Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries

Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2021 and 2020

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Independent Auditors' Report

Board of Directors of
Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries (a North Carolina not-for-profit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 from material misstatement, whether due to fraud or error.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditors' 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.

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 financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Other Financial Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Charlotte, NC
October 27, 2021

Habitat For Humanity of the Charlotte Region, Inc. and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2021 and 2020 **(2 pages)**

	2021	2020
ASSETS		
Current assets:		
Cash	**$ 7,201,304**	$ 6,418,544
Restricted cash for Living Legacy fund	**230,805**	36,507
Restricted cash for escrow funds	**905,779**	478,392
Restricted cash for joint venture reserves	**210,364**	250,402
Funds held for others	**102,040**	69,492
Sales tax and other receivables	**282,564**	477,818
Inventory	**237,512**	217,631
Prepaid expenses	**272,949**	207,836
Current portion of non-interest-bearing mortgage loans receivable	**3,174,308**	3,359,869
Current portion of unconditional promises to give, net	**418,080**	230,745
Current portion of repair ministry receivables	**58,929**	70,941
Grants and other assistance receivable	**467,764**	265,621
Total current assets	**13,562,398**	12,083,798
Repair ministry receivables, less discount and allowance	**-**	23,245
Unconditional promises to give, less discount	**610,016**	156,071
Investments held at the Foundation for the Carolinas	**227,536**	178,007
Investment in joint ventures	**5,367,257**	5,367,257
Non-interest-bearing mortgage loans receivable, less discount	**28,016,232**	29,405,496
Real estate owned	**9,664,085**	8,430,009
New houses under construction	**4,523,823**	3,664,456
Deferred lease assets	**115,996**	-
Property and equipment, net	**9,880,211**	10,112,625
Total assets	**$ 71,967,554**	$ 69,420,964

	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 1,842,700**	$ 1,235,326
Funds held for others	**102,040**	69,492
Escrow funds for taxes and insurance - mortgage escrow accounts	**905,779**	478,392
Deferred revenue	**747,535**	71,169
Refundable advance, paycheck protection program loan #1	**-**	1,628,952
Refundable advance, paycheck protection program loan #2	**1,628,952**	-
Current portion of non-interest-bearing notes payable, less discount	**431,863**	505,047
Current portion of long-term debt	**863,635**	1,286,119
Total current liabilities	**6,522,504**	5,274,497
Non-interest-bearing notes payable, less discount	**5,785,955**	5,419,820
Long-term debt, less current portion, net of unamortized debt issuance costs and discounts	**15,691,023**	16,576,765
Total liabilities	**27,999,482**	27,271,082
Net assets:		
Without donor restrictions	**39,982,769**	38,092,767
With donor restrictions	**3,985,303**	4,057,115
Total net assets	**43,968,072**	42,149,882
Total liabilities and net assets	**$ 71,967,554**	$ 69,420,964

Habitat For Humanity of the Charlotte Region, Inc. and Subsidiaries
Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
Revenues and other support without donor restrictions:		
Contributions	$ 3,837,619	$ 3,181,285
Donated property, materials and services	537,352	821,716
Total contributions	4,374,971	4,003,001
Home sale and repair income	6,979,393	6,724,151
Imputed interest income on non-interest-bearing mortgage loans receivable and repair ministry receivables	2,160,215	1,951,771
ReStore retail and coffee shop operations	7,685,352	4,671,241
Housing grants and other revenues	5,230,895	2,468,978
	26,430,826	19,819,142
Net assets released from restrictions	1,883,401	1,816,814
Revenues and other support without donor restrictions	28,314,227	21,635,956
Expenses:		
Program:		
Construction, supervision, and support	9,891,036	8,961,776
ReStore retail and coffee shop operations	6,193,977	4,546,303
Family support	1,901,646	1,354,520
Repair ministry expenses	4,501,619	2,921,764
Interest expense, net	540,832	464,283
Support to Habitat International	466,296	296,197
Discount on current year below-market-interest mortgage loans, and repair ministry receivables, net of payoffs	(26,042)	1,020,142
Advocacy expenses	153,946	158,645
	23,623,310	19,723,630
Management and general	1,314,609	1,042,487
Fundraising and public relations	1,486,306	1,512,316
Total expenses	26,424,225	22,278,433
Increase (decrease) in net assets without donor restrictions, before inherent contribution received	1,890,002	(642,477)
Inherent contribution of net assets without donor restrictions from Our Towns (Note 2)	-	7,918,247
Increase in net assets without donor restrictions	$ 1,890,002	$ 7,275,770

Habitat For Humanity of the Charlotte Region, Inc. and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2021 and 2020

	2021	2020
Net assets without donor restrictions:		
Increase in net assets without donor restrictions	**$ 1,890,002**	$ 7,275,770
Net assets with donor restrictions:		
Inherent contribution of restricted net assets from Our Towns (Note 2)	**-**	443,894
Restricted contributions	**1,759,118**	2,997,812
Investment return, net	**52,471**	(312)
Net assets released from restrictions	**(1,883,401)**	(1,816,814)
Increase (decrease) in net assets with donor restrictions	**(71,812)**	1,624,580
Increase in net assets	**1,818,190**	8,900,350
Net assets, beginning of year	**42,149,882**	33,249,532
Net assets, end of year	**$ 43,968,072**	$ 42,149,882

Habitat For Humanity of the Charlotte Region, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses
Years Ended June 30, 2021 and 2020 (2 pages)

	2021				
	Construction and Homeownership	Retail	Fundraising	Management and General	Total
Advertising and communications	$ 87,158	$ 260,449	$ 145,901	$ 39,569	$ 533,077
Bank and credit card processing fees	16,967	228,657	10,961	19,376	275,961
Cost of homes/goods sold	10,844,411	494,606	-	-	11,339,017
Depreciation and amortization	186,733	212,367	23,206	2,707	425,013
Facilities	89,294	1,237,980	23,076	28,669	1,379,019
Insurance	89,461	88,308	3,962	8,221	189,952
Interest expense	540,832	-	-	-	540,832
Miscellaneous	50,403	7,325	150	33,980	91,858
Mortgage discounts (net of payoffs)	(26,042)	-	-	-	(26,042)
Office operations	42,316	42,721	27,060	34,604	146,701
Professional fees/contract labor	223,455	27,678	100,675	256,103	607,911
Program expenses	367,580	-	-	-	367,580
Salaries and benefits	4,081,519	3,249,589	1,047,033	708,072	9,086,213
Special events	15,053	3,897	21,633	1,219	41,802
Technology	144,057	177,321	70,392	150,331	542,101
Habitat International Tithe & Support	466,296	-	-	-	466,296
Training, travel and dues	49,070	487	8,363	19,522	77,442
Vehicles	141,594	140,387	461	451	282,893
Volunteer and staff appreciation	19,176	22,205	3,433	11,785	56,599
	$ 17,429,333	$ 6,193,977	$ 1,486,306	$ 1,314,609	$ 26,424,225

See accompanying notes.

