DASZKALBOLTON
accountants & advisors

Habitat for Humanity of Palm Beach County, Inc.

Financial Statements

June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors
Habitat for Humanity of Palm Beach County, Inc.
Riviera Beach, Florida

We have audited the accompanying financial statements of Habitat for Humanity Palm Beach County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity Palm Beach County, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Prior Period Financial Statements
The financial statements of Habitat for Humanity Palm Beach County, Inc. as of June 30, 2018, were audited by other auditors whose report dated December 11, 2018, expressed an unmodified opinion on those financial statements.

Daszkal Bolton LLP

Boca Raton, Florida
January 9, 2020

Habitat for Humanity of Palm Beach County, Inc.
Statements of Financial Position
June 30, 2019 and 2018

ASSETS

	2019	2018
Assets:		
Cash and cash equivalents	$ 657,152	$ 793,627
Restricted cash - escrow deposits	51,720	352,229
Unconditional promises to give, net	1,150,999	1,609,476
Accounts receivable - trade	117,987	93,099
Accounts receivable - insurance	1,431,918	-
Mortgage notes receivable, net	3,895,567	3,824,330
Investments - endowment fund	27,591	26,255
Inventory - ReStore and thrift	418,899	709,791
Inventory - homes under construction	448,934	610,217
Inventory - homes held for resale	72,099	41,733
Inventory - land	108,199	10,200
Other assets	80,589	109,549
Restricted cash - neighborhood stabilization program	523,299	448,727
Property and equipment, net	895,204	1,576,862
Total assets	$ 9,880,157	$ 10,206,095

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities:		
Accounts payable	$ 93,299	$ 171,838
Accrued expenses	414,422	421,577
Escrow deposits	51,720	352,229
Line of credit	801,334	1,044,118
Interest rate swap agreement	9,866	16,745
Debt	1,913,079	2,033,058
Total liabilities	3,283,720	4,039,565
Net assets:		
Without donor restriction	5,139,439	4,642,568
With donor restriction	1,456,998	1,523,962
Total net assets	6,596,437	6,166,530
Total liabilities and net assets	$ 9,880,157	$ 10,206,095

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

Habitat for Humanity of Palm Beach County, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2019 and 2018

	2019	2018
Net assets without donor restriction:		
Support:		
In-kind contributions	$ 2,968,080	$ 3,073,311
Contributions and gifts	592,809	1,105,990
Governmental grants	-	322,047
Special events	442,955	450,057
Net sale of donated merchandise (less value of donated inventory sold of $2,830,894 in 2019 and $2,895,959 in 2018)	(6,849)	24
Total support	3,996,995	4,951,429
Revenues and gains:		
Program service revenue:		
Homes sold (net of mortgage discounts of $937,613 in 2019 and $765,373 in 2018)	722,444	711,600
Discount amortization	238,588	231,255
Other	72,821	66,045
Gain on sale of mortgage notes receivable	346,173	-
Gain on insurance proceeds	589,383	-
Interest income	4,083	724
Total revenues and gains	1,973,492	1,009,624
Satisfaction of program restrictions releasing from donor restricted net assets	1,324,657	1,735,647
Total support, revenue and release of donor restricted net assets	7,295,144	7,696,700
Expenses and losses:		
Program services	3,496,686	3,601,591
Supporting services:		
ReStore	1,813,694	1,795,095
Thrift store	362,803	339,661
Management and general	543,429	537,037
Fundraising and development	581,661	602,834
Total supporting services	3,301,587	3,274,627
Total expenses	6,798,273	6,876,218
Loss on sale of property and equipment	-	224,279
Total expenses and losses	6,798,273	7,100,497
Change in net assets without donor restriction	496,871	596,203
Net assets with donor restriction:		
Contributions	1,257,693	1,139,447
Net assets released from donor restriction	(1,324,657)	(1,735,647)
Change in net assets with donor restriction	(66,964)	(596,200)
Change in net assets	429,907	3
Net assets, beginning of year	6,166,530	6,166,527
Net assets, end of year	$ 6,596,437	$ 6,166,530

