable value of the inventory on hand at year-end. ReStore inventory consists of donated items or items purchased by the organization for sale within the ReStores. These items are valued at the estimated selling price of the donation in the period received or cost of the purchased asset on the first-in, first-out (FIFO) method.

Inventory of properties

Inventory of properties consists of single family homes valued based on the lower of cost or net realizable value as follows:

	<u>2019</u>	<u>2018</u>
Completed homes	\$ 366,316	\$ 565,846
Homes under construction	1,809,663	992,459
Valuation allowance	<u>(447,000)</u>	<u>(340,000)</u>
	<u>\$ 1,728,979</u>	<u>\$ 1,218,305</u>

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE A -- Nature of business and significant accounting policies (Continued)

Mortgages receivable

In furtherance of its charitable purpose, the organization sells the homes it builds and rehabilitates to qualified applicants for affordable rate mortgage notes. The value of these notes is then discounted to give the organization credit for the value of interest not being charged to homeowners. Scheduled mortgage payments range from \$100 to \$800 per month with maturities ranging from 20 to 30 years. Management provides an allowance for doubtful mortgage notes receivable based on an assessment of historical collectability, the status of individual mortgage notes, and the value of the collateral. One past due mortgage payment initiates delinquent status of a note and results in the organization initiating collection procedures in accordance with the organization's policies.

Loans receivable

In furtherance of its charitable purpose, the organization issues noninterest-bearing loans to homeowners to repair, weatherize, and preserve homeowner-occupied homes. The value of these loans is then discounted to give the organization credit for the value of interest not being charged to homeowners. Management believes all amounts outstanding are collectable, and as such, has not provided an allowance for uncollectable loans receivable.

New Markets Tax Credit (NMTC) – investments

The organization has non-controlling investments in limited liability companies with other Habitat for Humanity affiliates to take advantage of NMTC. These investments are nonmarketable and recorded at cost.

Property and equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed by the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings	20
Building improvements	15 - 40
Equipment	5 - 10
Vehicles	5
Computer equipment	5

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Capitalization policy

The organization's policy is to capitalize property and equipment with a unit cost in excess of \$5,000 and a useful life of at least three years.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE A -- Nature of business and significant accounting policies (Continued)

Impairment of long-lived assets

The organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Deferred revenue, NMTC

The organization recognizes deferred revenue associated with the NMTC transactions as revenue over the seven year NMTC term.

Debt issuance costs

In August 2018, the organization incurred closing costs and structuring fees related to the NMTC financing (see Note J). Debt issuance costs totaled \$106,208 and are being amortized on the straight-line method over 360 months, the life of the loan.

In 2013, the organization incurred closing costs related to the NMTC financing (see Note J). Debt issuance costs totaled \$27,151 and are being amortized on the straight-line method over 191 months, the life of the loan.

The use of the straight-line method rather than the effective interest method has no material effect on the financial statements. Amortized costs included in interest expense totaled \$8,852 and \$2,398 for the years ended June 30, 2019 and 2018, respectively.

Revenue recognition

Revenue from all new construction activities is recognized upon the closing of the sale of the property. All direct materials, direct labor costs, and other direct costs related to construction activities are inventoried, and then charged to expenses upon closing. Costs incurred in connection with completed homes, selling, and administrative costs are charged to expenses as incurred.

ReStore sales are recorded as revenue at the time of the sale. Other revenue is recognized when earned by the organization.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as net assets without donor restrictions.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE A -- Nature of business and significant accounting policies (Continued)

Donated goods and services

The organization receives donated goods for use in home rehabilitation and for sale at the ReStore. In order to recognize the value of goods received, the organization has elected to value goods at the estimated fair market value. In-kind donated goods, including ReStore donations, for the years ended June 30, 2019 or 2018 totaled \$2,809,424 and \$2,436,123, respectively.

Donated services are reflected as contributions and expenses in the accompanying statements when the services require some level of expertise. The organization received donated legal services relating to property acquisitions and closings for the homebuilding program service and totaled \$165,218 and \$236,438 for the years ended June 30, 2019 or 2018, respectively. The organization received other services from volunteers that do not require a specialized skill that are not recognized as contributions in the financial statements.