	2020				
	Construction and Homeownership	Retail	Fundraising	Management and General	Total
Advertising and communications	$ 74,915	$ 287,935	$ 174,577	$ 35,289	$ 572,716
Bank and credit card processing fees	9,385	133,695	7,483	17,856	168,419
Cost of homes/goods sold	8,680,352	411,777	-	-	9,092,129
Depreciation and amortization	108,049	160,968	21,037	25,287	315,341
Facilities	88,518	927,233	12,803	15,837	1,044,391
Insurance	63,836	36,792	6,031	15,099	121,758
Interest expense	464,283	-	-	75	464,358
Miscellaneous	18,070	21,088	2,418	8,720	50,296
Mortgage discounts	1,020,142	-	-	-	1,020,142
Office operations	75,205	23,097	39,753	30,959	169,014
Professional fees/contract labor	200,638	68,033	169,325	232,499	670,495
Program expenses	62,988	-	-	-	62,988
Salaries and benefits	3,653,879	2,259,239	874,859	544,244	7,332,221
Special events	20,082	2,057	135,107	6,393	163,639
Technology	119,731	112,884	52,180	75,667	360,462
Habitat International Tithe & Support	296,198	-	-	-	296,198
Tools	61,080	4,110	-	-	65,190
Training, travel and dues	58,966	5,095	12,368	25,741	102,170
Vehicles	93,517	81,965	1,599	460	177,541
Volunteer and staff appreciation	7,493	10,335	2,776	8,361	28,965
	$ 15,177,327	$ 4,546,303	$ 1,512,316	$ 1,042,487	$ 22,278,433

Habitat For Humanity of the Charlotte Region, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020 **(2 pages)**

	2021	2020
Cash flows from operating activities:		
Increase in net assets	**$ 1,818,190**	$ 8,900,350
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Inherent contribution of net assets from Our Towns (Note 2)	**-**	(8,362,141)
Imputed interest income on non-interest-bearing mortgage loans and repair ministry receivables	**(2,160,215)**	(1,951,771)
Imputed interest expense on non-interest-bearing notes payable	**191,158**	184,545
Discount on current year non-interest-bearing mortgage loans and repair ministry receivables	**(26,042)**	1,020,142
Discount on current year below-market-interest notes payable	**(25,217)**	(110,982)
Provision for uncollectible repair ministry receivables	**1,929**	6,749
Provision for uncollectible promises to give	**30,343**	11,081
Depreciation	**425,013**	315,341
Amortization of debt issuance costs	**15,756**	10,592
Gain on sale of property and equipment	**(1,400)**	(6,918)
Net changes in operating assets and liabilities (exclusive of assets acquired and liabilities assumed from Our Towns):		
Mortgage loans receivable	**3,756,718**	822,776
Unconditional promises to give	**(671,623)**	22,076
Repair ministry receivables	**37,692**	(15,657)
Grant and other assistance receivable	**(202,143)**	33,514
Other receivables, prepaid expenses and other assets	**130,141**	(302,270)
Inventory	**(19,881)**	2,330
Houses under construction	**(859,367)**	57,336
Deferred lease assets	**(115,996)**	-
Real estate owned	**(1,234,076)**	(905,900)
Accounts payable and accrued liabilities	**607,374**	12,610
Mortgage escrow accounts	**427,387**	(91,426)
Funds held for others	**32,548**	12,252
Deferred revenue	**676,366**	(126,786)
Refundable advance, paycheck protection program loan #1	**(1,628,952)**	1,628,952
Refundable advance, paycheck protection program loan #2	**1,628,952**	-
Net cash provided by operating activities	**2,834,655**	1,166,795

	2021	2020
Cash flows from investing activities:		
Cash and restricted cash received from Our Towns (Note 2)	**$ -**	$ 777,663
Acquisition of and improvements to property and equipment	**(194,597)**	(1,104,628)
Proceeds from sale of property and equipment	**3,398**	6,918
Net change in investments held at Foundation for the Carolinas	**(49,529)**	2,640
Investment in joint venture	**-**	(2,367,603)
Net cash used by investing activities	**(240,728)**	(2,685,010)
Cash flows from financing activities:		
Payments on long-term debt and non-interest-bearing notes payable	**(2,053,338)**	(1,301,251)
Proceeds from issuance of long-term debt and non-interest-bearing notes payable	**856,366**	4,068,194
Payment of debt issuance costs	**-**	(126,994)
Net cash provided (used) by financing activities	**(1,196,972)**	2,639,949
Net increase in cash and restricted cash	**1,396,955**	1,121,734
Cash and restricted cash, at beginning of year	**7,253,337**	6,131,603
Cash and restricted cash, at end of year	**$ 8,650,292**	$ 7,253,337
Reconciliation of cash and restricted cash to the consolidated statements of financial position:		
Cash	**$ 7,201,304**	$ 6,418,544
Restricted cash for Living Legacy fund	**230,805**	36,507
Restricted cash for escrow funds	**905,779**	478,392
Restricted cash for joint venture reserves	**210,364**	250,402
Funds held for others	**102,040**	69,492
	$ 8,650,292	$ 7,253,337
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	**$ 333,918**	$ 269,146
Supplemental disclosures of noncash investing and financing activities:		
Net assets contributed from Our Towns (Note 2)	$ -	$ 8,362,141

Notes to Consolidated Financial Statements

1. Description of Organization and Summary of Significant Accounting Policies

Habitat for Humanity of Charlotte, Inc. was incorporated on February 21, 1983, as an interdenominational not-for-profit organization whose purpose is to encourage, promote and assist in the building, redevelopment and repair of low-income housing in the Charlotte, North Carolina region. Habitat for Humanity of Charlotte, Inc. entered into an agreement and plan of merger with Our Towns of North Mecklenburg-Iredell Habitat for Humanity, Inc. effective February 29, 2020, to combine resources and serve more families in the Charlotte region. In connection with the merger, Habitat for Humanity of Charlotte, Inc. (as the surviving entity) changed its name to Habitat for Humanity of the Charlotte Region, Inc. (collectively, with its consolidated affiliates, "Habitat" or the "Organization"). See Note 2 for additional information related to the merger.

Habitat sells housing to low-income persons at approximate cost utilizing non-interest-bearing mortgage loans. Habitat's repair ministry provides affordable repair services to homeowners utilizing non-interest-bearing loans. Habitat finances its operations through continuing contributions, mortgage and note payment receipts, retail net income, low interest loans, and local, state and federal grants. In 2015, Habitat formed three wholly owned subsidiaries, Habitat Charlotte Homes, LLC, Habitat Charlotte Properties, LLC, and HFHC Holdings, LLC for purposes of purchasing land and building the houses. In 2016, Habitat formed another wholly owned subsidiary, HFHC Funding, LLC, for the purposes of holding mortgages securitizing debt with financial institutions.

Habitat operates seven Habitat for Humanity ReStores (the "ReStores"), retail operations, where home furnishings, appliances, and other miscellaneous items are donated and then sold to the community at a greatly reduced price. Revenue is recognized by Habitat at the time the goods are sold. Due to the nature of the donated items, the value of the inventory is not recognized until sold. As part of operations at one of the ReStores, a coffee shop ("Julia's Coffee") is operated by employees and volunteers of the Organization. Both the ReStores and Julia's Coffee are operated with the sole purpose of generating funds to assist in the Organization's main purpose of building houses.

Basis of consolidation

The consolidated financial statements include the accounts of Habitat for Humanity of the Charlotte Region, Inc., Habitat Charlotte Homes, LLC, Habitat Charlotte Properties, LLC, HFHC Holdings, LLC, and HFHC Funding, LLC. All intercompany balances and transactions have been eliminated upon consolidation.