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

Habitat for Humanity of Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

		Supporting Services					
	Program Services	ReStore	Thrift Store	Management & General	Fundraising & Development	Total Supporting Services	Total
Personnel costs:							
Salaries and contractors	$ 679,130	$ 815,305	$ 204,346	$ 358,142	$ 240,476	$ 1,618,269	$ 2,297,399
Employee benefits and taxes	140,474	195,675	42,330	37,493	32,803	308,301	448,775
Total	819,604	1,010,980	246,676	395,635	273,279	1,926,570	2,746,174
Other expenses:							
Home construction costs	2,048,736	-	-	-	-	-	2,048,736
Rent	128,391	344,517	12,785	15,998	8,801	382,101	510,492
Insurance	86,403	63,296	15,113	22,654	7,685	108,748	195,151
Office	34,181	67,959	15,100	31,167	18,500	132,726	166,907
Promotional	1,440	41,587	7,574	225	48,565	97,951	99,391
Interest	96,946	39,133	6,500	-	-	45,633	142,579
Repair and maintenance	25,904	92,478	6,454	21,740	9,509	130,181	156,085
Professional fees	121,087	2,124	2,048	11,789	3,808	19,769	140,856
Fundraising	13,772	25	-	450	181,640	182,115	195,887
Utilities	8,969	56,991	13,643	2,752	1,435	74,821	83,790
Telephone	15,350	18,328	13,292	10,790	3,978	46,388	61,738
Travel	28,061	24,617	3,991	8,132	4,533	41,273	69,334
Volunteer/education	19,748	2,074	337	13,945	1,706	18,062	37,810
Miscellaneous	4,753	-	-	5,229	16,651	21,880	26,633
Taxes and licenses	4,281	3,786	1,206	535	31	5,558	9,839
Tithe and contribution	9,000	-	-	-	-	-	9,000
Total	2,647,022	756,915	98,043	145,406	306,842	1,307,206	3,954,228
Total expenses before provision for depreciation	3,466,626	1,767,895	344,719	541,041	580,121	3,233,776	6,700,402
Provision for depreciation	30,060	45,799	18,084	2,388	1,540	67,811	97,871
Total expenses	$ 3,496,686	$ 1,813,694	$ 362,803	$ 543,429	$ 581,661	$ 3,301,587	$ 6,798,273

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

Habitat for Humanity of Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services	Supporting Services: ReStore	Thrift Store	Management & General	Fundraising & Development	Total Supporting Services	Total
Personnel costs:							
Salaries and contractors	$ 568,449	$ 815,072	$ 188,284	$ 372,506	$ 264,834	$ 1,640,696	$ 2,209,145
Employee benefits and taxes	109,310	176,467	33,653	43,801	34,719	288,640	397,950
Total	677,759	991,539	221,937	416,307	299,553	1,929,336	2,607,095
Other expenses:							
Home construction costs	2,302,129	-	-	-	-	-	2,302,129
Rent	129,848	349,276	11,572	20,696	10,095	391,639	521,487
Insurance	115,099	72,114	16,596	19,969	10,396	119,075	234,174
Office	48,205	67,229	12,682	28,147	16,938	124,996	173,201
Promotional	771	59,319	7,728	1,999	41,345	110,391	111,162
Interest	95,897	18,873	8,122	-	-	26,995	122,892
Repair and maintenance	30,306	73,211	9,936	13,864	10,128	107,139	137,445
Professional fees	78,520	1,558	760	8,251	2,850	13,419	91,939
Fundraising	10,520	-	114	28	183,444	183,586	194,106
Utilities	13,459	59,016	13,379	3,839	1,965	78,199	91,658
Telephone	19,726	20,593	14,999	3,666	5,787	45,045	64,771
Travel	19,508	24,177	4,306	4,538	2,814	35,835	55,343
Volunteer/education	15,768	3,115	379	7,035	2,223	12,752	28,520
Miscellaneous	5,018	512	306	3,250	13,114	17,182	22,200
Taxes and licenses	6,186	4,244	1,375	2,867	440	8,926	15,112
Tithe and contribution	9,000	-	-	-	-	-	9,000
Total	2,899,960	753,237	102,254	118,149	301,539	1,275,179	4,175,139
Total expenses before provision for depreciation	3,577,719	1,744,776	324,191	534,456	601,092	3,204,515	6,782,234
Provision for depreciation	23,872	50,319	15,470	2,581	1,742	70,112	93,984
Total expenses	$ 3,601,591	$ 1,795,095	$ 339,661	$ 537,037	$ 602,834	$ 3,274,627	$ 6,876,218

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

Habitat for Humanity of Palm Beach County, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 429,907	$ 3
Activities to reconcile change in net assets to net cash used in operating activities:		
Provision for depreciation	97,871	93,984
Amortization of discount on unconditional promises to give	(24,923)	(19,081)
Net investment return	(1,336)	(1,225)
Home sales through mortgage notes receivable	(1,042,367)	(1,171,472)
Net increase in mortgage discounts	205,930	534,118
Value of donated inventory (ReStore and Thrift) sold	(2,857,384)	(2,963,794)
In-kind donation of inventory - homes held for resale	2,830,894	2,895,959
Casualty loss on inventory	324,233	-
Impairment loss of property and equipment	618,302	-
Decrease in interest swap rate agreement included in interest expense	(6,879)	(29,383)
Gain on sale of mortgage notes receivable	(346,173)	-
Loss on sale of property and equipment	-	224,279
Change in assets and liabilities:		
(Increase) decrease in:		
Unconditional promises to give	483,400	141,950
Accounts receivable - trade	(24,888)	(3,346)
Accounts receivable - insurance	(1,431,918)	-
Inventory - land	(97,999)	-
Inventory - homes under construction	161,283	34,815
Inventory - homes held for resale	(30,366)	155,283
Other assets	28,960	(2,888)
Increase (decrease) in:		
Accounts payable	(78,539)	26,608
Accrued expenses	(7,153)	(2,281)
Escrow deposits	(300,509)	(3,119)
Net cash used in operating activities	(1,069,654)	(89,590)
Cash flows from investing activities:		
Payments received on mortgage notes receivable	414,960	351,158
Proceeds from sale of mortgage notes receivable	689,561	-
Proceeds from sale of property and equipment	-	162,721
Purchase of property and equipment	(34,516)	(44,993)
Purchase of investments	-	(25,000)
Net cash provided by investing activities	1,070,005	443,886
Cash flows from financing activities:		
Payments on line of credit	(731,964)	(778,963)
Advances on line of credit	489,180	509,743
Payments on debt	(119,979)	(115,443)
Net cash used in financing activities	(362,763)	(384,663)
Net decrease in cash, cash equivalents and restricted cash	(362,412)	(30,367)
Cash, cash equivalents and restricted cash, beginning of year	1,594,583	1,624,950
Cash, cash equivalents and restricted cash, end of year	$ 1,232,171	$ 1,594,583
<u>Supplemental disclosure of cash activities</u>:		
Cash paid for interest	$ 142,580	$ 152,275

