HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2023)

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Contents

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Council Bluffs, Inc.
Council Bluffs, Iowa

Opinion

We have audited the financial statements of Habitat for Humanity of Council Bluffs, Inc. (the Organization), a non-profit corporation, which comprise the statement of financial position as of June 30, 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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 (GAAS). 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 Organization 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 for one year after the date that the financial statements are available to be issued.

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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 GAAS 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 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 GAAS, 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 Organization'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 Organization'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 Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bland + Associates, P.C.

Omaha, Nebraska
February 25, 2025

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HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.
STATEMENTS OF FINANCIAL POSITION
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2023)

	June 30, 2024	June 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 727,448	$ 564,338
Prepaid Expenses	35,807	18,689
Other Receivables	49,793	44,793
Unconditional Promises to Give	-	150,000
Mortgages Receivable, Current Portion	70,932	70,932
Inventories of Real Estate Developments	983,651	442,719
Total Current Assets	1,867,631	1,291,471
PROPERTY AND EQUIPMENT		
Buildings and Improvements	3,508,564	3,503,565
Vehicles	76,958	17,000
Office Equipment and Furniture	150,037	145,895
	3,735,559	3,666,460
Less Accumulated Depreciation	(941,667)	(843,943)
Total Property and Equipment	2,793,892	2,822,517
OTHER ASSETS		
Cash Restricted for Escrow and Reserve Funding	42,911	40,186
Beneficial Interest in Assets Held by Pottawattamie County Community Foundation	11,018	9,363
Mortgages Receivable, Less Current Portion and Net of Discount of $247,241 and $278,620, Respectively	395,061	423,448
Total Other Assets	448,990	472,997
	$ 5,110,513	**$ 4,586,985**

	June 30, 2024	June 30, 2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts and Construction Payable	$ 128,714	$ -
Family Escrow Deposits	37,950	38,691
Accrued Liabilities	49,000	37,377
Revolving Line of Credit	439,379	-
Current Portion of Long-Term Debt	88,786	81,663
Total Current Liabilities	743,829	157,731
LONG-TERM DEBT, LESS CURRENT PORTION	475,809	548,636
Total Liabilities	1,219,638	706,367
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without Donor Restrictions:		
Undesignated	3,738,640	3,730,618
Total Without Donor Restrictions	3,738,640	3,730,618
With Donor Restrictions:		
Purpose Restrictions	152,235	150,000
Total With Donor Restrictions	152,235	150,000
Total Net Assets	3,890,875	3,880,618
	$ 5,110,513	**$ 4,586,985**

HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2023)

	Years Ended June 30,			
	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUES AND SUPPORT				
Restore Sales				
Contributions of Merchandise	$ 309,580	$ -	$ 309,580	$ 281,044
Sales of Donated Merchandise	309,580	-	309,580	281,044
Less: Value of Merchandise Sold	(309,580)	-	(309,580)	(281,044)
Net Restore Sales	309,580	-	309,580	281,044
Contributions and Grants	860,914	152,235	1,013,149	631,875
Sale of Homes	699,258	-	699,258	211,014
Special Event Income	52,483	-	52,483	28,613
Less: Direct Benefit to Donors	(25,622)	-	(25,622)	(11,519)
Rent Income	45,993	-	45,993	55,309
Interest Income Mortgage Discount Amortization	31,379	-	31,379	104,062
Contributed Nonfinancial Assets	13,119	-	13,119	32,782
Repair Program Income	9,113	-	9,113	-
Investment Income	838	-	838	255
Other Income	26,539	-	26,539	21,079
Loss on Sale of Property and Equipment	-	-	-	(1,000)
Net Assets Released from Restriction				
Expiration of Time Restrictions	150,000	(150,000)	-	-
Total Net Assets Released from Restriction	150,000	(150,000)	-	-
Total Operating Revenues and Support	2,173,594	2,235	2,175,829	1,353,514
OPERATING EXPENSES				
Program Services	1,777,136	-	1,777,136	990,105
Management and General	320,787	-	320,787	234,814
Fundraising	67,649	-	67,649	59,131
Total Operating Expenses	2,165,572	-	2,165,572	1,284,050
Change in Net Assets	8,022	2,235	10,257	69,464
NET ASSETS - BEGINNING OF YEAR	3,730,618	150,000	3,880,618	3,811,154
NET ASSETS - END OF YEAR	**$ 3,738,640**	**$ 152,235**	**$ 3,890,875**	**$ 3,880,618**

