

GLOUCESTER COUNTY HABITAT FOR HUMANITY, INC.

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2022 AND**

**INDEPENDENT AUDITOR'S
REPORT**

Ditmars, Perazza & Co.

CERTIFIED PUBLIC ACCOUNTANT

Kenneth M. Ditmars, CPA

Telephone: (609) 265-8698
Fax: (609) 265-8621

Office Address
12 Oak Tree Court
Westampton, NJ 08060

Independent Auditor's Report

**To the Board of Directors of the Gloucester
County Habitat for Humanity, Inc:**

August 12, 2022

Opinion

We have audited the accompanying financial statements of the Gloucester County Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities of functional expenses and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gloucester County Habitat for Humanity, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Gloucester County Habitat for Humanity, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gloucester County Habitat for Humanity Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gloucester County Habitat for Humanity, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Gloucester County Habitat for Humanity's Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Ditmars, Perazza & Co.

GLOUCESTER COUNTY HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 553,304	\$ 475,882
Mortgages receivable	147,935	437,091
Unamortized discount on mortgage	(64,284)	(226,012)
Mortgages receivable - Net	83,651	211,079
Grants receivable	2,500	27,214
Other receivables and assets	2,070	6,840
Construction work in progress	98,244	208,605
Construction and restore inventories	13,757	-
Escrow advances - net	-	3,399
Purchased and donated properties	66,070	35,500
Certificate of deposit - restricted	25,583	31,334
Property and equipment net of depreciation of \$ 278,971 and \$ 256,877 respectively	541,347	560,647
TOTAL ASSETS	\$ 1,386,526	\$ 1,560,500
LIABILITIES AND NET ASSETS:		
Liabilities		
Account payable	\$ 15,392	\$ 11,099
Closing cost escrows	22,475	17,875
Refundable advances - grants	-	4,640
Covey suspense	99,306	-
Mortgage payable - GCSF	-	71,086
Total Liabilities	137,173	104,700
Net Assets:		
Without donor restrictions:		
Unreserved	1,130,347	1,153,059
Board restricted CHDO reserve	119,006	261,388
Reserved for expansion	-	41,353
Total Net Assets	1,249,353	1,455,800
TOTAL LIABILITIES AND NET ASSETS	\$ 1,386,526	\$ 1,560,500

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

**GLOUCESTER COUNTY HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

(With summarized totals for 2021)

SUPPORT AND REVENUE:	Without Donor Restrictions	With Donor Restrictions	Totals 2022	Totals 2021
Direct Public Support				
Individuals, business and other	\$ 67,700		\$ 67,700	\$ 36,114
Indirect public support	3,363		3,363	5,558
Payroll Protection grant	-		-	132,127
Grants	93,808		93,808	210,513
Property donations	54,200		54,200	-
Income from Restore sales - net	108,307		108,307	155,566
Fundraising events	82,117		82,117	65,774
Sale of homes to partner families	278,675		278,675	440,000
Gain (loss) on sale of mortgages	27,220		27,220	(8,064)
Program income	19,450		19,450	14,224
Investment income	2,067		2,067	5,332
Other income	28		28	2,141
Mortgage interest discount amortization	79,284		79,284	12,472
			-	-
Net assets released from restrictions			-	-
TOTAL SUPPORT AND REVENUE	816,219	-	816,219	1,071,757
EXPENSES:				
Program Services	723,825		723,825	851,391
Administrative	150,042		150,042	127,071
Fund Raising	148,799		148,799	99,366
TOTAL EXPENSES	1,022,666	-	1,022,666	1,077,828
CHANGE IN NET ASSETS	(206,447)	-	(206,447)	(6,071)
NET ASSETS, BEGINNING OF YEAR:	1,455,800		1,455,800	1,461,871
NET ASSETS, END OF YEAR	\$ 1,249,353	\$ -	\$ 1,249,353	\$ 1,455,800