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

Note 1 – Organization and Purpose

Habitat for Humanity of Palm Beach County, Inc. (the "Organization") was founded in October 1986 as a nonprofit ecumenical Christian housing ministry affiliated with Habitat for Humanity International, Inc., an organization with affiliates worldwide that seeks to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action. Through volunteer labor and donations of money and materials, the Organization builds simple decent houses with the help of low-income homeowner families. The Organization focuses its efforts in the areas of West Palm Beach, Lake Worth, Jupiter and western communities in the Glades area, Florida. The Organization also operates a thrift store and ReStores. The proceeds from these stores go towards the funding of the Organization's homebuilding efforts.

The houses built by the Organization and its volunteers are sold to partner families at no profit and are financed with affordable no-interest loans. The homeowner’s monthly mortgage payments go into a revolving fund that is used to build more houses. In addition to a down payment and the monthly mortgage payment, each homeowner family invests hundreds of hours of their own labor into the building of their house as well as the houses of others.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: 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 Organization's management and the Board of Directors.

Net assets with donor restrictions: 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 restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statements of activities and changes in net assets.

Revenue and Support

Contributions received are recorded as net assets with or without donor restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for a future period or restricted by the donor for specific purposes are reported as net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Note 2 – Summary of Significant Accounting Policies, continued

Revenue and Support, continued

Donated assets are valued at the estimated fair-market value at the date of receipt. Donated services are recognized as revenue only if the service requires specific expertise and is provided by professionals. Volunteers have also donated significant amounts of time in building the houses; however, such services have not been recognized as revenue. Revenue from the sale of inventory-Thrift and ReStore is recognized at the point-of-sale.

Revenues from the sale of houses are recognized upon the transfer to the homeowners and are based upon the amount the purchasers are able to pay. The revenues and related mortgages are recorded at the discounted value of payments to be received over the lives of the mortgage. Non-interest bearing mortgages have been discounted based upon prevailing market rates for low-income housing at inception of the mortgages. Discounts are amortized and recognized as program service revenues in the statements of activities and changes in net assets using the effective interest method over the lives of the mortgages.

Grants from governmental agencies are recognized as revenue when the grant funds have been expended in accordance with the provisions of the respective agreements.

Cash Flows

The Organization presents its cash flows using the indirect method. The Organization considers all highly liquid investments with original maturities of three (3) months or less when acquired to be cash equivalents and excludes restricted cash.

Restricted Cash

Restricted cash consists of amounts not available for the Organization's operations. Restricted cash-escrow deposits are funds received from homeowners for the payment of property taxes and insurance included in the related escrow deposits liability. Escrow deposits may also include principal and interest payments received from homeowners and owed to financial institutions on mortgage notes receivable sold. Restricted cash-Neighborhood Stabilization Program ("NSP2") consists of principal payments received on mortgage notes receivable from homeowners related to homes sold under the NSP2 grant (See Commitments and Contingencies Note).

Promises to Give

Promises to give are stated at fair value, which represents the net present value of future payments. Promises to give with due dates extending beyond one year are discounted to present value using a risk-free interest rate with similar term investments with an added amount for economic uncertainty. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management records an allowance for uncollectible promises to give based on historical experience.

Note 2 – Summary of Significant Accounting Policies, continued

Mortgage Notes Receivable

When the Organization sells a home, it accepts two installment notes in return. The first is an interest-free monthly installment note based upon the amount the purchaser is able to pay for a term of 25 to 30 years with principal payments due monthly. The amount recorded is at the face amount of the note, less an unamortized discount and an allowance for uncollectible accounts. Management records an allowance for uncollectible accounts on mortgage notes receivable based on a factor of approximately 1.5% to 2% of mortgages less the unamortized discount. In addition, management periodically reviews the mortgage notes receivable balances and provides an additional allowance for accounts which may be uncollectible. As of June 30, 2019 and 2018, the allowance for uncollectible accounts for mortgage notes receivable was $69,151 and $68,616, respectively.

The second note is a trust deed. It is interest-free and for a similar term of years as the first note. The amount is based on the difference between the appraised value of the home and the face amount of the first note. It is issued to ensure that the homeowner will not transfer, sell or assign their title of interest in the property or to cease to occupy the property within a relatively short period of time. The second note is forgiven upon repayment of the first note. The second note and its resulting contingent gain are not recorded on either the statements of financial position or the statements of activities and changes in net assets. An estimate of the gain on the second trust deed cannot be made. It is unlikely that any gain will be realized.