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

HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2023)

	Program Services					Supporting Services			Totals	
	Restore	Home Repair	Home Ownership	Construction	Total Program Services	Management and General	Fundraising	Total Supporting Services	2024	2023
Cost of Homes Transferred	$ -	$ -	$ -	$ 766,416	$ 766,416	$ -	$ -	$ -	$ 766,416	$ 219,355
Salaries and Benefits	222,175	76,338	33,235	134,777	466,525	121,876	43,553	165,429	631,954	456,041
Home Repair	-	208,510	-	-	208,510	-	-	-	208,510	183,546
Professional Fees	10,180	9,851	10,417	28,654	59,102	41,512	7,592	49,104	108,206	75,002
Depreciation and Amortization	55,964	1,800	-	4,901	62,665	35,059	-	35,059	97,724	94,682
Insurance and Other Taxes	24,613	13,984	3,803	15,074	57,474	13,703	4,149	17,852	75,326	38,558
Payroll Taxes	23,300	3,465	2,718	7,701	37,184	8,939	3,627	12,566	49,750	35,632
Maintenance and Small Equipment	3,503	2,883	2,883	8,341	17,610	26,002	2,883	28,885	46,495	32,163
Interest	155	-	-	9,788	9,943	29,817	-	29,817	39,760	31,277
Utilities	15,551	1,187	1,187	1,187	19,112	14,570	1,187	15,757	34,869	35,778
Cost of Goods Sold	21,718	-	-	-	21,718	-	-	-	21,718	12,732
Vehicle	4,112	107	-	7,274	11,493	1,496	-	1,496	12,989	7,796
Training and Travel	1,767	342	1,478	423	4,010	6,828	1,216	8,044	12,054	4,786
Other	7,570	52	761	-	8,383	1,465	532	1,997	10,380	12,853
Dues and Subscriptions	48	48	48	5,226	5,370	4,012	592	4,604	9,974	3,750
Rent and Lease	5,613	151	151	152	6,067	3,443	145	3,588	9,655	2,660
Supplies and Postage	2,265	-	-	167	2,432	4,877	1,798	6,675	9,107	11,374
Fees and Charges	7,959	20	-	13	7,992	519	-	519	8,511	10,056
Tithe and Affiliate Fees	-	750	750	750	2,250	5,875	375	6,250	8,500	7,500
Advertising	2,336	-	-	-	2,336	794	-	794	3,130	8,408
Volunteer Hours	544	-	-	-	544	-	-	-	544	101
TOTAL FUNCTIONAL EXPENSES	**$ 409,373**	**$ 319,488**	**$ 57,431**	**$ 990,844**	**$ 1,777,136**	**$ 320,787**	**$ 67,649**	**$ 388,436**	**$ 2,165,572**	**$ 1,284,050**

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

HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.
STATEMENTS OF CASH FLOWS
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2023)

	Years Ended June 30, 2024	Years Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 10,257	$ 69,464
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Depreciation and Amortization	97,724	94,682
In-Kind Donation of Property and Equipment	-	(8,000)
Loss on Sale of Property and Equipment	-	1,000
Mortgage Receivable Discount Interest Income and Discount Recovery	(31,379)	(104,062)
(Increase) Decrease in Assets:		
Prepaid Expenses	(17,118)	(9,923)
Other Receivables	(5,000)	(33,893)
Unconditional Promises to Give	150,000	150,000
Inventories of Real Estate Developments	(540,932)	(234,204)
Beneficial Interest in Assets Held by Pottawattamie County Community Foundation	(1,655)	(1,959)
Increase (Decrease) in Current Liabilities:		
Accounts and Construction Payable	128,714	(3,107)
Family Escrow Deposits	(741)	(2,419)
Accrued Liabilities	11,623	10,995
Net Cash Used In Operating Activities	(198,507)	(71,426)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Mortgages Receivable, Net of Forgiven Amounts	59,766	155,325
Purchase of Property and Equipment	(52,849)	(17,874)
Net Cash Provided By Investing Activities	6,917	137,451
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on Revolving Line of Credit	444,603	-
Payments on Revolving Line of Credit	(5,224)	-
Payments on Long-Term Debt	(81,954)	(121,404)
Net Cash Provided By (Used In) Financing Activities	357,425	(121,404)
Net Increase (Decrease) In Cash, Cash Equivalents, and Restricted Cash	165,835	(55,379)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	604,524	659,903
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	**$ 770,359**	**$ 604,524**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 33,591	$ 32,292
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Financed through Issuance of Long-Term Debt	$ 16,250	$ -

