



**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED JUNE 30, 2023**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2022)**

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## Contents

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-18

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***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, 2023, 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, 2023, 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.

## **INDEPENDENT AUDITORS' REPORT (Continued)**

### ***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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BLAND + ASSOCIATES, P.C.*

Omaha, Nebraska  
February 27, 2024

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2022)

<b>ASSETS</b>	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 564,338	\$ 582,180
Prepaid Expenses	18,689	8,766
Other Receivables	44,793	10,900
Current Portion of Unconditional Promises to Give	150,000	150,000
Mortgages Receivable, Current Portion	70,932	93,564
Inventories:		
Construction in Progress	289,033	138,488
Land Held for Development	153,686	70,027
Total Current Assets	1,291,471	1,053,925
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Improvements	3,503,565	3,490,367
Vehicles	17,000	10,500
Office Equipment and Furniture	145,895	141,220
	3,666,460	3,642,087
Less Accumulated Depreciation	(843,943)	(749,762)
Total Property and Equipment	2,822,517	2,892,325
<b>OTHER ASSETS</b>		
Cash Restricted for Escrow and Reserve Funding	40,186	77,723
Unconditional Promises to Give, Less Current Portion	-	150,000
Beneficial Interest in Assets Held by Pottawattamie County Community Foundation	9,363	7,404
Mortgages Receivable, Less Current Portion and Net of Discount of \$278,620 and \$382,682, Respectively	423,448	452,079
Total Other Assets	472,997	687,206
	<b>\$ 4,586,985</b>	<b>\$ 4,633,456</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>June 30,</b>		
	<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ -	\$ 3,107
Family Escrow Deposits	38,691	41,110
Accrued Liabilities	37,377	26,382
Current Portion of Long-Term Debt	81,663	142,338
Total Current Liabilities	157,731	212,937
<b>LONG-TERM DEBT, LESS CURRENT PORTION</b>	548,636	609,365
Total Liabilities	706,367	822,302
<b>COMMITMENTS AND CONTINGENCIES</b>	-	-
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	3,730,618	3,427,105
Total Without Donor Restrictions	3,730,618	3,427,105
With Donor Restrictions:		
Purpose Restrictions	150,000	384,049
Total With Donor Restrictions	150,000	384,049
Total Net Assets	3,880,618	3,811,154
	<b>\$ 4,586,985</b>	<b>\$ 4,633,456</b>

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

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2022)

	Years Ended June 30,			
	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>OPERATING REVENUES AND SUPPORT</b>				
Restore Sales				
Contributions of Merchandise	\$ 281,044	\$ -	\$ 281,044	\$ 257,769
Sales of Donated Merchandise	281,044	-	281,044	257,769
Less: Value of Merchandise Sold	(281,044)	-	(281,044)	(257,769)
Net Restore Sales	281,044	-	281,044	257,769
Contributions and Grants	631,875	-	631,875	759,935
Sale of Homes	211,014	-	211,014	284,898
Interest Income Mortgage Discount Amortization	104,062	-	104,062	8,400
Rent Income	55,309	-	55,309	53,664
In-Kind Donations	32,782	-	32,782	135,842
Special Event Income	28,613	-	28,613	22,916
Less: Direct Benefit to Donors	(11,519)	-	(11,519)	(4,947)
Other Income	21,079	-	21,079	20,930
Loss on Sale of Property and Equipment	(1,000)	-	(1,000)	-
Investment Income (Loss)	255	-	255	(1,572)
Net Assets Released from Restriction				
Satisfaction of Program Restrictions	234,049	(234,049)	-	-
Total Net Assets Released from Restriction	234,049	(234,049)	-	-
Total Operating Revenues and Support	1,587,563	(234,049)	1,353,514	1,537,835
<b>OPERATING EXPENSES</b>				
Program Services	990,105	-	990,105	780,199
Management and General	234,814	-	234,814	331,147
Fundraising	59,131	-	59,131	22,141
Total Operating Expenses	1,284,050	-	1,284,050	1,133,487
Change in Net Assets	303,513	(234,049)	69,464	404,348
<b>NET ASSETS - BEGINNING OF YEAR</b>	3,427,105	384,049	3,811,154	3,406,806
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,730,618</b>	<b>\$ 150,000</b>	<b>\$ 3,880,618</b>	<b>\$ 3,811,154</b>