Inventory – ReStore and Thrift

Substantially all inventories at ReStore and Thrift stores are donated. Inventory includes donated household building materials, appliances, furniture and clothing that are sold at the Habitat ReStore and Thrift stores. Donated merchandise is recorded at its estimated fair market value, which is determined based on the future economic benefit.

Inventory – Land

Land is carried at cost when purchased or fair market value when acquired by gift. Land inventory is tracked by lot numbers and reduced when parcels are sold or when construction begins and the parcels are transferred to inventory-homes under construction.

Inventory – Homes Under Construction

Homes under construction are carried at cost or at market value when materials are donated. The carrying amount represents the accumulated costs of houses under construction and land improvements. Construction costs consist of direct materials and labor costs incurred. Construction costs are expensed when the property is completed and sold to the homeowner. Costs accumulated in excess of the anticipated sales price are recorded in home construction costs in the statements of functional expenses. During the years ended June 30, 2019 and 2018, costs incurred in excess of the actual or anticipated selling prices (net of unamortized discounts) recognized in home construction costs in the statements of functional expenses were $727,521 and $1,563,306, respectively.

Note 2 – Summary of Significant Accounting Policies, continued

Inventory – Homes Held for Resale

Homes held for resale are carried at cost when purchased or market value when acquired by gift. The balance is expensed in home construction costs in the statements of functional expenses when the property is sold to the homeowner. Homes held for resale are written down to the anticipated selling prices of the homes (net of unamortized discounts) when prequalified families are identified. As of June 30, 2019 and 2018, homes held for resale consisted of two (2) and three (3) donated homes, respectively, which were carried at fair value and had not been written down as prequalified families had not been identified.

Property and Equipment

Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation. The Organization capitalizes all long-lived assets with an estimated useful life of more than three years and an original cost of $800 or more. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Building and improvements	7 - 40 years
Furniture and fixtures	5 years
Vehicles	5 years
Machinery and equipment	5 years
Software	5 years
Leasehold improvements	4 - 10 years

Donations of property and equipment are reported as net assets without donor restricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restricted support to net assets without donor restricted support.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets.

Note 2 – Summary of Significant Accounting Policies, continued

Valuation of Long-Lived Assets, continued

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

As described in the ReStore Property Damage Note, in May of 2019, the Riviera Beach, Florida Restore experienced a fire that led to extensive property damage. An impairment loss to the building and building improvements was recorded during the year ended June 30, 2019 in the amount of $618,302. No indicators of impairment were identified for the year ended June 30, 2018. Reconstruction costs will be capitalized as new property and depreciated over its useful life. All costs associated with clean-up and repairs are charged to expense when incurred.

Insurance Proceeds

The Organization accounts for insurance proceeds in accordance with the FASB Accounting Standards Codification ("ASC") 450, *Contingencies*, if insurance proceeds are estimable and probable but have not yet been received, management will record a provision for insurance proceeds not to exceed the write off of the damaged property charged against operations. Conversely, a gain is only recorded if the insurance proceeds have been received and a gain exists. As described in the ReStore Property Damage Note, in May of 2019, the Riviera Beach, Florida ReStore experienced a fire that led to extensive property damage. A gain on insurance proceeds was recorded during the year ended June 30, 2019 in the amount of $589,383. No gain on insurance proceeds was recorded during the year ended June 30, 2018.

Derivative Financial Instruments

The Organization makes limited use of derivative instruments for the purpose of managing interest rate risks. An interest rate swap agreement is used to partially convert the Organization's variable rate debt to a fixed rate. In accordance with the FASB ASC 815, *Derivatives and Hedging*, the interest rate swap agreement is measured at fair value as an asset or liability on the statements of financial position with corresponding changes being recorded in the statements of activities and changes in net assets. Fair value is estimated based on a current market quote for a similar instrument.

Accrued Compensated Absences

Paid time off is accrued based on completed years of employment. Employees are paid for accrued paid time off as of the last day of employment subject to certain limitations. As of June 30, 2019 and 2018, the amount of accrued paid time off was $142,949 and $101,866, respectively.

Functional Expenses

Program and supporting services are charged with their direct expenses. Other expenses are allocated based on management's estimate of their proportionate share of total expenses.

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes has been recorded in the financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status. The Organization's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash maintained in financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit of $250,000. Although cash balances may exceed federally insured limits at times during the year, the Organization has not experienced and does not expect to incur any losses in such accounts. As of June 30, 2019 and 2018, the Organization had $768,871 and $813,572, respectively, held in excess of the FDIC limits. Cash is maintained with what management believes to be high quality financial institutions to limit its risk.

Recent Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958*, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization does not expect the adoption of ASU No. 2018-08 to have a material effect on the financial statements and disclosures.

Accounting Pronouncements Adopted

The Organization has adopted the financial statement presentation and disclosure standards contained in the FASB ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities,* modifying ASC 958. The provisions have been applied for the year ended June 30, 2019 and retroactively to the year ended June 30, 2018 for comparative purposes.