The organization receives donated services from volunteers who assisted in the construction of the homes. No amounts have been reflected in the financial statements for these donated services since the value cannot be quantified by management.

Expense allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Each employee of the organization works in a primary program area. Salaries and benefits are allocated on the basis of actual time reported in programs or supporting functions. Occupancy costs, insurance and depreciation are allocated on a square footage basis. Other non-personnel expenses are attributed to individual programs or supporting function. In certain instances, a portion of the expense is identifiable with a specific program, while the remaining amount is allocated to management and general and/or fundraising.

Advertising

All advertising costs are expensed as incurred. Advertising costs totaled \$76,016 and \$71,989 for the years ended June 30, 2019 and 2018, respectively.

New accounting pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the organization's financial statements:

- a. The temporarily restricted net asset class has been combined into a single net asset class called net assets with donor restrictions.
- b. The unrestricted net asset class has been renamed net assets without donor restrictions.
- c. The financial statements include a new disclosure about liquidity and availability of resources (Note Q).

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE A -- Nature of business and significant accounting policies (Continued)

Reclassifications

Some items in the 2018 financial statements have been reclassified to be consistent with the current year's presentation. The net realizable value adjustment for inventory of properties totaling \$340,000 was reclassified from program service expenses to public support, revenue and gains on the statement of activities. Land held for investment of \$393,329 and NMTC – investment of \$1,430,000 were previously included in the fair value disclosure as level 3. These assets have been excluded from the fair value disclosure as they are not subject to fair value disclosure. Unconditional promises to give, long-term of \$225,810 were previously not included in the fair value disclosure. This asset has been included in the fair value disclosure as level 2.

Subsequent events

These financial statements have not been updated for subsequent events occurring after November 12, 2019, which is the date these financial statements were available to be issued. The organization has no responsibility to update these financial statements for events and circumstances occurring after this date.

NOTE B -- Fair value disclosure

The fair value measurement for the categories of assets that are measured at fair value on a recurring basis are as follows:

		Fair value measurement using		
		Quoted prices in active markets for identical inputs (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
<u>6/30/2019</u>				
<u>Assets</u>				
Long-term unconditional promises to give ¹	\$ <u>115,861</u>	\$ <u>0</u>	\$ <u>115,861</u>	\$ <u>0</u>
		Fair value measurement using		
		Quoted prices in active markets for identical inputs (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
<u>6/30/2018</u>				
<u>Assets</u>				
Long-term unconditional promises to give ¹	\$ <u>225,810</u>	\$ <u>0</u>	\$ <u>225,810</u>	\$ <u>0</u>

1. The long term portion of unconditional promises to give is derived from the net present value of the receivables more than one year with the consideration of the discount rate.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE C -- Investment income

The organization's net investment income for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>Restated 2018</u>
Interest income	\$ 8,501	\$ 3,319
Interest on new markets tax credit investments	<u>25,726</u>	<u>14,302</u>
	<u>\$ 34,227</u>	<u>\$ 17,621</u>

NOTE D -- Mortgage notes receivable

The balance of mortgage notes receivable as of June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Gross mortgage notes receivable	\$ 10,140,404	\$ 11,139,257
Less: unamortized mortgage discounts	(4,863,617)	(5,673,295)
Less: allowance for doubtful mortgage notes	<u>(76,000)</u>	<u>(115,000)</u>
Net mortgage notes receivable	5,200,787	5,350,962
Less: current portion of mortgage notes receivable	<u>(766,000)</u>	<u>(792,000)</u>
Net mortgage notes receivable, less current maturities	<u>\$ 4,434,787</u>	<u>\$ 4,558,962</u>

The unamortized discount is the difference between the face amount of the mortgage note and its present value discounted at a compound interest amount. The discount rates used were 7.66% and 7.57% in 2019 and 2018, respectively, which represent an approximate independent lender rate as provided by Habitat for Humanity International.

