

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	28
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	29
DHS COST REIMBURSEMENT AWARD SCHEDULE	30
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR FINANCIAL STATEMENTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>, AND THE <i>DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE</i>	31
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	35



INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Fox Cities Area Habitat for Humanity, Inc.
Menasha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Fox Cities Area Habitat for Humanity, Inc. (the Organization) (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Fox Cities Area Habitat for Humanity, Inc. as of June 30, 2021, 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.

Emphasis of Matter Regarding Change in Accounting Principle

As discussed in Note 2 to the financial statements, management has adopted new accounting guidance for recognizing revenue from contracts with customers. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying DHS cost reimbursement award schedule, as required by the *Department of Health Services Audit Guide* issued by the state of Wisconsin, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of Greater Fox Cities Area Habitat for Humanity, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greater Fox Cities Area Habitat for Humanity, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Fox Cities Area Habitat for Humanity, Inc.’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Appleton, Wisconsin
November 24, 2021

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,221,612	\$ 1,283,596
Certificates of Deposit	401,695	557,837
Other Receivables	9,309	14,718
Contributions and Grants Receivable, Current Portion	195,938	410,928
Mortgage Loans Receivable, Current Portion	262,000	368,000
Prepaid Expenses	24,952	33,787
Inventories:		
Materials	507,550	298,306
Home Construction, Rehabilitation, and Repairs in Process	1,266,252	859,803
Property Held for Development/Rehabilitation, Current Portion	538,116	468,780
Beneficial Interest in Assets Held by Community Foundation, Current Portion	625,210	310,289
Total Current Assets	5,052,634	4,606,044
PROPERTY AND EQUIPMENT, Net	3,213,553	3,343,204
OTHER ASSETS		
Contributions and Grants Receivable, Less Current Portion	97,493	80,687
Property Held for Development/Rehabilitation, Less Current Portion	751,972	730,193
Restricted Cash	13,940	23,896
Investment in Joint Venture	1,134,115	1,134,115
Investment in Partnership	48,950	48,950
Beneficial Interest in Assets Held by Community Foundation, Less Current Portion	5,375,777	2,361,493
Mortgage Loans Receivable, Less Current Portion	1,361,206	2,284,679
Rental Properties, Net	1,042,756	734,841
Total Other Assets	9,826,209	7,398,854
 Total Assets	 \$ 18,092,396	 \$ 15,348,102

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021
WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes Payable, Current Maturities	\$ 191,939	\$ 918,289
Accounts Payable	133,399	162,458
Accrued Payroll	73,152	66,693
Mortgage Escrows	282,473	324,095
Refundable Advances	111,287	66,068
Other Current Liabilities	56,457	50,914
Total Current Liabilities	848,707	1,588,517
NOTES PAYABLE , Less Current Maturities	4,472,511	3,873,254
Total Liabilities	5,321,218	5,461,771
NET ASSETS		
Without Donor Restrictions	11,846,565	8,519,769
With Donor Restrictions	924,613	1,366,562
Total Net Assets	12,771,178	9,886,331
Total Liabilities and Net Assets	\$ 18,092,396	\$ 15,348,102

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2021	2020
SUPPORT AND OTHER REVENUE				
Contributions	\$ 1,396,165	\$ 253,735	\$ 1,649,900	\$ 2,006,633
Grants	1,277,347	-	1,277,347	945,971
ReStore In-Kind Contributions	1,037,373	-	1,037,373	823,874
Other In-Kind Contributions	510,147	-	510,147	208,164
Sales to Homebuyers	2,170,460	-	2,170,460	2,323,362
Owner-Occupied Home Repair Services	339,882	-	339,882	313,667
Mortgage Loans Discount Amortization	184,233	-	184,233	190,904
ReStore Sales	1,558,666	-	1,558,666	1,345,775
Return on Beneficial Interest on Assets				
Held by Community Foundation	602,278	-	602,278	58,545
Investment and Interest Income	30,352	-	30,352	36,845
Gain on Sale of Mortgage Loans Receivable	2,198,091	-	2,198,091	269,939
Gain on Second Mortgages	103,052	-	103,052	37,949
Rent Income	98,469	-	98,469	72,029
Other Income	7,200	-	7,200	26,352
Net Assets Released from Restrictions	695,684	(695,684)	-	-
Total Support and Other Revenue	<u>12,209,399</u>	<u>(441,949)</u>	<u>11,767,450</u>	<u>8,660,009</u>
EXPENSES				
Program Services - Housing	5,498,423	-	5,498,423	5,478,793
Program Services - ReStore	2,541,802	-	2,541,802	2,302,516
Management and General	424,395	-	424,395	375,160
Fundraising	417,983	-	417,983	325,215
Total Expenses	<u>8,882,603</u>	<u>-</u>	<u>8,882,603</u>	<u>8,481,684</u>
CHANGE IN NET ASSETS	3,326,796	(441,949)	2,884,847	178,325
Net Assets - Beginning of Year	<u>8,519,769</u>	<u>1,366,562</u>	<u>9,886,331</u>	<u>9,708,006</u>
NET ASSETS - END OF YEAR	<u>\$ 11,846,565</u>	<u>\$ 924,613</u>	<u>\$ 12,771,178</u>	<u>\$ 9,886,331</u>