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Habitat for Humanity of Council Bluffs, Inc., (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Organization was incorporated in May 1993, as a non-profit organization affiliated with Habitat for Humanity International, Inc. (Habitat International), an ecumenical Christian not-for-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. The goal is to eliminate poverty housing everywhere and to make poverty housing and homelessness socially, politically, and religiously unacceptable. While the Organization is primarily and directly responsible for its own operations, Habitat International assists with information resources, training, publications, prayer support, etc. The Organization's funding for program services is dependent upon the collection of mortgages, contributions and grants, and special events. The Organization's main programs are described below:

The Habitat ReStore (ReStore) – The ReStore a discount home improvement outlet that sells new, used and surplus building materials, furniture and home décor at prices 50-70% less than their retail cost. In addition to providing the public with low-cost building materials, the ReStore helps the environment by diverting usable materials from local landfills. All proceeds from the ReStore go to support the Homeownership program.

Home Repair Program – This program provides funding for critical repairs of owner-occupied single family homes in Pottawattamie and Mills Counties.

Home Ownership – The Organization partners with hardworking families in the Pottawattamie and Mills Counties that want to realize the dream of homeownership but may not qualify for a mortgage loan through conventional lenders.

Construction – The Organization leverages its construction staff, volunteers, and local sub-contracting partners to construct simple, decent, and affordable homes to be purchased by income qualified first-time home buyers.

Basis of Presentation

The Organization maintains its accounts on the accrual basis of accounting.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction.

Measure of Operations

In the statements of activities and changes in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with maturities of three months or less to be cash equivalents.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

The Organization has classified certain cash that is restricted for a specific purpose as restricted cash. In addition, the Organization is required to maintain a reserve fund equal to three months of principal and interest due on notes payable to Habitat for Humanity of Iowa.

Inventories

Inventories consist of real property purchased by the Organization for rehabilitation and development held with the intention of transferring the properties to qualified buyers. Inventories are carried at the lower of cost, including cost of improvements and amenities incurred subsequent to acquisition, or net realizable value.

Foreclosed assets are assets acquired through foreclosure or other proceedings and are initially recorded at the lower of cost or fair value at the date of foreclosure less estimated costs of disposal, which establishes a new cost. After foreclosure, valuations are periodically performed by management and foreclosed assets held for sale are carried at the lower of cost or fair value less estimated costs of disposal. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the cost of homes transferred.

Mortgage Receivables and Discount

Mortgage receivables are non-interest bearing loans and are secured by real estate and payable in monthly installments over the life of the loan. Management determines the allowance for credit losses by regularly evaluating the loan listing and considering prior years' experience and analysis of specific promises made. The Organization considers all mortgage loans to be 100% collectible; therefore, no allowance for credit losses has been established. The loans have been discounted based upon prevailing market rates at the inception of the mortgages (7.77% - 9.00%). Unearned interest on discounted loans is amortized to income over the life of the loans, using the interest method. Mortgages receivable, net of discount as of July 1, 2023 and 2022 was $494,380 and $545,643, respectively.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for additions and betterments over $500 are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

The cost of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

	Years
Buildings and Improvements	40
Vehicles	5
Office Equipment and Furniture	3-7

Compensated Absences

Employees of the Organization are entitled to certain amounts of paid personal time off. In the event of termination, an employee is reimbursed for accumulated unused paid time off.

Revenue Recognition

Under “Revenue from Contracts with Customers” (Topic 606), the Organization recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies the performance obligation. The Organization only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of Topic 606, the Organization assesses the goods or services promised within each contract and determines those that are performance obligations. The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

As of June 30, 2024, the Organization has conditional contributions associated with funding from the Iowa Finance Authority (See also Note H). The total amount of conditional funds is $1,628,119. The Organization will receive this funding after submitting reimbursement requests on eligible costs once construction is completed and free of liens and permanent financing has been closed. The Organization is currently in the process of constructing 6 townhomes as part of this agreement and will submit requests for reimbursement, and recognize the associated revenue when the houses are completed and ultimately sold.