The discount is amortized over the life of the note using the interest method. Collections of gross mortgage notes receivable are expected to be approximately \$760,000 for each of the next five years, with maturities through 2045.

NOTE E -- Credit quality of mortgage notes receivable

The organization provides affordable mortgage notes to partner families. These notes are collateralized by the real estate produced by the organization. Allowances for doubtful accounts are established based on prior collection experience, repayment agreements, value of collateral, and current economic factors which, in management's judgment, could influence the ability of the partner families to repay the notes per the terms. At June 30, 2019 and 2018, mortgages represented 31% and 38% of total assets, respectively.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE E -- Credit quality of mortgage notes receivable (Continued)

The balance of the allowance for doubtful accounts as of June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Beginning of year	\$ 115,000	\$ 92,000
Increases	0	44,129
Decreases	<u>(39,000)</u>	<u>(21,129)</u>
End of year	<u>\$ 76,000</u>	<u>\$ 115,000</u>

The credit quality indicator is based on days delinquent. As of June 30, 2019, the following mortgages and amounts were past due:

	<u>Number of delinquent mortgages</u>	<u>Principal balance</u>
30-59 days past due	10	\$ 431,247
60-89 days past due	10	372,028
90-119 days past due	3	60,300
120 plus days past due	50	1,440,259

NOTE F -- Unconditional promises to give

Unconditional promises to give at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Unconditional promises to give	\$ 526,272	\$ 666,284
Less: present value discount	<u>14,139</u>	<u>14,190</u>
Net unconditional promises to give	512,133	652,094
Less: unconditional promises to give in one to five years	<u>115,861</u>	<u>225,810</u>
Unconditional promises to give in less than one year	<u>\$ 396,272</u>	<u>\$ 426,284</u>

Unconditional promises to give in less than one year are measured at net realizable value which approximates fair value. Unconditional promises to give expected to be received after one year are discounted at a rate of 5.39% and 5.09% as of June 30, 2019 and 2018, respectively.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE G -- Designated and restricted assets

Homeowners' escrow

The organization is required to collect monthly escrow deposits from the homeowners for real estate taxes and insurance, and pays the respective bills when due. Homeowners' escrow receivables at June 30, 2019 and 2018 were \$114,920 and \$98,041, respectively.

Special projects

The organization receives contributions from donors that are restricted for specific purposes. Detailed information on the specific purposes is found in Note L.

Loan recourse

The organization designated a percentage of proceeds received from mortgages sold to third party lenders to which the organization retains recourse. Cash and cash equivalents designated for loan recourse were \$516,100 and \$359,200 as of June 30, 2019 and 2018, respectively. These funds are considered board designated.

NMTC – restricted cash

Restricted cash represents cash received as a result of the NMTC transactions and will be used to pay future program expenses.

NOTE H -- Property and equipment, net

Property and equipment, net is comprised of the following:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 1,621,491	\$ 1,621,491
Building improvements	523,053	499,097
Vehicles	117,338	115,838
Equipment	95,367	78,428
Computer equipment	<u>74,708</u>	<u>74,708</u>
	2,431,957	2,389,562
Less accumulated depreciation	<u>891,801</u>	<u>753,406</u>
	<u>\$ 1,540,156</u>	<u>\$ 1,636,156</u>

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE I -- Notes payable

Notes payable consist of the following:

	2019	2018
Noninterest-bearing notes payable to Habitat for Humanity International, Inc.; due in monthly payments ranging from \$338 to \$1,250; maturing no later than January 1, 2024; the notes are uncollateralized.	\$ 77,625	\$ 104,567
Noninterest-bearing note payable to Wisconsin Housing and Economic Development Authority; secured by residential real estate with monthly payments of \$229 and a final payment due July 2024.	14,776	17,526
Unsecured notes payable to Neighborhood Improvement Development Corp.; due in monthly payments ranging from \$317 to \$957; maturing December 31, 2029; the notes bear interest at a rate of 1%.	209,364	152,053
Notes payable to Town Bank; due in monthly payments of \$4,579; the note bears interest at 4.72% and is secured by the ReStore location 4150 S. 108 th Street; maturing on August 30, 2022; upon maturity, the note will be paid with one balloon payment for the remaining principal and interest; the note was paid off in full in March 2019.	0	586,440
	301,765	860,586
Less current maturities	58,488	62,062
	\$ 243,277	\$ 798,524