Basis of accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and accordingly reflect all significant assets, liabilities, revenues and expenses required by GAAP.

Classification of net assets

Net assets of the Organization are classified as net assets without donor restrictions or net assets with donor restrictions.

> ***Net assets without donor restrictions*** consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions consist of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutions Funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. The state of North Carolina enacted a version of UPMIFA on March 16, 2009.

Revenue recognition

Effective July 1, 2020, the Organization adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces most existing revenue recognition guidance in U.S. GAAP, using the modified retrospective approach.

Management analyzed the effect of the adoption and concluded that the adoption of this ASU did not have a material impact on the Organization's financial statements. The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No material changes were required to previously reported revenues as a result of the adoption.

As part of the adoption of the ASU, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The Organization's revenue from contracts with customers consists of home sales and repairs, and Habitat ReStore sales. The Organization's contracts have a single performance obligation. The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods to the customer. Revenue is recorded based on transaction price, which is a fixed consideration. The Organization recognizes Habitat ReStore sales at a point in time when control of the goods is passed to the customer, which typically occurs at point of sale and is also when customer payment is collected. Sales from the Habitat ReStores are reported net of sales tax collected.

The Organization recognizes revenue from home sales at a point in time, when a closing occurs. A closing is considered to occur when title, possession and other attributes of ownership have been transferred to the buyer; and the Organization is not obligated to perform significant activities and changes in net assets after the sale. Revenue from the sale of homes is recorded in the consolidated statements of activities as home sale and repair income.

Contributions and support

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization recognizes as unrestricted revenue any donor-restricted contributions whose restrictions are met in the same reporting period the contribution was received and any related conditions were met.

Contributed services

A substantial number of volunteers have made significant contributions of their time to Habitat, principally in the areas of house construction, retail, administration and fundraising. The value of non-professional contributed time is not reflected in the accompanying consolidated financial statements. However, Habitat values donated professional services based on the market value of the service being provided. The market value of contributed professional services for the years ended June 30, 2021 and 2020 was approximately $31,000 and $60,000, respectively.

Houses under construction and real estate owned

Houses under construction and real estate owned, including pre-acquisition, acquisition, and development costs, building materials, and labor are recorded at cost when assets are acquired, or services are provided, as applicable, or at estimated fair market value when donated. Foreclosed homes purchased by the Organization are recorded at cost when the homes are acquired. A portion of overhead expenses is allocated to the cost of houses. No interest is capitalized as a cost of houses. The fair value of property contributed for the years ended June 30, 2021 and 2020 was approximately $308,000 and $491,000, respectively.

Reclaimed houses are recorded as a component of real estate owned at the outstanding mortgage balance at the date of reclamation if foreclosed or at the fair market value if repurchased. During the years ended June 30, 2021 and 2020, Habitat reclaimed twenty and ten houses, respectively, of which one and zero houses, respectively, were obtained through foreclosure. The aggregate recorded values of reclaimed homes for the years ended June 30, 2021 and 2020 were approximately $3,510,000 and $1,462,000 respectively.

Inventory

Inventory consists of building materials used during the home building process and is stated at the lower of cost (determined by the first-in, first-out method) or market. Also included in inventory are the supplies for the coffee shop, Julia's Coffee, as well as products purchased by the Organization for future sales at the ReStore locations.

Property and equipment

Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long such long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation of property and equipment is computed over useful lives using the straight-line method. Maintenance, repair costs and minor replacements are charged to expense as incurred.

The Organization primarily uses the straight-line method of depreciation over the estimated useful lives of the assets, as follows:

Land improvements	4 to 15 years
Buildings and improvements	10 to 40 years
Machinery and equipment	3 to 10 years

Income taxes

Habitat is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2021 and 2020.

Cash

The Company considers deposits on account and investments with maturity dates less than three months at the time of purchase to be cash. As of June 30, 2021 and 2020, there were no investments included in the cash balance. At various times throughout the year, the Company has deposits in excess of amounts covered by federal depository insurance. Cash accounts at a financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The uninsured portion of these accounts as of June 30, 2021 and 2020, totaled $7,536,856 and $6,881,629, respectively.

Restricted cash

Restricted cash consists of amounts held in deposit accounts that have been restricted by donors for investment in the Living Legacy Fund, for amounts held on behalf of mortgagors for payment of taxes and insurance, and for amounts reserved for compliance and servicing fees related to a joint venture.

Unconditional promises to give

Unconditional promises to give are recognized as revenues in the period received and as increases of assets or decreases of liabilities or expenses depending on the form of benefits received. Promises to give are recorded at their present value less an allowance for uncollectible promises to give. Pledges receivable are due at various dates through 2026. The gross long-term pledges receivable are discounted at a rate commensurate with the risks involved. This rate is 4.78% for the years ended June 30, 2021 and 2020. For the years ended June 30, 2021 and 2020, there was no allowance for uncollectible promises deemed necessary. The allowance for uncollectible promises to give is based upon a review of outstanding pledge receivables and historical collection information.

At June 30, 2021, the Organization had one contributor that accounted for approximately 70% of the outstanding unconditional promises to give. At June 30, 2020, the Organization had three contributors that accounted for approximately 32% of the outstanding unconditional promises to give.

Repair ministry receivables

Repair ministry receivables are recognized as revenues in the period the receivable is established and as increases of assets or decreases of liabilities or expenses depending on the form of benefits received. Repair ministry receivables are recorded at their present value less an allowance for uncollectible repair ministry receivables. Repair ministry receivables are due at various dates through 2026. The gross long-term repair ministry receivables are discounted at a rate commensurate with the risks involved. This rate is 7.23% and 7.38% for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, the Organization had an allowance for repair ministry receivables of approximately $130,000 and $128,000, respectively. The allowance for repair ministry receivables is based upon a review of outstanding repair ministry receivables and historical collection information.

Mortgage loans receivable

The Organization records and accounts for mortgage loans receivable based on the present value of the loan at the time of closing. For purposes of calculating loan present values, interest rates are determined based on the market rates for a similar type of loan on the date of closing and range from 5.00% to 8.14% for all loans outstanding. This method of accounting properly reflects the value of the mortgage loans receivable in the consolidated financial statements and recognizes interest income over the life of the loans. An expense is recorded upon the sale of houses for the difference between the face value of the mortgage loans receivable and the present value of the loans. The Organization has not established an allowance for doubtful accounts as it can reclaim houses through foreclosure in the event that a loan is deemed to be uncollectible, and management believes any reclaimed house can be resold at or above the amount of unpaid, discounted loan principal plus costs to sell the home. Mortgage loans receivable are generally considered delinquent when payment is thirty days past due; however, delinquency status may be mitigated by other qualitative factors.

Grants and other assistance receivable

The Organization is a beneficiary of grants from various federal, state, and local government entities. The Organization recognizes grant revenue as eligible expenditures are made. A portion of grants receivable represents that portion of grant revenue recognized, but not yet collected.

During the years ended June 30, 2021 and 2020, the Organization was awarded restricted grants totaling $2,001,500 and $3,651,500, respectively, that contained donor conditions. Since these grants represent conditional promises to give, they are not recorded as housing grant revenue until donor conditions are met. The grant funds are typically received from the donors under reimbursement arrangements, and accordingly, funds are not received in advance of the conditions being met. However, during the years ended June 30, 2021 and 2020, the Organization received one and zero grants in advance, respectively, totaling $750,000 and $0, respectively. During the years ended June 30, 2021 and 2020, housing grant revenues recorded under conditional grants amounted to $2,548,408 and $1,662,443, respectively.