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, 2023**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2022)**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Totals	
	Restore	Home Repair	Home Ownership		Management and General	Fundraising		2023	2022
Salaries and Benefits	\$ 228,021	\$ 45,604	\$ 68,406	\$ 342,031	\$ 91,208	\$ 22,802	\$ 114,010	\$ 456,041	\$ 310,568
Cost of Homes Transferred	-	-	219,355	219,355	-	-	-	219,355	363,740
Home Repair	-	183,546	-	183,546	-	-	-	183,546	-
Depreciation and Amortization	42,607	4,734	9,468	56,809	28,405	9,468	37,873	94,682	92,136
Professional Fees	21,369	4,934	16,716	43,019	23,322	8,661	31,983	75,002	110,481
Insurance and Other Taxes	11,155	2,400	9,116	22,671	10,449	5,438	15,887	38,558	22,779
Utilities	10,112	4,419	8,709	23,240	8,492	4,046	12,538	35,778	31,988
Payroll Taxes	17,816	3,563	5,345	26,724	7,126	1,782	8,908	35,632	26,619
Maintenance and Small Equipment	20,072	663	2,080	22,815	8,903	445	9,348	32,163	72,698
Interest	-	-	-	-	31,277	-	31,277	31,277	32,791
Cost of Goods Sold	12,732	-	-	12,732	-	-	-	12,732	14,571
Supplies and Postage	3,919	370	603	4,892	6,469	13	6,482	11,374	8,014
Fees and Charges	6,382	-	20	6,402	3,638	16	3,654	10,056	6,010
Advertising	4,626	356	584	5,566	2,437	405	2,842	8,408	697
Vehicle	6,168	432	421	7,021	341	434	775	7,796	14,952
Tithe and Affiliate Fees	1,875	-	1,875	3,750	1,875	1,875	3,750	7,500	7,500
Software	-	192	773	965	4,894	186	5,080	6,045	-
Training and Travel	1,025	-	1,131	2,156	2,230	400	2,630	4,786	2,201
Other	2,488	-	1,130	3,618	544	-	544	4,162	802
Dues and Subscriptions	460	250	330	1,040	2,510	200	2,710	3,750	9,017
Rent and Lease	782	426	545	1,753	593	314	907	2,660	1,980
Grant Writing	-	-	-	-	-	2,646	2,646	2,646	3,915
Volunteer Hours	-	-	-	-	101	-	101	101	28
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 391,609</b>	<b>\$ 251,889</b>	<b>\$ 346,607</b>	<b>\$ 990,105</b>	<b>\$ 234,814</b>	<b>\$ 59,131</b>	<b>\$ 293,945</b>	<b>\$ 1,284,050</b>	<b>\$ 1,133,487</b>

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 2022)

	Years Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 69,464	\$ 404,348
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided By Operating Activities:		
Depreciation and Amortization	94,682	92,136
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	(104,062)	(8,400)
(Increase) Decrease in Assets:		
Prepaid Expenses	(9,923)	(2,919)
Other Receivables	(33,893)	32,644
Unconditional Promises to Give	150,000	(300,000)
Inventories	(234,204)	(36,251)
Beneficial Interest in Assets Held by Pottawattamie County Community Foundation	(1,959)	(907)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(3,107)	3,007
Family Escrow Deposits	(2,419)	2,740
Accrued Liabilities	10,995	5,482
Net Cash (Used In) Provided By Operating Activities	(71,426)	191,880
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Mortgages Receivable, Net of Forgiven Amounts	155,325	97,889
Purchase of Property and Equipment	(17,874)	(8,812)
Net Cash Provided By Investing Activities	137,451	89,077
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	(121,404)	(115,252)
Net Cash Used In Financing Activities	(121,404)	(115,252)
Net (Decrease) Increase In Cash, Cash Equivalents, and Restricted Cash	(55,379)	165,705
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR</b>	659,903	494,198
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 604,524</b>	<b>\$ 659,903</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 32,292	\$ 33,328

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



**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**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, special events and local support.

**Basis of Presentation**

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

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.

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

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.

**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.

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories (Continued)**

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 doubtful accounts 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 uncollectible accounts has been established. The loans have been discounted based upon prevailing market rates at the inception of the mortgages. 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, 2022 and 2021 was \$545,643 and \$635,132, 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. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
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.

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

For the years ended June 30, 2023 and 2022, the Organization has received conditional promises to give of \$0 and \$10,000, respectively which are dependent upon the requirements of the grant agreements.

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.

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

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.

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.

**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.

**Advertising**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was \$8,407 and \$697 for the years ended June 30, 2023 and 2022, 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, 2023, 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 2019 remain subject to examination by major tax jurisdictions

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Adopted Accounting Standard Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among companies related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements.

Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The Organization evaluated the impact of ASC 842 and determined there was no impact from the adoption of the standard due to leases being either short-term in nature, or insignificant to the financial statements. Therefore, the Organization did not recognize a lease liability and right-of-use lease asset for its leasing activities.

**Subsequent Events**

In November 2023, the Organization entered into a \$1,500,000 revolving line of credit financing agreement with a financial institution with interest payable at 6.182%. The line of credit is due December 2024.

Management has evaluated subsequent events through February 27, 2024, which is the date the financial statements were available to be issued.

**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,:

	2023	2022
Cash and Cash Equivalents	\$ 497,861	\$ 582,180
Cash Designated for Home Repairs	66,477	-
Cash Restricted for Escrow and Reserve Funding	40,186	77,723
Total Cash, Cash Equivalents, Cash Designated for Home Repairs and Restricted Cash shown in the Statements of Cash Flows	\$ 604,524	\$ 659,903

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE B – CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (Continued)**

At June 30, 2023 and 2022, cash restricted for the purpose of reserve funding was \$4,961 and \$38,528, respectively.