Repayment of principal on notes payable as of June 30, 2019, is as follows:

Year ending June 30,

2020	\$ 58,488
2021	53,301
2022	34,709
2023	34,931
2024	28,162
Thereafter	92,174
	\$ 301,765

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE J -- Loans payable, net

Loans payable, net consist of the following:

	2019	2018
<p>CCM Community Development XXVII, LLC (see Note P); nonrecourse; semi-annual interest only payments until 2020 at .7608%; semi-annual payments of \$121,335, including interest at .7608%, are due starting November 10, 2020 through the maturity date of July 25, 2028; secured by a loan agreement, deposit account control and pledge agreement, reserve account control and pledge agreement; community development entity (CDE) waived the debt in September 2019; prepayment is not permitted until after August 31, 2020 and then is permitted in whole or in part without penalty; unamortized debt issuance costs associated with this note was \$15,555 and \$21,457 as of June 30, 2019 and 2018, respectively; interest expense totaled \$14,303 for each of the years ended June 30, 2019 and 2018.</p>	\$ 1,880,000	\$ 1,880,000
<p>HFHI NMTC SUB-CDE III, LLC (see Note P); nonrecourse; semi-annual interest only payments until 2025 at .694151%; semi-annual payments of \$44,309, including interest at .694151%, are due starting November 5, 2025 through the maturity date of August 22, 2048; secured by a loan agreement, deposit account control agreement, deposit account pledge agreement, reserve account control agreement and reserve account pledge agreement; CDE has the option to waive the debt in August 2025 so as to participate in the NMTC program; prepayment is not permitted until after August 22, 2025 and then is permitted in whole or in part without penalty; unamortized debt issuance costs associated with this note was \$103,258 and \$0 as of June 30, 2019 and 2018, respectively; interest expense totaled \$11,431 and \$0 for the years ended June 30, 2019 and 2018, respectively.</p>	1,918,494	0
	3,798,494	1,880,000
Less unamortized debt issuance costs	118,813	21,457
	\$ 3,679,681	\$ 1,858,543

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE J -- Loans payable, net (Continued)

Repayment of principal on loans payable as of June 30, 2019, is as follows:

Year ending June 30,

2020	\$	0
2021		228,802
2022		230,546
2023		232,303
2024		234,074
Thereafter		<u>2,872,769</u>
	\$	<u>3,798,494</u>

NOTE K -- Line of credit

The organization has a \$500,000 unsecured line of credit. There were no amounts outstanding on the line at June 30, 2019 and 2018. The interest rate is variable based on the 1 month LIBOR rate plus 3% (5.40% and 5.09% as of June 30, 2019 and 2018, respectively). The line of credit expires on December 17, 2019.

NOTE L -- Net assets with donor restrictions

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time or purpose. Net assets with donor restrictions are available for the following purposes or periods as of June 30:

	<u>2019</u>	<u>2018</u>
Internship program	\$ 26,517	\$ 60,000
Harambee Neighborhood	1,000	1,000
Foreclosure Prevention Program	8,268	15,000
ReStore South Doors	0	8,952
Air conditioners	42,370	0
Rock the Block 2019	15,000	0
Trailer for construction	5,450	0
Time restrictions on unconditional promises to give	<u>526,272</u>	<u>666,284</u>
	<u>\$ 624,877</u>	<u>\$ 751,236</u>

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE M -- Operating leases

The organization has an operating lease with a third party for the West ReStore location. The lease requires monthly payments ranging from \$8,559 to \$9,834 and expires in March 2022. In addition to the monthly rent expense the lease requires payments for common area maintenance (CAM) expenses and property taxes that will vary month to month. Total expense under the lease for the years ended June 30, 2019 and 2018, totaled \$149,047 and \$150,351, respectively.