Investments in joint ventures

The Organization's investments in the New Markets Tax Credit joint ventures (see Note 17) are accounted for under the cost method or the equity method, depending upon the Organization's respective ownership interest in the joint venture, and the ability to exercise significant influence over the activities of the joint ventures. Whether or not the Organization exercises significant influence with respect to a specified investment depends on an evaluation of several factors including, among others, representation on the joint venture partnership's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the respective joint venture. Investments for which the Organization does not have the ability to exercise significant influence over the activities of the joint venture do not have a readily determinable fair value and therefore are recorded at cost, as adjusted for impairment or observable price changes, if any, with distributions received from the investment reported as revenue on the consolidated statement of activities. Investments for which the Organization does have the ability to exercise significant influence over the activities of the joint venture are recorded under the equity method, with the investment recorded at transaction cost, with distributions received from the investment reported as direct reductions in the investment. Under the equity method, the Organization's equity in the net income or loss of the investment is also recorded as investment gain or loss.

Functional expenses

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates made by management.

Estimates

The preparation of the consolidated financial statements in accordance 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize a lease liability and right-of-use asset at the commencement date for all leases, with the exception of short-term leases. In June 2020, the FASB issued ASU No. 2020-05, which gave entities the option to defer the adoption of Topic 842 for one year. The guidance will be effective for the Organization beginning July 1, 2022. The Organization is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The pronouncement seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. It is effective for fiscal years beginning July 1, 2023. The Organization is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

Subsequent events

The Organization evaluated the effect subsequent events would have on the consolidated financial statements through October 27, 2021, which is the date the consolidated financial statements were available to be issued.

2. Acquisition of Habitat Affiliate

In accordance with an agreement and plan of merger, effective February 29, 2020, the Organization filed Articles of Merger of Our Towns of North Mecklenburg-Iredell Habitat for Humanity, Inc. (“Our Towns”) into the Organization, which simultaneously changed its name to Habitat for Humanity of the Charlotte Region, Inc. No consideration was transferred by Habitat for Humanity of Charlotte, Inc. related to the transaction. Effective February 29, 2020, all assets and liabilities of Our Towns were assumed by Habitat for Humanity of the Charlotte Region, Inc. Strategically aligning allows the new entity to further invest in land opportunities, leverage increased purchasing power, and reduce administrative costs.

In accordance with GAAP, the Organization accounted for the transaction as an acquisition by a not-for-profit entity, with Our Towns' identifiable assets and liabilities measured at estimated fair value as of the transaction date. The consolidated statement of activities for the year ended June 30, 2020 includes the operating activity for legacy Our Towns operations for the period from February 29, 2020 through June 30, 2020.

The following table summarizes the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

Assets acquired:	
Cash and investments	$ 906,933
Mortgages receivable	7,216,838
Other receivables	120,874
Prepaid expenses	141,379
Property, plant & equipment	2,801,562
Real estate owned	707,385
Total assets acquired	11,894,971
Liabilities assumed:	
Accounts payable and accrued liabilities	327,498
Deferred revenue	15,167
Funds held for others	10,673
Long-term debt	3,179,492
Total liabilities assumed	3,532,830
Inherent contribution received	$ 8,362,141

On the consolidated statements of activities and changes in net assets, the inherent contribution received is recorded as an increase in net assets without donor restrictions of $7,918,247, and an increase in net assets with donor restriction of $443,894 for the year ended June 30, 2020.

The fair value of mortgages receivable acquired was $7,216,838. The gross amount due under the mortgages receivable at the acquisition date amounted to $12,460,275, all of which is considered collectible.

3. Liquidity and Availability

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following schedule explains the Organization's financial assets to meet cash needs for general expenditures within one year. The financial assets were derived from the total assets on the statements of financial position by excluding the assets that are unavailable for general expenditures, including debt service, for the 12 months following June 30, 2021 and 2020.

	2021	**2020**
Financial assets at year-end:		
Cash	**$ 7,201,304**	$ 6,418,544
Current portion of mortgages receivable, net	**3,174,308**	3,359,869
Current portion of unconditional promises to give, net	**418,080**	230,745
Other current receivables	**750,328**	743,439
Total financial assets	**11,544,020**	10,752,597

	2021	2020
Less amounts not available to be used within one year:		
Current portion of mortgages receivable, net, included in net assets with donor restrictions	**(74,520)**	(80,604)
Financial assets available to meet general expenditures over the next twelve months	**$ 11,469,500**	$ 10,671,993

In addition, the Organization has a $1,100,000 line of credit available to be drawn on through May 31, 2022 (see Note 11).

4. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes:

	2021	2020
Purpose or time restricted:		
Unconditional promises to give for future construction	**$ -**	$ 148,042
Adopt a Home	**100,000**	100,000
Critical Home Repair	**450,000**	860,667
New home construction	**261,870**	657,825
Apprentices	**125,668**	240,000
URP grant funds	**17,716**	7,327
Knight Foundation grant	**15,655**	15,655
Hurricane relief	**7,635**	7,635
International partner pledges	**1,600**	-
Contributions for international partners	**3,136**	31,369
Mortgage relief funds	**46,256**	85,000
Morris field (Plato Price) development	**937,214**	35,000
ReStore capital improvements	**22,501**	34,074
Workforce development	**11,845**	11,845
Miscellaneous	**-**	10,500
	$ 2,001,096	$ 2,244,939
Permanently restricted:		
Endowments held at The Foundation for the Carolinas	**$ 227,536**	$ 178,007
Living Legacy	**1,756,671**	1,634,169
	$ 1,984,207	$ 1,812,176

5. Housing Activities

During the year ended June 30, 2021, Habitat started construction on 39 new houses, and commenced repair activities on 23 recycled houses. During the year ended June 30, 2020, Habitat started construction on 30 new houses, and commenced repair activities on 21 recycled houses. Completed houses were either sold at appraised value or held in inventory at cost, as real estate owned, pending sale.

At June 30, 2021 and 2020, respectively, Habitat had 38 and 33 houses under construction on land owned by Habitat. At June 30, 2021 and 2020, there were no vacant foreclosed houses held in real estate owned. Sales of houses were approximately $6,443,000 and $6,630,000 during the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, scheduled annual mortgage receipts are approximately:

2022	$ 3,174,308
2023	3,081,965
2024	2,987,617
2025	2,886,470
2026	2,786,463
Thereafter	34,049,555
	48,966,378
Less discount	(17,775,838)
	$ 31,190,540

Effective March 23, 2018 the Organization entered into a Loan Origination Agreement with Charlotte Metro Federal Credit Union. In accordance with the agreement, Charlotte Metro Federal Credit Union ("CMFCU") committed to originating 30 mortgage loans for homes sold by the Organization to qualified low-income individuals and families, in the aggregate amount of $3,000,000 plus or minus 5%, at a rate of $1,000,000 per year beginning on March 1, 2018. The Organization is responsible for servicing the loans. The Organization, if requested by CMFCU, must either purchase or provide a substitute mortgage loan, for any mortgage loans delinquent more than 60 days under the agreement. As of June 30, 2021, all 30 mortgage loans have been originated under the agreement with CMFCU. On October 20, 2021, the agreement was amended to extend the agreement through December 31, 2024 initially, then to extend it automatically on an annual basis for three years unless terminated by either party pursuant to the agreement. In addition, the amendment calls for mortgages to be originated in the amount of $1,500,000 plus or minus 10%, annually.