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

**GLOUCESTER COUNTY HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

(With summarized totals for 2021)

	Program Services	Management & General	Fund Raising	Totals 2022	Totals 2021
Construction costs	\$ 394,302		\$	\$ 394,302	\$ 419,051
Home sale adjustment	117,425			117,425	240,000
Affiliate expenses (tithe and SOSI)	28,900			28,900	18,450
Insurance	20,696	20,872	3,131	44,699	32,272
Equipment rental and small tools	342			342	1,209
Other program	1,497			1,497	9,279
Personnel costs	111,852	70,618	98,584	281,054	256,685
Office expenses		5,228	1,057	6,285	5,035
Professional services	3,420	14,592		18,012	5,683
Computer expenses		8,639	144	8,783	5,030
Telephone & fax	589	2,162	590	3,341	3,289
Travel, meals and conferences	1,676	662	703	3,041	481
Warehouse expenses	14,306			14,306	10,533
Depreciation	16,351	4,925	818	22,094	15,814
Mortgage and other interest		40		40	843
Vehicle	11,369	4,614	1,521	17,504	15,075
Community relations		6,570		6,570	3,153
Volunteer administration	787			787	162
Postage and freight		1,136		1,136	932
Special events			40,757	40,757	30,198
Other	313	9,097	512	9,922	3,701
Fees		887	982	1,869	953
	\$ 723,825	\$ 150,042	\$ 148,799	\$ 1,022,666	\$ 1,077,828

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

**GLOUCESTER COUNTY HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022
FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (206,447)
Add - depreciation	22,094
Mortgage payments and adjustments	179,492
Change in grants and other receivables	24,714
Change in other receivables and assets	8,169
Change in certificate of deposit - Restricted	5,751
Change in inventories	(13,757)
Change in construction work in progress	110,361
Change accounts payable	4,293
Change in escrow deposits and advances	4,600
Change in refundable advances	(4,640)
Change in Covey suspense	99,306
	233,936
FROM INVESTING ACTIVITIES:	
Mortgage discount amortization	(79,284)
Proceeds from sale of mortgages	76,721
Basis of mortgages sold	(49,501)
Donated property	(30,570)
Property additions - net	(2,794)
	(85,428)
FROM FINANCING ACTIVITIES:	
Payments of mortgage principle	(71,086)
	(71,086)
CHANGE IN CASH AND CASH EQUIVALENTS	77,422
BEGINNING CASH AND CASH EQUIVALENTS	475,882
ENDING CASH AND CASH EQUIVALENTS	\$ 553,304
SUPPLEMENTAL INFORMATION:	
Interest paid	<u><u>\$ 40</u></u>

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

**GLOUCESTER COUNTY HABITAT FOR HUMANITY, INC.
NOTES TO THE FINANCIAL, STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - Gloucester County Habitat for Humanity, Inc. (GCHH) is a not-for-profit organization affiliated with Habitat International, Inc. (HHFI). GCHH acquires land and buildings for construction and renovation into affordable housing. Land and construction materials are both purchased and donated. Much of the construction labor is volunteered, some of which is provided by qualified partner families under GCHH's "sweat equity" participation requirements. GCHH also assists partner families in obtaining a mortgage for their assigned property and provides financial management training and counselling.

In recent years GCHH formed a separate Community Housing Development Organization entitled "GCHFH-CHDO, Inc." Two of the three members of GCHFH-CHDO, Inc.'s Board of Directors are also GCHH Board members and the two entities share a common Executive Director. GCHFH-CHDO, Inc. holds no assets and primarily serves in an advisory role to GCHH in the securing and administering of certain government grant programs. For purposes of these financial statements and Federal tax filings, any financial transactions relating to GCHFH-CHDO Inc. are assumed to be those of GCHH.

Basis of Accounting

The financial statements of GCHH have been prepared on the accrual basis of accounting.