Besides contribution and grant income, which is outside the scope of Topic 606, the Organization recognizes other operating revenues and support on the statements of activities and changes in net assets at a point in time, as described in more detail below for the Organization's significant revenue streams.

The Organization recognizes revenue on homebuilding activities at a point in time, upon the closing of the sale. ReStore Sales are recognized at the time the transaction occurs in the store. The Organization records event income as events are held.

The Organization undertakes various home improvement and repair projects (e.g., roof repair, furnace replacement, plumbing repairs, etc.) for low-income families that would not typically be able to afford such repairs without assistance. The maximum cost of these projects is $10,000. These projects are subsidized through grants and awards, with the subsidized portion being forgiven over a five year period, based on stipulations included in the agreements with the homeowners. The subsidized portions are not included on the statement of financial position due to being fully forgivable and not including a substantive barrier. These are a contingent assets of the Organization and are, therefore, not recorded on the financial statements unless they are realized.

All support and revenues are considered net assets without donor/grantor restrictions unless stipulated by the grantor. Net assets are released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donor/grantors. When the net assets are released, such net assets are reclassified within the applicable classes of net assets.

Contributions received and investment income with donor/grantor restrictions that are met in the same reporting period are reported as revenue and an increase in net assets without donor/grantor restrictions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions and Donated Services

Contributions of gifts in-kind that can be used by the Organization are recorded at fair value in the period received. The Organization operates a ReStore in which it sells donated items to provide funds for operations and also to promote the Organization in the community. The fair value of the items at the time of donation is not readily determinable. Contributions of gifts in-kind for the ReStore are recorded upon overcoming uncertainty about the existence of value when subsequently sold by the Organization and monetized.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among program and supporting services are based on management's estimate of services benefited. Allocations are generally done based on time spent on specific programs (salaries and other shared expenses). For utilities, cleaning and depreciation, expenses are allocated based on square footage of the building.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was $3,130 and $8,408 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The Organization has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. As such, no provision for income taxes is reflected in the financial statements. The Organization files Form 990, *Return of Organization Exempt from Income Tax,* in the U.S. Federal and state jurisdictions.

As of June 30, 2024, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and there are no material amounts of unrecognized tax benefits. Tax years subsequent to 2020 remain subject to examination by major tax jurisdictions

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standard Pronouncement

On July 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses* on Financial Instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted Accounting Standards Codification (ASC) Topic 326 effective July 1, 2023 using the modified retrospective approach. There was no material impact on the Organization's financial statements upon implementation.

Subsequent Events

Management has evaluated subsequent events through February 25, 2025, which is the date the financial statements were available to be issued.

Prior Year Information

The financial statements include 2023 summarized information for comparative purposes. The prior year information is presented in total but not by net asset class (with or without donor restrictions). In addition, the statement of functional expenses only displays totals by nature and function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year then ended, from which the summarized information is derived. Certain reclassifications of 2023 amounts were made to conform to 2024 presentation.

NOTE B – 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 same such amounts shown in the statements of cash flows for the years ended June 30,:

	2024	2023
Cash and Cash Equivalents	$ 388,167	$ 497,861
Cash Designated for Home Repairs	339,281	66,477
Cash Restricted for Escrow and Reserve Funding	42,911	40,186
Total Cash, Cash Equivalents, Cash Designated for Home Repairs and Restricted Cash shown in the Statements of Cash Flows	$ 770,359	$ 604,524

At June 30, 2024 and 2023, cash restricted for the purpose of reserve funding was $4,961 and $4,961, respectively.

At June 30, 2024 and 2023, cash restricted for the purpose of escrow was $37,950 and $35,225, respectively.

NOTE C – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist of cash, accounts receivable, and mortgage receivables. The Organization maintains cash balances in financial institutions in which balances sometimes exceed the federally insured limits. The Organization can receive a large portion of their support from specific grantors each year. During the year ended June 30, 2024 three donors made up approximately 52% of contribution and grant income. During the year ended June 30, 2023, one donor made up approximately 23% of contribution and grant income.