Effective September 28, 2018 the Organization entered into a Loan Origination Agreement with First Bank. In accordance with the agreement, First Bank committed to originating mortgage loans for homes sold by the Organization to qualified low-income individuals and families, in the aggregate amount of $3,000,000 plus or minus 5%, at a rate of $1,000,000 per year beginning on January 1, 2019 and expiring on December 31, 2021. In June 2021, the agreement was amended to extend the agreement through December 31, 2022 initially, then to extend it automatically on an annual basis unless terminated by either party pursuant to the agreement. In addition, the amendment calls for mortgages to be originated in the amount of $1,000,000 plus or minus 5%, annually. The Organization is responsible for servicing the loans. The Organization, if requested by First Bank, must either purchase or provide a substitute mortgage loan, for any mortgage loans delinquent more than 60 days under the agreement. As of June 30, 2021, 28 mortgage loans have been originated under the agreement with First Bank.

Effective June 25, 2019 the Organization entered into a Loan Origination Agreement with South State Bank. In accordance with the agreement, South State Bank committed to originating mortgage loans for homes sold by the Organization to qualified low-income individuals and families, in the aggregate amount of $4,500,000 plus or minus 5%, at a rate of $1,500,000 per year beginning on January 1, 2020. The Organization, if requested by South State Bank, must either purchase or provide a substitute mortgage loan, for any mortgage loans delinquent more than 60 days under the agreement. As of June 30, 2021, 14 mortgage loans have been originated under the agreement with South State Bank.

Effective June 25, 2021 the Organization entered into a Loan Origination Agreement with HomeTrust Bank. In accordance with the agreement, HomeTrust Bank committed to originating mortgage loans for homes sold by the Organization to qualified low-income individuals and families, in the aggregate amount of $5,000,000 beginning on December 1, 2021. The Organization, if requested by HomeTrust Bank, must either purchase or provide a substitute mortgage loan, for any mortgage loans delinquent more than 90 days under the agreement. As of June 30, 2021, no mortgage loans have been originated under the agreement with HomeTrust Bank.

6. Leasing Activities

The Organization purchased eight condos during the year ended June 30, 2019 as a part of a plan for future development. All eight condos were being rented at the time of the purchase. As of June 30, 2021 and 2020, zero condos and one condo, respectively, are under yearly lease contracts while six condos and seven condos, respectively, are currently leased on a month-to-month basis, and two condos and zero condos, respectively, are vacant. As the remaining leases expired, the agreements were not renewed, but the leasing will continue on a month-to-month basis. The condos are recorded as real estate owned in the amount of $440,000 on the consolidated statements of financial position, as improvements are being made to the condos, which will eventually be sold to homeowners.

The Organization leases space in an office building to an unrelated party under an operating lease agreement with an initial term of 84 months. The agreement has a one-time early termination option, which is allows the tenant to terminate the lease at the end of the 48th month following the commencement of the lease. As a condition precedent to exercising the right of termination, the tenant must pay the Organization an early termination fee equal to the sum of (i) all of the Organization’s unamortized transaction costs including brokerage fees, tenant improvement allowance payments and legal fees, with interest at a rate of 9% per annum from the time incurred, and (ii) an amount equal to three months of base rent at the rate applicable to the month in which the early termination becomes effective, as defined in the lease agreement. Real property under operating leases at June 30, 2021 and 2020 was $552,992 and $0, respectively, and is included in property and equipment on the consolidated statements of financial position. Accumulated depreciation on real property under operating leases was $21,187 and $0 at June 30, 2021 and 2020, respectively.

Future minimum lease payments to be received are as follows:

2022	$ 61,998
2023	63,849
2024	65,763
2025	67,738
2026	68,764
Thereafter	71,873
	$ 399,985

7. Unconditional Promises to Give

As of June 30, 2021, unconditional promises to give are expected to be collected as follows:

2022	$ 418,080
2023	324,044
2024	307,434
2025	17,549
2026	6,599
	1,073,706
Less discount	(45,610)
Total	$ 1,028,096

8. Repair Ministry Receivables

As of June 30, 2021, repair ministry receivables are expected to be collected as follows:

2022	$ 72,507
2023	45,575
2024	38,094
2025	25,137
2026	16,777
	198,090
Less discount	(9,152)
Less allowance for uncollectible repair ministry receivables	(130,009)
Total	$ 58,929

9. Property and Equipment

A summary of property and equipment at June 30, 2021 and 2020 is as follows:

	2021	2020
Land	**$ 3,838,017**	$ 3,838,017
Automobiles	**508,455**	494,171
Tools	**131,514**	131,514
Equipment	**132,201**	132,201
Computer equipment	**443,430**	429,709
Leasehold improvements	**442,931**	442,931
Real property	**6,563,554**	6,399,402
	12,060,102	11,867,945
Less accumulated depreciation	**(2,179,891)**	(1,755,320)
Property and equipment, net	**$ 9,880,211**	$ 10,112,625

10. Notes Payable and Long-Term Debt

Notes payable and long-term debt at June 30, 2021 and 2020 consist of the following:

	2021	2020
North Carolina Housing Financing Agency ("NCHFA"), non-interest-bearing notes, payable in monthly installments ranging from $56 to $222, maturing through April 2051	**$ 6,939,375**	$ 7,409,832
Self-Help Homeownership Opportunity Program ("SHOP"), non-interest-bearing notes, payable in monthly installments ranging from $21 to $1,586, maturing through March 2027	**318,259**	374,423

	2021	2020
Bank of North Carolina loan, payable in monthly installments of $9,264, including interest at 2.00%, secured by mortgages receivable on homes, maturing through August 2045	**$ 1,288,406**	$ 1,396,102
First Bank loan, payable in monthly installments of $2,952, including interest at 2.50%, secured by mortgages receivable on homes, maturing through September 2044	**399,192**	424,294
Bank of America Community Development loan, payable in quarterly installments of $41,667, including interest at 3.00%, unsecured, maturing through September 2028	**1,208,331**	1,374,998
First Bank loan, payable in monthly installments of $2,664, including interest at 2.50%, secured by mortgages receivable on homes, maturing through August 2047	**532,114**	550,529
People's Bank loan, payable in monthly installments of $14,679, including interest at 2.00%, secured by mortgages receivable on homes, maturing through June 2046	**2,206,331**	2,336,934
People's Bank loan, payable in monthly installments of $6,620, including interest at 3.55%, secured by mortgages receivable on homes, maturing through December 2020	**-**	695,583
Loan payable to HFHI HMTC Sub-CDE II, LLC, interest only payments due semi-annually beginning in October 2017 and principal and interest payments beginning in October 2024, interest at 0.68%, maturing through July 2047 (see Note 17)	**4,435,278**	4,435,278
Loan payable to USBCDE Sub-CDE 200, LLC, interest only payments due semi-annually beginning in June 2020 and principal and interest payments beginning in December 2027, interest at 1.02%, maturing through January 2040 (see Note 17)	**3,300,000**	3,300,000
South State Bank loan in the maximum amount of $2,100,000, secured by land and building of the Wendover ReStore and 3816 Latrobe Drive; interest only payments for 36 consecutive months beginning December 1, 2018 at a fixed interest rate of 4.00%. The principal balance of the loan shall not exceed $1,900,000 on December 1, 2019, $1,700,000 on December 1, 2020, and $1,500,000 on December 1, 2021. Beginning January 1, 2022, the loan will be payable in equal monthly payments of principal and interest in the amount required to repay the loan in full amortized over a seven year term, maturing ten years following the closing date on November 1, 2028	**1,628,988**	1,798,988
HomeTrust Bank loan, payable in monthly installments of $9,625, including interest at 2.00%, secured by mortgages receivable on homes, maturing through August 2046	**1,817,100**	1,895,407
Bank of America loan in the maximum amount of $750,000, with interest at 2.25%, secured by land and building of the Cornelius ReStore; payable in equal monthly payments of principal and interest in the amount of $6,997 through maturity of January 29, 2031	**722,021**	-
	24,795,395	25,992,368