Basis of Presentation

In a prior year GCHH adopted the new standards issued in August 2016 relating to the Presentation of Financial Statements of Not-for-Profit entities. These new standards are intended to improve the presentation of financial statements of not-for-profit (NFP) entities. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU also requires additional information to be disclosed about expense classifications and liquidity and availability of resources.

New Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it is entitled to receive in exchange for those goods or services. The standard is effective during the current fiscal year.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases-capital (or finance) leases and operating leases. Previously, accounting principles generally accepted in the United State of America has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The GCHH is assessing the potential impact this guidance will have on it financial statements.

Contributions - In June 2018, FASB issued ASU 2018-08 “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”. The new guidance assists not-for-profit entities in determining whether to account for a transfer of assets as a contribution or an exchange transaction. The update also clarifies that a contribution is conditional if the agreement includes both a barrier (as defined) and a right of return or release. The standard is effective for transactions during the prior fiscal year.

Donor Imposed Restrictions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions. GCHH follows the policy of showing donor contributions whose restrictions are met in the same reporting period as donations without donor restrictions.

Cash and Cash equivalents

GCHH considers all highly liquid investments with an original maturity of less then one year to be cash equivalents. Cash and cash equivalents consist of checking accounts, savings accounts and a short term certificate of deposit.

Mortgages receivable

Mortgages receivable consists of non-interest bearing mortgages which are secured by real estate and receivable in monthly installments over the life of the mortgage.

Donated Services and Materials

Donated services are recognized as contributions in accordance with standards of the Financial Accounting Standards Board, if the services (a) create or enhance non financial assets or (b) require specialized skills, as performed by people with those skills, and would otherwise be purchased by GCHH. GCHH does not consider that donated services by individuals with specialized skills to meet this criteria in that they would generally not be required to purchase the services. In addition a substantial number of volunteers have made significant contributions of their time to GCHH's program and supporting services. The value of this contributed time is not reflected in these financial statements since it does not meet the above criteria.

GCHH also receives donated building materials which are used in home construction. These donations are generally not significant and therefore are not included in the accompanying statements.

Transfers to Homeowners

Sales to homeowners are recorded at the gross mortgage amount. Non-interest bearing mortgages have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. Utilizing a straight-line basis, this discount is recognized as interest income over the term of the mortgage.

Construction in Progress/ Project Income

Direct costs associated with the renovation of properties are capitalized. When the property is sold the related costs are offset against the sales price and the excess revenues or expenses are reflected in the statement of activities. Any excess revenues from the sale of a property are used to offset overhead costs and to provide for the continuation of GCHH's mission. When the property is sold the cost of construction is reflected in the Statement of Activities.

Property and Depreciation

Property and equipment are stated at cost. Depreciation is provided using the straight line method over the estimated useful lives of the related asset.

Income Taxes

GCHH has received exemption from income taxes under Section 501 (c) (3) of the Internal Revenue Code and qualifies as a public charity.

Refundable Advances – Grants

GCHH treats any grant funds that have not been earned and could be returned to the grantor if not spent as refundable advances – grants in the accompanying Statement of Financial Position.

Estimates in the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent Events

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establish principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, GCHH has evaluated subsequent events through August 12, 2022.

Fair Value Measurements

GCHH has adopted the Financial Accounting Standards Board's standards that apply to all assets and liabilities that are being measured and reported on a fair value basis. Under the standards new disclosures are required that establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. The standards enable the reader of the financial statements to access the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The standards require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

1. Level 1: Quoted market prices in active markets for identical assets or liabilities
2. Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
3. Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, GCHH performs a detailed analysis of the assets and liabilities that are subject to the Standards.

The carrying amounts of financial instruments including cash and cash equivalents, receivables, prepaid and payables approximates fair value due to the short maturity of these instruments.

Income Taxes

In June 2006 the Financial Accounting Standards Board issued FIN 48, Accounting for Uncertainty in Income Taxes, which prescribes how an entity should measure, recognize, present and disclose in its financial statements tax positions that an organization has

taken or expects to take on its information returns. FIN 48 is effective for years beginning after December 31, 2008 for nonpublic entities.