NOTE D – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows at June 30,:

	2024	2023
Unconditional Promises to Give	$ -	$ 150,000

NOTE E – LIQUIDITY AND AVAILABILITY

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

NOTE E – LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following as of June 30, 2024:

Cash and Cash Equivalents	$ 727,448
Mortgages Receivable, Current Portion	70,932
Other Receivable	49,793
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:	
Cash Designated for Home Repairs	(339,281)
	$ 508,892

The designated cash balance includes donor restricted balances of $152,235, along with insurance proceeds and other repair program funding that has been designated for home repairs.

NOTE F – CONDITIONAL MORTGAGE RECEIVABLE

In 2010, the Organization partnered with Omaha 100, Inc., a subsidiary of Family Housing Advisory Services. Omaha 100, Inc. holds the mortgages on the homes transferred and the Organization receives payment from Omaha 100, Inc. for the mortgage at the zero interest rate equivalency at closing. The Organization holds a second mortgage on the property that is forgiven ratably over the life of the loan. If the home was sold or foreclosed on, or if the loan was refinanced, the balance on this second mortgage would be collected after the mortgage held by Omaha 100, Inc. was paid in full. Management has not recorded the values of the second mortgages as it is unlikely that value would ever be recognized and is a contingent asset of the Organization.

Prior to the partnership with Omaha 100, Inc., buyers of homes signed both a mortgage and a promissory note with the Organization and these mortgages are recorded on the statements of financial position as mortgages receivable.

The promissory note agreed to the total mortgage amount. However, under the terms of the promissory note, only part of the total mortgage was payable in monthly installments. The remainder was forgivable over the life of the mortgage contingent upon the buyer meeting certain conditions.

NOTE F – CONDITIONAL MORTGAGE RECEIVABLE (Continued)

The forgivable portion of the mortgage would become receivable only in the event that the homeowner failed to meet the conditions identified in the promissory note (timely payment, etc..) and to the extent that the Organization chose to exercise its option of treating any remaining forgivable amount as payable by the homeowner. For purposes of the financial statement presentation, none of the forgivable portions of the mortgages have been recorded as receivable as it is unlikely they will ever be collected and is a contingent asset of the Organization.

In January 2022, the Organization partnered with Habitat Omaha Affordable Mortgage Solutions, Inc. (HOAMS), a subsidiary of Habitat for Humanity of Omaha. Under the agreement, HOAMS will originate mortgage loans to finance the costs of acquisition and construction of new, existing, or rehabilitative properties built or renovated by the Organization, with such mortgage loans being pursuant to the loan programs developed from time to time under HOAMS. Similar to the Omaha 100, Inc. mortgages, HOAMS holds the mortgages on the homes transferred and the Organization receives payment from HOAMS, Inc. at closing. The Organization may hold a second mortgage on the property that is forgiven ratably over the life of the loan. If the home was sold or foreclosed on, or if the loan was refinanced, the balance on this second mortgage would be collected after the mortgage held by HOAMS was paid in full. Management has not recorded the values of the second mortgages as it is unlikely that value would ever be recognized. In the event an individual loan originated and funded by HOAMS on behalf of the Organization becomes delinquent for a period of 120 days, the Organization shall repurchase the delinquent loan upon written request of HOAMS. There were no delinquent loans as of June 30, 2024. During the year, the Organization sold 3 homes to HOAMS collectively for $733,000.

NOTE G – MORTGAGES RECEIVABLE

The Organization holds 25 mortgage notes with maturities ranging from 2024 to 2039. The notes are non-interest bearing mortgages, payable in equal monthly installments. The notes have been discounted using the effective interest method over the terms of the mortgages. Mortgages are reported net of amortized cost. The Organization’s mortgage home loans are as follows at June 30,:

	2024	2023
Gross mortgage home loans	$ 713,234	$ 773,000
Less unamortized discount	(247,241)	(278,620)
Basis in loan	$ 465,993	$ 494,380

A loan balance is considered past due if a principal payment on the mortgage has not been paid upon the due date established in the mortgage agreement. There were no significant past due receivables as of June 30, 2024. Management assesses the credit quality of its loans with an internal rating system annually. All loans are considered performing loans and no allowance for credit losses was considered necessary as of June 30, 2024.