	2021	2020
Less discount	**(1,693,447)**	(1,859,388)
Less unamortized debt issuance costs	**(329,472)**	(345,229)
	22,772,476	23,787,751
Less current portion	**(1,295,498)**	(1,791,166)
	$ 21,476,978	$ 21,996,585

Amortization of the discount is reported in the statements of activities as interest expense. Total interest cost incurred was $540,832 and $466,814, respectively, for the years ended June 30, 2021 and 2020, net of amounts capitalized of $0 and $30,646, respectively.

Interest rates used to discount the notes were determined based on the market rates for similar types of notes on the origination dates. Management determined the following interest rates to be reasonable as of June 30:

	2021	2020
NCHFA	**2.28%**	2.85% - 3.73%
SHOP	**2.27% - 2.28%**	2.27% - 4.21%

The terms of the South State Bank mortgage payable, which is secured by the land and building of the Wendover ReStore and 3816 Latrobe Drive, as well as the Bank of America mortgage payable, which is secured by the Cornelius ReStore, require the Organization to maintain a ratio of funded debt to unrestricted net assets (net assets without donor restrictions) not to exceed 1.0. In addition, the Organization is subject to certain financial-related covenants related to the Bank of America Community Development loan, including maintaining total net assets of at least 40% of total assets. At June 30, 2021 and 2020, the Organization is in compliance with these requirements.

Scheduled maturities for notes payable and long-term debt outstanding at June 30, 2021, for each of the next five years are as follows:

2022	$ 1,295,498
2023	1,011,853
2024	1,016,273
2025	1,166,793
2026	1,163,565
Thereafter	19,141,413
	$ 24,795,395

11. Line of Credit

The Organization has a $1,100,000 line of credit from Bank of America N.A. The line of credit bears interest at the British Bankers' Association LIBOR Daily Floating Rate (approximately 0.0865% at June 30, 2021) plus 1.75%. The line of credit expires on May 31, 2022. At June 30, 2021 and 2020, no amounts had been drawn on this line of credit.

12. Letters of Credit

The Organization has two letters of credit totaling $310,100 from People's Bank, which name Mecklenburg County Land Use & Environmental Services Agency as the beneficiary. The letters of credit are required by Mecklenburg County as a guarantee for completion of sewer repairs to be paid by the Organization in a subdivision previously developed. The letters of credit are secured by cash held in an account with People's Bank. At June 30, 2021, funds in that account totaled $310,195.

13. Operating Leases

The Organization leases the space for 5 ReStores, with various lease terms expiring from December 2021 through September 2027. The monthly base lease payments range from $8,667 to $16,033, plus taxes, insurance, and common area maintenance charges where applicable in accordance with the leases. As of June 30, 2021 and 2020, the deferred rent liability related to these leases amounted to $86,372 and $110,972, respectively. Other equipment is leased under various operating leases through December 2024. Rent expense was approximately $965,000 and $693,000 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments are as follows:

2022	$ 898,545
2023	732,743
2024	493,931
2025	331,565
2026	232,656
Thereafter	294,578
	$ 2,984,018

14. Paycheck Protection Program Loan

On May 1, 2020, the Organization was granted a loan of $1,628,952 from South State 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 loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks (the "covered period") as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. On February 3, 2021, the Organization was granted a second PPP loan of $1,628,952 from South State Bank, as part of second draw PPP loans established by the Consolidated Appropriations Act in December 2020. Second draw PPP loans have the same general loan terms as the first draw PPP loans, but have a maturity date of five years (February 3, 2026), and a payment deferral period of 10 months. The Organization intends to use the proceeds of both loans for purposes consistent with the terms of the PPP.

The Organization has accounted for the PPP loans as conditional contributions. As of June 30, 2021, the Organization is still in the covered period for the second PPP loan, and has not yet applied for forgiveness of the loan. Accordingly, as of June 30, 2021, the entire $1,628,952 balance of the second PPP loan has been recorded as a refundable advance on the consolidated statements of financial position, as the conditions of the contribution have not yet been met. Management believes the conditions of the loan forgiveness will be substantially met during the year ending June 30, 2022. The covered period for the first PPP loan expired during the year ended June 30, 2021, and the Organization applied for forgiveness of the loan in June 2021. The Organization received formal forgiveness of the loan on July 14, 2021. Accordingly, as of June 30, 2021, the conditions of loan forgiveness were substantially met, and the Organization recognized the entire $1,628,952 balance of the loan as grant revenue.

15. Endowment Funds

According to the governing agreement, the endowment funds held by Foundation for the Carolinas (the "FFTC") are the property of FFTC. However, as Habitat may collect its donor advised account balances on request and is considered to be the beneficiary of the endowment funds, these amounts are shown as investments on the accompanying statements of financial position. The funds held by FFTC include mutual funds, hedge funds and alternative investments. Investment gains and losses flow through net assets with donor restrictions.

The Board of Directors of the FFTC has absolute authority and discretion as to the investment and reinvestment of the assets of the fund. The Organization utilizes earnings from the fund to assist with operations. The entirety of the endowment funds are permanently restricted and held by the FFTC.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Endowment net assets, beginning of year	**$ 178,007**	$ 51,377
Investment return:		
Unrealized gains	**54,051**	1,227
Total investment return	**54,051**	1,227
Fees	**(1,580)**	(1,539)
Grants approved	**(2,942)**	(2,328)
Acquisition of Our Towns endowment net assets	**-**	129,270
Net increase	**49,529**	126,630
Endowment net assets, end of year	**$ 227,536**	$ 178,007

16. Fair Value Measurements

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Organization has investments in endowment funds which are measured at fair value on a recurring basis. The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. For the years ended June 30, 2021 and 2020, there were no transfers between fair value levels. There were no changes in the valuation methodologies used in the fair value hierarchy for the years ended June 30, 2021 and 2020, respectively.

Endowment funds

Fair values for the endowment funds are based on the values of the underlying investments held by the funds at any given time. The underlying investments within the funds are made up of items including mutual funds, marketable securities, hedge funds, common collective trusts, and alternative investments. The investments in the endowment funds fall into the Level 3 category based on the lowest level of any input in the endowment investments that is significant to the fair value measurements. The investment accounts are held at the Foundation for the Carolinas on behalf of the Organization. Prices or valuations require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager. The investment manager uses either the market approach, which generally consists of using comparable market transactions, or the income approach which generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. The inputs used by the investment manager in estimating the value of Level 3 investments include the Net Asset Value ("NAV") and capital account values provided by the managers for investment fund positions, original transaction price, recent transaction in the same or similar instruments for private equity positions, original transaction price for the common stock position and a single broker quote for the corporate bond position.