Note 2 – Summary of Significant Accounting Policies, continued

Accounting Pronouncements Adopted, continued

The Organization has adopted the financial statement presentation and disclosure standards contained in the FASB ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230), modifying ASC 230. The provisions have been applied for the year ended June 30, 2019 and retro-actively to the year ended June 30, 2018 for comparative purposes.

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported change in net assets.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 9, 2020, the date that the financial statements were available to be issued.

Note 3 – Unconditional Promises to Give

Unconditional promises to give are stated at fair value, which represents the net present value of future payments less an allowance for uncollectible accounts. As of June 30, 2019 and 2018, an allowance was not considered necessary. The outstanding balances of unconditional promises to give consists of the following as of June 30:

	2019	2018
Unconditional promises to give	$ 1,187,500	$ 1,670,900
Less: unamortized discount	(36,501)	(61,424)
Unconditional promises to give, net	$ 1,150,999	$ 1,609,476

Details of unconditional promises to give consists of the following as of June 30:

	2019	2018
Due within one year	$ 637,500	$ 750,900
Due in one to five years	550,000	920,000
Total unconditional promises to give	$ 1,187,500	$ 1,670,900

For the years ended June 30, 2019 and 2018, unconditional promises to give were discounted using rates ranging from 0.8% to 2%. Discounts on promises to give received in prior years are recognized as increases to contribution revenue while discounts on promises to give received in the current year are recognized as decreases to contribution revenue. For the years ended June 30, 2019 and 2018, the net effect recognized in the statements of activities and changes in net assets were increases to contribution revenue of $24,923 and $19,081, respectively.

Note 4 – Mortgage Notes Receivable

The mortgage notes receivable are recorded at the face amount less the unamortized discounts. The discount rates for the years ended June 30, 2019 and 2018 are 7.66% and 7.57%, respectively. As of June 30, 2019 and 2018, the Organization has an allowance for uncollectible accounts of $69,151 and $68,616, respectively.

The outstanding balances consist of the following as of June 30:

	2019	2018
Face amount of mortgage notes receivable	$ 9,878,704	$ 9,601,002
Unamortized discounts	(5,913,986)	(5,708,056)
Allowance for uncollectible accounts	(69,151)	(68,616)
Total mortgage notes receivable, net	$ 3,895,567	$ 3,824,330

At times, the Organization may sell mortgage notes receivable to financial institutions. During the year ended June 30, 2019, the Organization sold mortgage notes receivable with a net book value of $274,431 (including $415,130 of unamortized discounts). Subject to certain conditions, the Organization may be contingently liable to the financial institutions for non-performing mortgage notes receivable (see Commitments and Contingencies Note). For the year ended June 30, 2018, the Organization did not sell any mortgage notes receivables.

Note 5 – Property and Equipment

Property and equipment used in operations consists of the following as of June 30:

	2019	2018
Buildings and improvements	$ 1,027,082	$ 1,940,616
Vehicles	205,317	170,801
Leasehold improvements	148,355	148,355
Land	75,000	75,000
Machinery and equipment	41,907	41,907
Furniture and fixtures	41,920	41,920
Software	5,703	5,703
	1,545,284	2,424,302
Less: accumulated depreciation	650,080	847,440
Property and equipment, net	$ 895,204	$ 1,576,862

Depreciation expense for the years ended June 30, 2019 and 2018 totaled $97,871 and $93,984, respectively.

Note 6 – Line of Credit

On August 13, 2014, the Organization entered into a revolving line of credit with a bank, which permitted borrowings up to $1,535,000. On March 13, 2018, the line was amended to increase available borrowings to $1,650,000 and extended the maturity date to July 13, 2019. On July 13, 2019, the Organization extended the maturity date to July 13, 2021. During the years ended June 30, 2019 and 2018, the line bared interest at LIBOR plus 2.5%. As of June 30, 2019 and 2018, the balance of the line of credit was $801,334 and $1,044,118, respectively. The line is collateralized by mortgage notes receivable with a net book value of $855,918 including unamortized discounts of $1,343,380 as of June 30, 2019, and net book value of $895,135 including unamortized discounts of $1,408,384 as of June 30, 2018.

Note 7 – Debt

Debt consists of the following:

	2019	2018
Note payable to bank with interest only payments at a rate of LIBOR plus 2.5% with a floor of 3.5% and a ceiling of 5.5%, collateralized by mortgage notes receivable with a net book value of $347,918 (including unamortized discounts of $521,187) in 2019 and $332,614 (including unamortized discounts of $498,608) in 2018, due May 2020.	$ 401,431	$ 414,588
Note payable to bank with interest only payments at prime less 0.25%, collateralized by mortgage notes receivable with a net book value of $441,500 (including unamortized discounts of $645,615) in 2019 and $456,478 (including unamortized discounts of $673,011) in 2018, due May 2021.	660,881	685,099
Mortgage payable to bank, due in monthly principal payments of $3,586 (increasing annually through maturity) plus interest of LIBOR plus 2.25% due March 2020, collateralized by certain real estate with a net book value of $1,000,114 (2019) and $1,033,826 (2018).	717,352	760,380
Mortgages payable to bank, interest ranging from 4.38% to 5.99%, due in monthly installments ranging from $1,169 to $2,825, including interest, with maturities from 2022 to 2023, collateralized by certain real estate with a net book value of $256,162 (2019) and $266,207 (2018).	133,415	172,991
Total debt	$ 1,913,079	$ 2,033,058