NOTE H – REVOLVING LINE OF CREDIT

The Organization has a $1,500,000 line of credit with Charles E. Lakin Foundation dated November 22, 2023. Borrowings under the line of credit bear interest at 6.18%. The line of credit is secured by substantially all business assets. The line of credit has a maturity date of June 2025. The outstanding balance on the line of credit at June 30, 2024 was $439,379.

This line of credit is currently being utilized to help subsize construction costs associated with the conditional funding from Iowa Finance Authority (see Note A). Once the Organization receives payment from Iowa Finance Authority when the houses are completed and sold, the line of credit will be paid down.

NOTE I – LONG-TERM DEBT

Long-term debt consists of the following at June 30,:

	2024	2023
Note payable due in monthly installments of $7,591, including interest at 5.15%, with final payment due August 2029, secured by certain real estate and substantially all business assets.	$ 411,644	$ 479,365
Note payable to Habitat for Humanity International due in monthly installments of $1,654, including interest at 4.0%, with final payment due July 2032, secured by certain real estate.	136,874	150,934
Note payable due in monthly installments of $329, including interest at 7.74% with final payment due April 2029, secured by a vehicle.	16,077	-
Total Long-Term Debt	564,595	630,299
Less Current Portion of Long-Term Debt	(88,786)	(81,663)
	$ 475,809	$ 548,636

Certain notes are subject to financial covenants and restrictions on indebtedness. As of June 30, 2024, the Organization is not in compliance with all covenants but a temporary waiver has been granted and it is anticipated that the Organization will fulfill the obligations under the waiver.

NOTE I – LONG-TERM DEBT (Continued)

The aggregate maturities of long-term debt for the years ending after June 30, 2024 are as follows:

Years Ending June 30,	
2025	$ 88,786
2026	93,347
2027	98,227
2028	103,347
2029	108,442
Thereafter	72,446
	$ 564,595

NOTE J – NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods as of June 30, 2024 and 2023:

	2024	2023
Capacity Expansion Project/Timing	$ -	$ 150,000
Repair Program	152,235	-
Net Assets with Donor Restrictions	$ 152,235	$ 150,000

NOTE K – TRANSACTIONS WITH HABITAT INTERNATIONAL

The Organization contributes up to 10% of unrestricted support received to Habitat International. For the years ended June 30, 2024 and 2023, tithe and affiliates fees to Habitat International totaled $8,500 and $7,500.

NOTE L – LEASE REVENUES UNDER OPERATING LEASES

The Organization rents out a portion of their building with a cost of $3,508,565 and carrying amount of $2,713,284 and $2,801,139 as of June 30, 2024 and 2023, respectively, to various tenants through lease agreements expiring at various times through November 2024. The monthly base rent payments range from $485 to $3,042.

The future minimum lease receipts expected under these operating leases as of June 30, 2024 are as follows:

Years Ending June 30,	Amount
2025	$ 2,425

NOTE M – RETIREMENT PLAN

The Organization has a Simple IRA Plan that covers all employees. The contribution made on behalf of each eligible employee is the same percentage of total compensation for every employee. The percentage for the years ended June 30, 2024 and 2023 was 3% and contribution expense was $13,824 and $8,591, respectively.

NOTE N – CONTRIBUTED NONFINANCIAL ASSETS

Contributions of nonfinancial assets included in the statements of activities and changes in net assets are comprised of the following as of June 30,:

	2024	2023
Construction	$ 7,240	$ -
Roof, Repairs, Property and Equipment	5,879	32,610
Clothing, Furniture, Household Goods	309,580	281,004
Other Miscellaneous	-	172
	$ 322,699	$ 313,786

The Organization recognized contributed nonfinancial assets within revenue, including clothing, furniture, and household goods, a contributed home, roof and repairs, a vehicle and other minor miscellaneous donations. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Organization operates a thrift store in which it sells donated items to provide funds for the Home Ownership program and also to promote the Organization in the community. The fair value of the items at the time of donation are not readily determinable. Contributions of gifts in-kind for the thrift store is recorded upon overcoming uncertainty about the existence of value when subsequently sold by the Organization and monetized.

The contributed home will be used for home ownership. In valuing the contributed home, the Organization estimated the fair value using a third party appraiser.

Contributed roof and repairs are used for the home ownership program. In valuing contributed roof and repairs, the Organization estimated the fair value at the wholesale prices of identical or similar products purchased in the area, along with current rates for similar repair services.