The following table sets forth by level within the fair value hierarchy the Organization's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2021 and 2020. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	As of June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Endowment fund	**$ -**	**$ -**	**$ 227,536**	**$ 227,536**

	As of June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Endowment fund	$ -	$ -	$ 178,007	$ 178,007

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets that use significant unobservable inputs (Level 3 measurements) for the years ended June 30, 2021 and 2020:

	Endowment Fund	
	2021	**2020**
Balance, beginning of year	**$ 178,007**	$ 51,377
Additions	**-**	129,270
Unrealized gains	**54,051**	1,227
Expenditures	**(4,522)**	(3,867)
Balance, end of year	**$ 227,536**	$ 178,007

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

17. New Market Tax Credits and Associated Joint Ventures

On July 19, 2017, and January 17, 2020 the Organization closed on separate New Market Tax Credit ("NMTC") transactions involving U.S. Bancorp Community Development Corporation ("USBCDC"), its related entities and agents. The NMTC program was established as part of the Community Renewal Tax Relief Act of 2000. The goal of the NMTC program is to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in a certified community development entity. The tax credit for investors equals 39% of the investment, which is credited over a seven-year period. A community development entity is required to participate and has a primary mission of providing financing for revitalization projects in low-income communities.

NMTC financing allows organizations such as affiliates of Habitat for Humanity International to receive low-interest loans or investment capital from community development entities, primarily financial institutions, which allow their investors to receive tax credits to be applied against their federal tax liability.

The following is a summary of the NMTC transaction entered into during the year ended June 30, 2018:

HFHI NMTC Leverage Lender 2016-1, LLC

In July 2017 the Organization acquired a 24.40% membership interest in HFHI NMTC Leverage Lender, LLC (the "LLC") in exchange for a cash investment of $2,999,654. The LLC was formed to provide financing for the borrower's equity investment in a community development entity - HFHI NMTC Sub-CDE II, LLC ("CDE"), and is solely managed by a third party. Accordingly, the LLC entered into a Loan Agreement to lend $12,292,681 to Twain Investment Fund 250, LLC. ("Borrower"). The Borrower used the loan proceeds as its equity investment in the CDE which, in turn, used the proceeds of the Borrower's equity investment to fund the loans to the members of the LLC, including Habitat for Humanity of the Charlotte Region, Inc. Effective November 2, 2017, the operating agreement of the LLC was amended to admit additional members, reducing Habitat for Humanity of the Charlotte Region, Inc.'s membership interest to 13.88%.

The LLC's loan receivable bears interest at a rate of 1% per annum. The loan receivable matures on July 19, 2040 and requires semi-annual accrued interest payments until November 10, 2024 and semi-annual principal and interest payments commencing on November 10, 2024 sufficient to fully amortize the loan. Simultaneous with these transactions, the LLC entered into an Option Agreement with USBCDC to put the ownership interest in the Borrower for $1,000 commencing 15 calendar days after the end of the seven-year credit period applicable to each qualified equity investment made by the Borrower in the CDE, beginning on the first credit allowance date and ending on the last day prior to the seventh anniversary of the last credit allowance date and continuing for six months, or call the ownership interest for a 12-month period following the expiration of the Put Option at fair market value.

Loan payable - HFHI NMTC Sub-CDE II, LLC

As a component of the NMTC transaction, the Organization received a loan of $4,435,278 from the CDE and entered into a Loan and Security Agreement ("Agreement") dated July 19, 2017. The Organization is obligated under the Agreement and related Promissory Note to pay interest on the borrowings at a rate of 0.68% per annum with a maturity date of July 19, 2047. Commencing on November 5, 2017 and semi-annually until May 5, 2024, the Organization is required to make payments of accrued interest. Commencing on November 5, 2024 and semi-annually thereafter, the Organization is required to make equal principal and interest payments in an amount to fully amortize the loan by its maturity date. Pursuant to the Agreement, the Organization is required to comply with the NMTC requirements as generally set forth in the Internal Revenue Code ("IRC") Section 45D, including that the Organization maintain a Separate Business such that the Separate Business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the Separate Business assets of the Organization were pledged as security under the Agreement to the CDE.

In accordance with the Agreement, the Organization is required to maintain a separate Affiliate Expense Reserve, which is used to pay compliance and servicing fees to Habitat for Humanity International in semi-annual installments. The initial required funding under the Agreement as it relates to the Organization was $221,663. As of June 30, 2021 and 2020, the balance of the Affiliate Expense Reserve was $98,279 and $127,013, respectively, and is included in restricted cash for joint venture reserves on the consolidated statements of financial position.

Upon exercise of the put/call option, the promissory notes will become the property of the LLC. The exercise will effectively allow the Organization to extinguish the outstanding debt and realize its joint venture investment and note receivable without further cash flow activity.

The following is a summary of the NMTC transaction entered into during the year ended June 30, 2020:

Charlotte-Paterson Leverage I, LLC

In January 2020 the Organization acquired a 38.82% membership interest in Charlotte-Paterson Leverage I, LLC (the "LLC") in exchange for an investment of $2,367,603. The LLC was formed to provide financing for the borrower's equity investment in a community development entity - USBCDE Sub-CDE 200, LLC ("CDE"), and is solely managed by a third party. Accordingly, the LLC entered into a Loan Agreement to lend $6,098,373 to Twain Investment Fund 452, LLC. ("Borrower"). The Borrower used the loan proceeds as its equity investment in the CDE which, in turn, used the proceeds of the Borrower's equity investment to fund the loans to the members of the LLC, including Habitat for Humanity of the Charlotte Region, Inc.

The LLC's loan receivable bears interest at a rate of 1% per annum. The loan receivable matures on January 17, 2040 and requires semi-annual accrued interest payments until June 17, 2027 and semi-annual principal and interest payments commencing on December 17, 2027 sufficient to fully amortize the loan. Simultaneous with these transactions, the LLC entered into an Option Agreement with USBCDC to put the ownership interest in the Borrower for $1,000, plus any income taxes, state or local transfer taxes, or other closing costs attributable to the exercise of the put, plus any amounts due and owing to USBCDC or the Borrower from the LLC or is affiliates, commencing the first day following the end of the tax credit investment period, and/or upon the occurrence of a tax credit recapture, or call the ownership interest for a 6-month period following the expiration of the Put Option at fair market value.