Note 7 – Debt, continued

In conjunction with the $717,352 (2019) and $760,380 (2018) mortgage note payable above, the Organization entered into an interest rate swap agreement with a bank that expires in March 2020. The agreement effectively converts variable interest rate debt to fixed interest rate debt on the notional amount equal to the balance of the corresponding note payable. Under the terms of the agreement, the Organization pays 3.85% per annum and receives the LIBOR price. The fair value of the interest rate swap agreement (see Fair Value Measurements Note) is a liability based on a quote obtained from the primary financial lender, which was quoted at $9,866 and $16,745 as of June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the changes in fair value were decreases to interest expense of $6,879 and $29,383, respectively.

Annual maturities of long-term debt for the years following June 30, 2019 are as follows:

Years Ending June 30,	Amount
2020	$ 1,821,580
2021	44,313
2022	28,243
2023	13,473
2024	5,470
	$ 1,913,079

Note 8 – With Donor Restricted Net Assets

As of June 30, 2019 and 2018, with donor restricted net assets consists of the following:

	June 30, 2019			
	Time Restriction	Home Construction	Perpetuity	Total
Cash and cash equivalents	$ -	$ 390,500	$ -	$ 390,500
Unconditional promise to give, net	574,375	467,123	-	1,041,498
Investments - endowment fund	-	-	25,000	25,000
With donor restricted net assets	$ 574,375	$ 857,623	$ 25,000	$ 1,456,998

	June 30, 2018			
	Time Restriction	Home Construction	Perpetuity	Total
Cash and cash equivalents	$ -	$ 189,962	$ -	$ 189,962
Unconditional promise to give, net	761,581	547,419	-	1,309,000
Investments - endowment fund	-	-	25,000	25,000
With donor restricted net assets	$ 761,581	$ 737,381	$ 25,000	$ 1,523,962

Note 9 – Donations of Assets, Materials and Services

In-kind contributions consists of the following as of June 30:

	2019	2018
Inventory - Thrift and Restore	$ 2,857,384	$ 2,963,794
Home construction costs	110,696	109,517
Total in-kind contributions	$ 2,968,080	$ 3,073,311

Note 10 – Related Party Transactions

Habitat Housing Solutions, Inc. ("HHSI") is a private nonprofit, community-based organization whose primary purpose is to provide in the communities it serves, decent, safe and sanitary housing to low income households. HHSI qualifies as a Community Housing Development Organization ("CHDO"). In March 2016, HHSI and the Organization entered into an agreement with Palm Beach County to receive $940,460 in funding from its HOME Investment Partnerships Program. The Organization and HHSI will use this funding to construct five homes to sell or lease to households having certain income levels. In May 2016, the above agreement was amended to include the construction of one additional home and also increased the funding amount to $1,033,996. HHSI will act as the administrator of this funding and the Organization will act as the construction contractor. The Organization holds title to the six properties and has leased them to HHSI to provide HHSI site control thereby enabling them to undertake the construction of the desired housing units. Site control has been provided by the Organization to HHSI by means of a separate ground lease. These ground leases provide HHSI the ability to encumber the properties with the Organization and the leases will expire upon the issuance of a certificate of occupancy. Each ground lease requires HHSI, upon expiration of the lease, to transfer full ownership of the improvements to the Organization, at no cost to, or obligation by the Organization towards HHSI. The Organization shall, upon the completion of construction and the transfer of their ownership from HHSI to the Organization, sell the dwellings to a County approved income eligible household to be occupied as a principle place of residence, and if not sold within a specified period, shall be rented to a County approved income eligible household.

In November 2016, HHSI entered into an additional, similar agreement with Palm Beach County to receive funding from its HOME Investment Partnerships Program for the construction of two additional homes. On the same date, two construction contracts were signed between HHSI as the developer and the Organization as the construction contractor. The total of the two construction contracts was $348,200. As of June 30, 2019 and 2018, no amounts are due from HHSI. For the years ended June 30, 2019 and 2018, the total amount of revenue received from the HOME grants through HHSI was $0 and $309,391, respectively, and is included in government grants on the statements of activities and changes in net assets. As of June 30, 2019, five of the eight homes built are sold and three are currently being rented to families.

In order to facilitate the requirements under the HOME grant program, HHSI obtained lines of credit with a financial institution. The financial institution required the Organization to sign the loan agreements as co-borrower. (See Commitments and Contingencies Note).

Note 11 – Fair Value Measurements

FASB ASC 820-10, *Fair Value Measurement*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Following is a description of the valuation methodology used for the liabilities measured at fair value.