GCHH regularly reviews and evaluates its tax positions taken in previously filed information returns with regard to issues affecting its tax exempt status, unrelated business income and related matters. Based on GCHH's evaluation of their positions relating to any relevant matters no tax benefits or liabilities are required to be recognized in accordance with FIN 48.

Advertising

Advertising costs are expensed as incurred.

2. MORTGAGE RECEIVABLE

The mortgage receivable balance at June 30, 2022 consists of 4 loans on properties developed by GCHH. These loans are non interest bearing loans with original maturities of 30 years. The balance receivable for these loans was \$ 147,935 at June 30, 2022.

The amount of principal that will be collected on the above mortgages is approximately \$7,000 per year for each of the next five years.

Effective July 1, 2013 GCHH has contracted with a service provider to service the loans and to collect the payments and to pay the escrow. When required, GCHH advances funds to cover any escrow deficit balances.

During the year GCHH sold two of its mortgages to another mortgage servicer.

3. CONSTRUCTION IN PROGRESS

As of June 30, 2022 GCHH was in the process of renovating a number of properties for future sales under the program.

4. DISCOUNT ON MORTGAGES RECEIVABLE

GCHH accounts for their mortgages in accordance with the Habitat for Humanity International's U.S. Affiliate Accounting Policy Manual. Under this guide the non interest bearing mortgages are discounted to their present value at the time the mortgage is issued. The discounted amount is amortized over the life of the mortgage using a imputed interest rate, averaging 8 % on a straight line basis.

The following reflects the activity in the related accounts for the year ended June 30, 2021:

Unamortized Discount on Mortgages:

Balance at June 30, 2021	\$ 226,012	
Discount on Mortgages Issued in 2022	-	
Adjustment for Sales of Mortgages	(82,444)	-

Mortgage Discount Amortization for 2022	<u>(79,284)</u>
Balance at June 30, 2022	<u>\$ 64,284</u>

5. ZERO EQUIVALENT MORTGAGES

Commencing in 2012 GCHH entered into an arrangement with several local financial institutions to provide mortgages to its partner families for the purchase of the completed home. The mortgages are discounted by the financial institution to achieve a monthly payment that would be the equivalent of the amount of the payment if GCHH took back a non interest bearing mortgage. As a further protection for GCHH, it also enters into a second mortgage (silent second) with the partner family that is equal to the difference between the sales price of the home and amount of the financial institutions mortgage. If the property were sold, GCHH would have the right to receive this difference. None of the mortgages that closed in 2022 required a silent second mortgage.

6. MORTGAGE PAYABLE – INVESTORS BANK

GCHH had entered into a mortgage with a local financial institution to finance the acquisition and renovation of the property that they operate from in Pitman, NJ. The mortgage was payable in monthly installments of \$ 2,893.45 including interest computed at the rate of 3.89 %. The original loan date is 3/25/2011 and the maturity date is 4/1/2031. Their property in Pitman was secured for the loan. In July 2021 the balance due of \$ 71,086 was paid off.

7. LINE OF CREDIT

In March 2011 GCHH entered into a line of credit arrangement with a local financial institution in the amount of \$ 150,000. Interest on any outstanding balance is computed using a variable NY prime rate as published in the Wall Street Journal. As of June 30, 2022 no amount was outstanding on the line.

8. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated on a reasonable basis this is consistently applied based on effort, time or usage. GCHH charges expenses to one of three categories defined as follows:

Program Services - This category includes expenses in support of the Construction and ReStore Programs and expenses in support of the Family and Volunteer Programs.

Management and General - This category relates to activities related to policy development, planning, design and implementation of GCHH's programs and services and include administrative, financial and personnel management functions.

Fund Raising - The category includes activities related to agency efforts to solicit, attract and increase financial support.

9. TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL

GCHH annually remits a portion of its unrestricted contributions (excluding in-kind contributions) to Habitat for Humanity International. GCHH also remitted to Habitat for Humanity International a SOSI (Stewardship and Organization Sustainability Initiative) fee of \$ 15,000 for additional support provided by them. These amounts are included in direct program costs in the Statement of Activities. The total paid to Habitat International amounted to \$ 28,900 for the year.

10. RESTORE PROGRAM

In a prior year GCHH commenced a "ReStore Program". Under this program GCHH sells donated building materials and household items to the public at retail. The financial results of the ReStore operation are presented net of direct expenses in the accompanying Statement of Activities. The mission of the ReStore operation is to use the income it generates to help offset the management & general expenses of GCHH.

11. LEONA AVENUE

During a prior year GCHH was donated a property (land and building) located in Woodbury, NJ. The property was valued at \$ 215,000 at the time of the donation. Additional costs have been incurred in the amount of approximately \$ 100,000. The property is used as a construction warehouse as well as a storage site for the Restore Program.

In January 2018, based on an agreement with local officials, GCHH procured a \$ 30,000 Certificate of Deposit with Parke Bank that was fully restricted to defray potential future costs of soil remediation. This agreed restriction will however, amortize to zero on a straight line manner over 360 monthly periods, assuming, as management expects, that no incremental environment liabilities are identified. As of June 30, 2022, with accrued interest, the balance of this Certificate of Deposit had grown to \$ 31,503, while the restriction had amortized to \$ 25,583. The difference of \$ 5,920 is unrestricted and reflected in the Cash and Cash Equivalents line item.

12. COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the GCHH'S financial statements for the year ended June 30, 2021.

13. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year of the statement of financial position date comprise the following:

Cash and cash equivalents	\$ 553,304
Grants and accounts receivable	2,500
Mortgage principal payments	7,000
Less those not available to meet the general obligations	
Within one year due to:	
Covey Suspense funds	(99,306)
Board designated – CHDO reserve	(119,006)

Total Financial Assets Available for General Expenditures	\$ 344,492
	=====

GCHH regularly monitors liquidity to meet its operating needs. GCHH has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12 month period, GCHH considers all expenditures related to its ongoing activities of providing social services as well as the conduct of services undertaken to support these activities to be general expenditures.

In late fiscal year 2022, our third party mortgage servicing partner, COVEY Financial, erroneously transferred \$ 99,306 to GCHH, which was returned in July 2022. In the Statement of Financial Position, this amount is reflected in the Cash and Cash Equivalents and a COVEY suspense liability.

14. SALE OF MORTGAGES

During the prior year GCHH sold 2 of their existing mortgages. For the sale GCHH received \$ 76,721. A gain in the amount of \$ 27,220, that is net of the mortgage balance less the unamortized discount is reflected in the accompanying Statement of Activities.

15. COVID-19 PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, in mid March 2020 the State of New Jersey ordered the closure of the physical location of every “non-essential” business. All of the programs of GCHH were impacted by this and construction and the Restore were suspended or limited. In June 2020 both programs were allowed to begin operating again following guidance from the federal and state government for safe operation.

In the prior year GCHH applied for and was approved for a \$ 90,200 loan under the Payroll Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest but payments are not required to begin for six months after the funding of the loan. GCHH is eligible for loan forgiveness of up to 100 % of the loan, upon meeting certain requirements. These amounts that have been earned is considered to be a conditional grant is reflected in the accompanying Statement of Activities in the With Donr Restrictions net asset category. The loan is uncollateralized and is fully guaranteed by the Federal Government.

In the prior years GCHH applied for, and received loans/grants under both the first and second phases of the Payroll Protection Plan. GCHH received approval that the loans were forgiven. As such during the year ended June 30, 2021 all of the funds received have been earned and are included in the accompanying Statement of Activities in the With Donor Restrictions net asset category.