At June 30, 2023 and 2022, cash restricted for the purpose of escrow was \$35,225 and \$39,195, 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. One grantor made up approximately 23% and 50% of contribution and grant income at June 30, 2023 and 2022, respectively.

**NOTE D – UNCONDITIONAL PROMISES TO GIVE**

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

	<u>2023</u>	<u>2022</u>
Foundation	\$ 150,000	\$ 300,000
Total Unconditional Promises to Give	<u>\$ 150,000</u>	<u>\$ 300,000</u>

The maturities of unconditional promises to give at June 30, 2023 are as follows:

Receivable in Less than One Year	\$ 150,000
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**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.

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, 2023:

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE E – LIQUIDITY AND AVAILABILITY (Continued)**

Cash and Cash Equivalents	\$ 564,338
Unconditional Promises to Give	150,000
Mortgages Receivable, Current Portion	70,932
Other Receivable	44,793
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:	
Purpose Restricted Net Assets	(150,000)
Cash Designated for Home Repairs	(66,477)
	\$ 613,586

**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.

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.

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 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.



**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE F – CONDITIONAL MORTGAGE RECEIVABLE (Continued)**

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.

**NOTE G – MORTGAGES RECEIVABLE**

The Organization holds 24 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,:

	2023	2022
Gross mortgage home loans	\$ 773,000	\$ 928,325
Less unamortized discount	(278,620)	(382,682)
Basis in loan	\$ 494,380	\$ 545,643

**NOTE H – LONG-TERM DEBT**

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

	2023	2022
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. (A)	\$ 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. (B)	150,934	-
Note payable due in monthly installments of \$4,334 with a final payment of \$276,844 at maturity in October 2022, including interest at 4.5%, secured by certain real estate and substantially all business assets. This note was refinanced and consolidated into (A) above.	-	295,259

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE H – LONG-TERM DEBT (Continued)**

	2023	2022
Note payable due in monthly installments of \$3,055 with a final payment of \$260,600 due at maturity in September 2022, including interest at 4.5%, secured by certain real estate and substantially all business assets. This note was refinanced and consolidated into (A) above.	\$ -	\$ 281,368
Note payable to Habitat for Humanity International due in monthly installments of \$2,225, including interest at 4.0%, with final payment due April 2027, secured by mortgage receivables. This note was refinanced and consolidated into (B) above.	-	78,528
Note payable to Habitat for Humanity International due in monthly installments of \$757, including interest at 4.0%, with final payment due December 2028, secured by mortgage receivables. This note was refinanced and consolidated into (B) above.	-	52,103
Note payable to Habitat for Humanity International due in monthly installments of \$490, including interest at 4.0%, with final payment due March 2028, secured by mortgage receivables. This note was refinanced and consolidated into (B) above.	-	35,178
Note payable due in monthly installments of \$1,299, including interest at 5.0% with final payment due January 2023, secured by certain real estate. This note has been paid in full.	-	9,267
Total Long-Term Debt	630,299	751,703
Less Current Portion of Long-Term Debt	(81,663)	(142,338)
	\$ 548,636	\$ 609,365

Certain notes are subject to financial covenants and restrictions on indebtedness. As of June 30, 2023, the Organization is not in compliance with all covenants but a temporary waiver has been granted.

Years Ending June 30,		
2024	\$	81,663
2025		86,006
2026		90,323
2027		94,960
2028		99,818
Thereafter		177,529
	\$	630,299

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE I – NET ASSETS**

Net assets with donor restrictions are available for the following purposes or periods as of June 30, 2023 and 2022:

	2023	2022
Capacity Expansion Project/Timing	\$ 150,000	\$ 300,000
Home Ownership/Repairs	-	84,049
Net Assets with Donor Restrictions	\$ 150,000	\$ 384,049

**NOTE J – TRANSACTIONS WITH HABITAT INTERNATIONAL**

The Organization contributes up to 10% of unrestricted support received to Habitat International. For the years ended June 30, 2023 and 2022, tithing and affiliates fees to Habitat International totaled \$7,500 and \$7,500.

**NOTE K – LEASE REVENUES UNDER OPERATING LEASES**

The Organization rents out a portion of their building with a cost of \$3,484,214 and carrying amount of \$2,777,944 and \$2,865,049 as of June 30, 2023 and 2022, 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, 2023 are as follows:

Years Ending June 30,	Amount
2024	\$ 24,072
2025	2,425
	\$ 26,497

**NOTE L – 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, 2023 and 2022 was 3% and contribution expense was \$8,591 and \$8,339, respectively.

**HABITAT FOR HUMANITY OF COUNCIL BLUFFS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

**NOTE M – 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,:

	<u>2023</u>	<u>2022</u>
Clothing, Furniture, Household Goods	\$ 281,004	\$ 257,769
Roof, Repairs, Property and Equipment	32,610	6,256
Other Miscellaneous	172	586
Home	-	129,000
	<u>\$ 313,786</u>	<u>\$ 393,611</u>

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.