Level 2 - Fair Value Measurement

The fair value of the interest rate swap agreement is based on quoted market prices for similar instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 11 – Fair Value Measurements, continued

Level 2 - Fair Value Measurement, continued

The following tables set forth by level, within the fair value hierarchy, the liabilities fair value as of June 30, 2019 and 2018:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Interest rate swap agreement	$ -	$ 9,866	$ -	$ 9,866

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Interest rate swap agreement	$ -	$ 16,745	$ -	$ 16,745

Note 12 – Commitments and Contingencies

Restricted Cash – Neighborhood Stabilization Program

In April 2010, the Organization entered into a Consortium Agreement with the Lake Worth Community Redevelopment Agency ("Lake Worth CRA") to build and rehabilitate homes in the Lake Worth, Florida area. The project was funded by the Neighborhood Stabilization Program 2 ("NSP2") under the American Recovery and Reinvestment Act of 2009 through the US Department of Housing and Urban Development ("HUD"). During the project, both grant funds and bank loan proceeds were used to build and rehabilitate homes. Upon completion, the homes were sold to homeowners meeting certain qualifications through long-term mortgage notes receivable.

Note 12 – Commitments and Contingencies, continued

Restricted Cash – Neighborhood Stabilization Program, continued

Under the terms of the grant, income from the project received from the use of grant funds is required to be used in support of affordable housing in the Lake Worth CRA service area. Principal payments on mortgage notes receivable related to this project are deposited into one bank account segregated from the Organization's operating account. Approval from the Lake Worth CRA must be obtained in order to use these funds. Upon close out of the grant, Lake Worth CRA and HUD will determine the ultimate disposition of the remaining assets and liabilities, which may include returning program income to Lake Worth CRA. The identified assets and liabilities included in the statements of financial position as of June 30, 2019 and 2018 related to the Lake Worth CRA/NSP2 project are as follows:

	2019	2018
Assets:		
Restricted cash - Neighborhood Stabilization Program	$ 523,299	$ 448,727
Mortgage notes receivable, net	1,244,671	1,252,373
Total assets	$ 1,767,970	$ 1,701,100
Liabilities:		
Debt-note payable to bank	$ 401,431	$ 414,588
Debt-note payable to bank	660,881	685,099
Total liabilities	$ 1,062,312	$ 1,099,687

As of the date of management's review (see Date of Management's Review subnote), the grant has not been closed out. The Organization has not received a notice from Lake Worth CRA regarding the final disposition of the assets and liabilities subject to the NSP2 grant restrictions. Management has evaluated its contingent liability related to this agreement. As of and for the years ended June 30, 2019 and 2018, no contingent amounts have been recognized in the statements of financial position or the statements of activities and changes in net assets.

Mortgage Notes Receivable

The Organization entered into loan sale agreements with financial institutions which provided for the sale of certain mortgage notes receivable held by the Organization. Upon execution of the agreements, rights of ownership of specified mortgage notes receivable were transferred to the financial institutions in exchange for cash less a specified discount. The agreements contain provisions giving the financial institutions the unilateral right of recourse against the Organization for specific non-performing mortgages. At that time, the Organization may repurchase the non-performing mortgage at the current principal balance less the same percentage discount used when the mortgage was originally sold, or it may replace it with an unencumbered mortgage note receivable with a similar principal balance and remaining terms. As of June 30, 2019 and 2018, the balances of mortgage notes receivable sold to and held by financial institutions that are subject to replacement or repurchase were $3,031,176 and $2,474,983, respectively. Management has evaluated its contingent liability related to these agreements.

As of and for the years ended June 30, 2019 and 2018, no contingent amounts have been recognized in the statements of financial position or the statements of activities and changes in net assets.

Note 12 – Commitments and Contingencies, continued

Loan Guarantee

The Organization entered into agreements with Habitat Housing Solutions, Inc. ("HHSI"), a related party, for the construction of several homes under the HOME Investment Partnerships Program provided through Palm Beach County. As part of the grant program requirement, HHSI must request reimbursement from Palm Beach County after paying the Organization for construction services. To fulfill the requirement, HHSI obtained lines of credit with a financial institution. The financial institution required the Organization to sign the loan agreements as co-borrower. The first line of credit was signed in May 2016 for a maximum amount of $750,000 and matured in May 2017. The second line of credit was signed in March 2017 for a maximum amount of $353,679 and matured in December 2018. As of June 30, 2019 and 2018, the balance of the line of credit owed by HHSI to the financial institution is $0. Management evaluated its contingent liability related to the line of credit. As of and for the years ended June 30, 2019 and 2018, no contingent amounts have been recognized in the statements of financial position or the statements of activities and changes in net assets.

Operating Leases

The Organization leases equipment and the premises it occupies at four (4) locations for office space, retail facilities, and an education center. Certain rental agreements include various escalation clauses based on increased operating costs. In addition, one of the leases also provides for a lease incentive. Under this agreement, rent expense is recognized on a straight line basis. The difference between the base rent payments made and the amount of rent expense recognized is included in accrued expenses. As of June 30, 2019 and 2018, the amount of the liability included in the statement of financial position is $197,541 and $194,039, respectively. The rental agreements having an original term of more than one year expire on various dates through November 2025. Rent expense totaled $510,492 and $521,487 for the years ended June 30, 2019 and 2018, respectively.