The organization also has an operating lease with a third party for the East ReStore location. The lease requires monthly payments ranging from \$3,575 to \$4,624 and expired in October 2017. The lease was subsequently renewed through October 2020 requiring monthly lease payments ranging from \$4,763 to \$5,053. In addition to the monthly rent expense, the lease requires payments for CAMs, property taxes, and utilities that will vary month to month. Total expense under the lease for the years ended June 30, 2019 and 2018, totaled \$109,580 and \$99,437, respectively.

Future minimum lease payments under these leases are as follows:

Year ending June 30,

2020	\$	171,468
2021		134,417
2022		<u>87,550</u>
	\$	<u>393,435</u>

NOTE N -- Related party transactions

With respect for and in support of Habitat for Humanity International Inc., the organization voluntarily provides a tithe of the undesignated public support it received in the prior year. This is used by the international organization for providing housing for the poor around the world. For the years ended June 30, 2019 and 2018, the amount of the tithe expense totaled \$321,892 and \$222,484, respectively.

Habitat for Humanity International Inc. receives contributions on behalf of the organization. For the years ended June 30, 2019 and 2018, the amount of these contributions passed through to the organization from Habitat for Humanity International Inc. totaled \$170,878 and \$283,516, respectively.

NOTE O -- Defined contribution retirement plan

The organization participates in a defined contribution, individual account retirement plan covering all eligible employees. The organization makes contributions to the plan based on \$1,000 per employee. Plan expense was \$37,753 and \$32,294 for years ended June 30, 2019 and 2018, respectively.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE P -- New markets tax credit – investments

Investment in CCML Leverage II, LLC

The organization participated in a NMTC program. The program provides funds to eligible organizations for investment in qualified low-income community investment. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new markets tax credits to be applied against their federal tax liability. Program compliance requirements must be met over a seven-year period. Tax credit recapture is required if compliance requirements are not met.

The organization invested, along with ten other Habitat affiliates, in a joint venture, CCML Leverage II, LLC, (the Leveraged Lender) with 9.083% ownership to take advantage of NMTC financing. The Leveraged Lender made a loan to the CCM CD 27 Investment Fund, LLC (the Investment Fund). The Investment Fund is owned by a tax credit investor. The tax credit investor invested an amount into the Investment Fund equal to the market rate of the tax credits held by the qualified CDE. The Investment Fund made a qualified equity investment in the CDE and became 99.99% owner of the CDE, and the related tax credits. The CDE made a loan back to the organization to be used solely for the purpose of constructing and selling qualified housing properties to low income residents.

As a result, the organization has invested \$1,430,000 in the joint venture. The CDE provide a loan of \$1,880,000 to the organization. The loan accrues monthly interest-only for years one through seven at a reduced rate of .7608%. Through the organization's ownership in the Leveraged Lender, 99.99% of the interest payments made by the organization to the CDE are returned to the organization on the same day. Beginning in year eight through year 15, the principal balance of the loan is reduced by an eight-year amortization at the same rate of .7608%.

In September 2019, the Investment Fund exercised its put option on the investment in the CDE. Under the terms of the put option agreement, the Investment Fund puts its interest in the CDE to the Leveraged Lender for \$1,000. Exercise of the option allows the organization to own their notes to the CDE, and therefore, extinguish its outstanding notes owed to the CDE.

Investment in HFHI NMTC Leverage Lender 2018, LLC

The organization, along with other Habitat affiliates, is participating in an investment to take advantage of NMTC financing. The NMTC program permits corporate and individual taxpayers to receive a credit against federal income taxes for making qualified equity investments in qualified CDEs.

In August 2018, the organization invested \$1,335,242 in HFHI NMTC Leverage Lender 2018, LLC consisting of cash and qualified investment properties. This investment represents a 8.84% ownership. HFHI NMTC Leverage Lender 2018, LLC contributed its combined resources to Twain Investment Fund 306, LLC (Investment Fund 2) which received additional investment from U.S. Bancorp Community Development Corporation (Bank) as the federal tax credit investor under the NMTC program.