Loan payable – USBCDE Sub-CDE 200, LLC

As a component of the NMTC transaction, the Organization received a loan of $3,300,000 from the CDE and entered into a Loan and Security Agreement ("Agreement") dated January 17, 2020. The Organization is obligated under the Agreement and related Promissory Note to pay interest on the borrowings at a rate of 1.0234% per annum with a maturity date of January 17, 2040. Commencing on June 5, 2020 and semi-annually until June 5, 2027, the Organization is required to make payments of accrued interest. Commencing on December 5, 2027 and semi-annually thereafter, the Organization is required to make equal principal and interest payments in an amount to fully amortize the loan by its maturity date. Pursuant to the Agreement, the Organization is required to comply with the NMTC requirements as generally set forth in the Internal Revenue Code ("IRC") Section 45D, including that the Organization maintain a Separate Business such that the Separate Business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the Separate Business assets of the Organization were pledged as security under the Agreement to the CDE.
In accordance with the Agreement, the Organization is required to maintain a separate Expense Reserve account, which is used to pay advisory, servicing fees, and administrative costs to Smith NMTC Associates, LLC in annual installments. The initial required funding under the Agreement as it relates to the Organization was $129,750. As of June 30, 2021 and 2020, the balance of the Expense Reserve was $112,085 and $123,389, respectively, and is included in restricted cash for joint venture reserves on the consolidated statements of financial position.

Upon exercise of the put/call option, the promissory notes will become the property of the LLC. The exercise will effectively allow the Organization to extinguish the outstanding debt and realize its joint venture investment and note receivable without further cash flow activity.

The Organization closed on an additional New Market Tax Credit transaction with 3 other Habitat affiliates and U.S. Bank on July 30, 2021. The transaction involved a $1,521,605 cash investment and $596,179 of leverage from prior construction costs. The net cash benefit of the transaction was $423,346. The Organization is utilizing a mix of 24 new and recycled homes in the transaction.

18. Living Legacy Fund

The Living Legacy Fund is a permanently restricted fund that finances mortgages for Habitat homeowners and invests mortgage payments back into the future mortgage financing. Unlike an endowment fund, the Organization invests the principal immediately in mortgages for new housing. Contributions to the Living Legacy Fund of $122,502 were made during the year ended June 30, 2021. The balance of this fund includes $230,805 of cash on hand and $1,525,866 of mortgages receivable as of June 30, 2021. Contributions to the Living Legacy Fund of $49,363 were made during the year ended June 30, 2020. The balance of this fund included $36,507 of cash on hand and $1,597,662 of mortgages receivable as of June 30, 2020.

19. Retirement Plan

The Organization maintains a retirement savings plan (the "Plan") under the terms of Section 403(b) of the Internal Revenue Code. All salaried employees over the age of 18 are eligible to participate upon hire date. In accordance with the Plan document, the Organization, at the discretion of management, may provide matching contributions equal to 100% of the employee's pre-tax contributions, up to 3% of eligible compensation. During the years ended June 30, 2021 and 2020, the Organization contributed approximately $73,000 and $150,000, respectively. Due to cost saving measures implemented in response to the COVID-19 pandemic (see Note 21), the employer match was stopped from July 1, 2020 through January 31, 2021.

20. Related-Party Transactions

The Organization pays quarterly tithes and management service fees to Habitat for Humanity International ("HFHI"), an affiliate of the Organization. The Organization paid approximately $466,000 and $280,000 to HFHI to support HFHI's international work for the years ended June 30, 2021 and 2020, respectively. In addition, the Organization paid approximately $212,600 and $188,800 to HFHI for AmeriCorps volunteers serving at the Organization for the years ended June 30, 2021 and June 30, 2020, respectively.

As of June 30, 2021, and June 30, 2020, the Organization had a payable balance due to HFHI of approximately $121,600 and $90,000, respectively.

21. Summary Disclosure of Significant Contingencies

COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel strain of the coronavirus ("COVID-19") to be a pandemic. The ongoing COVID-19 pandemic is having widespread and unpredictable impacts on the global society, economies and business practices. Federal, state and local governments have implemented measures in an effort to contain the virus and to mitigate the financial ramifications of the pandemic (see Note 13). The COVID-19 pandemic has impacted the Organization, its partner families, business partners and vendors in varying degrees and given the ongoing duration there is uncertainty in nature and degree of its continued effects over time. For the years ended June 30, 2021 and 2020, the greatest impacts were seen in supply chain interruptions (pricing and logistics), reduction in volunteer engagement and increased mortgage delinquencies. The financial statements reflect the financial impacts of these realities but do not include any adjustments as a result of the increase in economic uncertainty.

Other Financial Information

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors of
Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States Of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries (a North Carolina not-for-profit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control over Financial Reporting

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

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

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

DHG

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

Charlotte, NC
October 27, 2021

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the OMB Uniform Guidance

Board of Directors of
Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

DHG

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Charlotte, NC
October 27, 2021

Schedule of Findings and Questioned Costs

1. Summary of Audit Results

1. The independent auditors' report expresses an unmodified opinion on the fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

2. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit.

3. No instance of noncompliance material to the consolidated financial statements were disclosed by the audit.

4. No significant deficiencies or material weaknesses in internal control over compliance were disclosed by the audit.

5. The independent auditors' report on compliance for each major federal program expresses an unmodified opinion.

6. No findings required to be reported in accordance with 2 CFR 200.516(a) were disclosed by the audit.

7. The program tested as a major program was the U.S. Department of Housing and Urban Development Entitlement Grants Cluster: Community Development Block Grants (CFDA 14.218).

8. The threshold for distinguishing between Type A and Type B programs was $750,000.

9. The auditee qualified as a low-risk auditee.

2. Financial Statement Findings

There were no findings related to the financial statements required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2021.

3. Federal Award Findings and Questioned Costs

There were no findings related to federal awards required to be reported in accordance with 2 CFR 200.516(a) for the year ended June 30, 2021.

Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through programs from:			
Town of Mooresville, North Carolina:			
Home Investments Partnership Program	20-309	14.239	$ 20,000
Home Investments Partnership Program	20-310	14.239	20,000
Home Investments Partnership Program	21-152	14.239	40,000
Home Investments Partnership Program	21-281	14.239	160,000
Total Home Investments Partnership Program			240,000
Pass-through programs from:			
Habitat for Humanity International, Inc.:			
Self-Help Homeownership Opportunity Program (2018)	SH18-032	14.247	131,500
Total Self-Help Homeownership Opportunity Program			131,500
Section 4 Capacity Building for Community Development and Affordable Housing	ESG19-16233	14.252	45,363
Total Capacity Building for Community Development and Affordable Housing			45,363
Veterans Housing Rehabilitation and Modification Program	13196	14.278	8,650
Total Veterans Housing Rehabilitation and Modification Program			8,650
Pass-through programs from:			
City of Charlotte, North Carolina:			
Entitlement Grants Cluster:			
Community Development Block Grants (Wait list 2020)	2021000366	14.218	409,480
Community Development Block Grants (Plato Price)	2020001179	14.218	53,423
Community Development Block Grants (2019)	2019000547	14.218	31,610
Community Development Block Grants (2020)	2020000347	14.218	138,364
Community Development Block Grants (2021)	2021000468	14.218	380,925
			1,013,802
Mecklenburg County, North Carolina:			
Entitlement Grants Cluster:			
Community Development Block Grants (Cornelius)	37978600	14.218	50,000
Community Development Block Grants (Huntersville)	37978797	14.218	74,908
			124,908
Total Entitlement Grants Cluster			1,138,710
Total expenditures			$ 1,564,223

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries under the programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Habitat for Humanity of the Charlotte Region, Inc. Habitat for Humanity of the Charlotte Region, Inc. and Subsidiaries has not elected to use the 10% de minimus cost rate.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

3. Program Income

In accordance with terms of the grants, program income totaling $60,636 was used to reduce the amount of federal funds used in completing the projects.