Future minimum base lease payments, excluding common area maintenance, in connection with the leases for the years following June 30, 2019 are as follows:

Years Ending June 30,	Amount
2020	$ 433,884
2021	451,153
2022	374,798
2023	341,676
2024	347,446
Thereafter	508,814
Total future minimum base lease payments	$ 2,457,771

Note 13 – Funds Held in Trust by Others

The Organization established a charitable endowment fund known as the Habitat for Humanity of Palm Beach County Building for a Lifetime (the "Fund") with the Community Foundation for Palm Beach and Martin Counties ("Community Foundation"). The earnings of the Fund have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization. These "agency restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

The Organization's initial contribution of $25,000 was matched with a $25,000 grant from the Community Foundation and is not available for distribution and may not be removed from the Fund.

Funds held in trust by others by type of fund as of June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Habitat for Humanity of Palm Beach County, Inc.			
Endowment fund	$ 2,591	$ 25,000	$ 27,591

The changes in the Organization's endowment net assets were as follows for the year ended June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2018	$ 1,255	$ 25,000	$ 26,255
Net investment return (realized and unrealized)	1,604	-	1,604
Investment fees	(268)	-	(268)
Endowment net assets, June 30, 2019	$ 2,591	$ 25,000	$ 27,591

Return Objectives and Risk Parameters

The Funds shall by invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five years or longer.

Spending Policy

All distributions from the Fund shall be in accordance with the Community Foundation's spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment principal. The endowment principal is the sum of the value of the initial contribution establishing the Fund by the Organization and Community Foundation plus all subsequent contributions to the Fund.

Note 13 – Funds Held in Trust by Others, continued

Interpretation of Relevant Law

Management has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization following the donor's intended purpose. In accordance with the State Management of Institutional Funds Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1) The purposes of the Organization and the donor-restricted endowment fund;
2) General economic conditions;
3) The possible effect of inflation and deflation;
4) The expected total return from income and the appreciation of investments;
5) Other resources of the Organization; and
6) The investment policies of the Organization.

Note 14 – Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year as of June 30, 2019 consist of:

Financial assets as of June 30, 2019	
Cash and cash equivalents	$ 657,152
Unconditional promises to give, net	1,150,999
Accounts receivable - trade	117,987
Accounts receivable - insurance	1,431,918
Mortgage notes receivable, net	3,895,567
Inventory - ReStore and thrift	418,899
Total financial assets	7,672,522
Less: financial assets not available for general expenditure	
within one year due to:	
Unconditional promises to give, net, non-current	(527,478)
Mortgage notes receivable, net, neighborhood stabilization program	(1,244,671)
Mortgage notes receivable, net, non-current	(2,435,358)
Accounts receivable - insurance, building repairs	(1,431,918)
Restricted by donors with purpose restrictions	(857,623)
Total financial assets unavailable for general expenditure	(6,497,048)
Total financial assets available within one year to meet cash needs for general expenditures	$ 1,175,474

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 15 – ReStore Property Damage

In May 2019, the Organization's Riviera Beach, Florida ReStore (the "Location") experienced a fire that led to extensive property damage to the Location's inventory, building and building improvements. The fire damage ceased operations at the Location as significant costs to repair, replace and reconstruct the building must take place before operations can re-commence. The Organization has an insurance policy administered by Lockton Affinity, LLC, which is effective from April 1, 2019 to April 1, 2020 (the "Policy"). The Organization is covered under the Policy for business interruption loss, inventory loss, and property damage.

In October 2019, Lockton Affinity, LLC awarded the client the following insurance recoveries which resulted in a gain on insurance proceeds as follows for the year ended June 30, 2019:

Insurance recoveries:	
Loss on inventory	$ 100,000
Building repairs	1,181,918
Business interruption loss	250,000
Total insurance recoveries	1,531,918
Property loss:	
Net book value of destroyed building and building improvements	(618,302)
Inventory, destroyed	(324,233)
Gain on insurance proceeds	$ 589,383

Total accounts receivable – insurance as of June 30, 2019 and 2018 was $1,431,918 and $0, respectively.

Additional recoveries may be awarded to the Organization if additional repair costs are needed. Management estimates additional building repair recoveries to be approximately $500,000. No contingency has been recognized in the statements of financial position or the statements of activities and changes in net assets related to these additional building repair recoveries.

On January 8, 2020, the Organization entered into a lease to rent 12,000 square feet of building space located in Riviera Beach, Florida. The lease was entered into to commence Riviera Beach, Florida ReStore operations until the Organization's current ReStore location is reconstructed. The lease agreement shall be for a period of fourteen (14) months with minimum monthly rent payments due of $15,000.

Note 16 – Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the amounts shown in the statements of cash flows as of June 30:

	2019	2018
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 657,152	$ 793,627
Restricted cash - escrow deposits	51,720	352,229
Restricted cash - neighborhood stabilization program	523,299	448,727
Total cash, cash equivalents and restricted cash	$ 1,232,171	$ 1,594,583

Note 17 – Subsequent Event

On October 24, 2019, the Organization sold five mortgage notes receivables to a bank with an aggregate receivable balance of $567,866 on the date of sale for $511,080. Subject to certain conditions, the Organization may be contingently liable to the financial institutions for non-performing mortgage notes receivables.