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE P -- New markets tax credit – investments (Continued)

As part of the NMTC program, the Investment Fund 2 invested in HFHI NMTC Sub-CDE III, LLC, a qualified CDE. The CDE is the conduit for accomplishing the NMTC program specifics of constructing and selling qualified housing properties to low income residents. Under the CDE, the organization secured a 30-year loan in the amount of \$1,918,494 to be used solely in accordance with the NMTC program compliance requirements. The loan requires semi-annual interest-only payments for years one through seven at a rate of .694151%. Beginning in year eight through year thirty, the principal balance of the loan is reduced by a twenty-three year amortization at the same rate. The Investment Fund 2 may be subject to tax credit recapture if the NMTC program compliance requirements are not met over the seven year period.

The ultimate holder of the above loan from the CDE to the organization is the Bank through its participation in the Investment Fund 2. The Bank is expected to waive the payment of the debt so as to participate in the NMTC program via exercising its put option agreement. Under the terms of the put option agreement, HFHI NMTC Leverage Lender 2018, LLC is expected to purchase the ownership interest of the Bank in the Investment Fund 2. Exercise of the option will effectively allow the organization to extinguish its outstanding debt owed to the Bank.

NOTE Q -- Availability of financial assets and liquidity

The organization has \$4,239,133 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$2,940,125, accounts receivable of \$16,816, unconditional promises to give of \$396,272, loan receivable of \$5,000, mortgage notes receivable of \$766,000 and escrow receivable of \$114,920 at June 30, 2019. The organization receives contributions with donor restrictions to be used in accordance with the associated purpose or time restrictions. When a donor's restriction requires resources to be used in a particular manner or in a future period, the organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the organization could draw upon \$500,000 of the available line of credit (as further discussed in Note K).

MILWAUKEE HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2019

NOTE R -- Prior period adjustments

It was determined that the organization had unconditional promises to give with time restrictions of \$666,284 which were not properly included in net assets with donor restrictions as of June 30, 2018. These unconditional promises to give were included in net assets without donor restrictions. This error resulted in an understatement of the amount previously reported for net assets with donor restrictions and an overstatement of an amount previously reported for net assets without donor restrictions as of June 30, 2018.

It was determined that the organization had accounted for the investment in the new markets tax credit using the equity method rather than the cost method. This error resulted in an overstatement of the amount previously reported for the investment in the new markets tax credit as of June 30, 2018.

The 2018 opening balance of net assets without donor restrictions has been restated by \$100,505 for these transactions. The 2018 change in net assets has decreased by \$24,812 for these transactions.

The effect of the prior period adjustments on the financial statements is summarized below.

Statement of financial position

As of June 30, 2018

	<u>As originally reported</u>	<u>As restated</u>	<u>Effect of change</u>
Assets:			
New markets tax credit – investments	\$ 1,555,317	\$ 1,430,000	\$ (125,317)
Net assets:			
Net assets without donor restrictions	\$ 11,031,222	\$ 10,239,621	\$ (791,601)
Net assets with donor restrictions	\$ 84,952	\$ 751,236	\$ 666,284

Statement of activities

Year ended June 30, 2018

	<u>As originally reported</u>	<u>As restated</u>	<u>Effect of change</u>
Public support, revenue and gains:			
Contributions – without donor restrictions	\$ 2,438,504	\$ 1,772,220	\$ (666,284)
Contributions – with donor restrictions	\$ 84,952	\$ 751,236	\$ 666,284
Investment income	\$ 42,433	\$ 17,621	\$ (24,812)

Statement of cash flows

Year ended June 30, 2018

	<u>As originally reported</u>	<u>As restated</u>	<u>Effect of change</u>
Cash flows from operating activities:			
Change in net assets	\$ 1,056,773	\$ 1,031,961	\$ (24,812)
Net realized gains on investments	\$ (39,114)	\$ 0	\$ 39,114
Cash flows from investing activities:			
Investments in new markets tax credit	\$ 14,301	\$ 0	\$ (14,301)