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	Program	Program	Management and General	Fundraising	Totals	
	Services - Housing	Services - ReStore			2021	2020
Salaries and Wages	\$ 660,225	\$ 531,035	\$ 248,829	\$ 202,145	\$ 1,642,234	\$ 1,614,522
Employee Benefits and Payroll Taxes	202,311	197,402	56,645	46,056	502,414	470,893
Cost of Sales to Homebuyers	2,509,328	-	-	-	2,509,328	2,491,464
Cost of Owner-Occupied Home Repair Services	343,708	-	-	-	343,708	319,567
Mortgage Loans Discount	1,149,667	-	-	-	1,149,667	1,138,101
Cost of Purchased Goods Sold	-	288,178	-	-	288,178	266,397
Value of Donated Goods Sold	-	1,012,800	-	-	1,012,800	847,714
Professional Fees	11,036	7,021	59,959	13,290	91,306	132,491
Office and Technology	50,074	40,027	7,020	19,044	116,165	126,079
Occupancy	74,870	213,374	10,291	6,087	304,622	298,277
Insurance	34,923	15,392	3,552	1,063	54,930	46,704
Property Tax	11,226	23,134	-	-	34,360	33,422
Equipment Costs	40,415	23,461	1,553	323	65,752	41,454
Printing	13,328	5,151	1,379	39,076	58,934	53,184
Advertising	28,594	-	18,917	75,399	122,910	29,705
Fuel and Travel	33,159	11,326	663	444	45,592	65,111
Conference and Convention	42,328	5,023	1,351	811	49,513	17,129
Tithe and Fees to HFHI	79,423	-	-	-	79,423	68,308
Interest	45,113	57,625	4,608	2,545	109,891	115,965
Depreciation	90,352	70,305	5,045	4,209	169,911	166,421
Other	78,343	40,548	4,583	7,491	130,965	138,776
Total Expenses by Function	\$ 5,498,423	\$ 2,541,802	\$ 424,395	\$ 417,983	\$ 8,882,603	\$ 8,481,684

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,884,847	\$ 178,325
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	169,911	166,421
Change in Present Value Discount on Contributions and		
Grants Receivable	(790)	1,481
Return on Beneficial Interest in Assets Held by		
Community Foundation	(602,278)	(58,545)
Discount on Mortgage Loans Receivable	1,149,667	1,138,101
Amortization of Mortgage Loans Discount	(184,233)	(190,904)
Discount on Notes Payable	(5,516)	(7,355)
Amortization of Notes Payable Discount and Debt Issuance Costs	11,144	11,417
Noncash Sales to Homebuyers	(2,000,275)	(2,169,264)
Noncash Owner-Occupied Home Repairs Services	(276,746)	(209,792)
Noncash Contribution of Property Held for		
Development/Rehabilitation	(245,000)	-
Noncash Contribution of Rental Properties	(2,502)	(1,356)
Gain on Sale of Mortgage Loans Receivable	(2,198,091)	(269,939)
Gain on Second Mortgages	(103,052)	(37,949)
Gain on Sale of Property and Equipment	(800)	(13,902)
Decrease (Increase) in:		
Other Receivables	5,409	(2,742)
Contributions and Grants Receivable	198,974	(63,525)
Prepaid Expenses	8,835	(9,227)
Inventories	(697,202)	283,045
Increase (Decrease) in:		
Accounts Payable	(29,059)	11,898
Accrued Payroll	6,459	23,862
Mortgage Escrows	(41,622)	32,439
Funds Held for Others	-	(17,548)
Refundable Advances	45,219	66,068
Other Current Liabilities	5,543	(29,487)
Net Cash Used by Operating Activities	(1,901,158)	(1,168,478)

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	\$ (108,373)	\$ (313,151)
Proceeds from Maturities of Certificates of Deposit	264,515	317,450
Purchase of Property and Equipment	(3,490)	(37,455)
Proceeds from Sale of Property and Equipment	800	16,569
Purchase of Beneficial Interest in Assets Held by Community Foundation	(2,726,927)	-
Distribution from Beneficial Interest in Assets Held by Community Foundation	-	786,316
Proceeds from Sale of Mortgage Loans Receivable	4,028,252	517,125
Collections Received on Mortgage Loans Receivable	510,899	479,323
Collections on Second Mortgages	103,052	37,949
Purchase of Rental Properties	(106,789)	(115,049)
Net Cash Provided by Investing Activities	1,961,939	1,689,077
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	77,708	72,348
Payments on Notes Payable	(210,429)	(239,176)
Net Cash Used by Financing Activities	(132,721)	(166,828)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(71,940)	353,771
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,307,492	953,721
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 1,235,552	\$ 1,307,492
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 98,747	\$ 104,548
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Sales to Homebuyers for which Mortgage Loans Receivable were Obtained	\$ 2,000,275	\$ 2,169,264
Owner-Occupied Home Repairs Services for which Mortgage Loans Receivable were Obtained	\$ 276,746	\$ 209,792
Contribution of Rental Properties	\$ 2,502	\$ 1,356
Transfer of Property Held for Development/Rehabilitation to Rental Properties	\$ 235,394	\$ 85,350

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 ORGANIZATION

Nature of Operations

Greater Fox Cities Area Habitat for Humanity, Inc. (the Organization) is a charitable organization located in Menasha, Wisconsin, that is an affiliate of Habitat for Humanity International, Inc. (HFHI). The Organization is a nondenominational Christian nonprofit organization whose purpose is to create safe, decent and affordable housing in partnership with those in need. This is achieved through a wide range of affordable housing solutions.

Although HFHI assists with information resources, the Organization is primarily and directly responsible for its own operations. Such operations are conducted within the Fox Cities area and include: the Homebuyer, Home Repair, Almost Home, Rental and Neighborhood Revitalization programs. In addition, the Organization operates two Habitat ReStore retail outlets.

Homebuyer Program – Through the Homebuyer program, the Organization constructs new or rehabilitates existing homes and sells those homes to low-income families who pay for the homes through no-interest mortgages. Prospective homebuyers must demonstrate a need for safe, decent and affordable housing, be able and willing to pay for an affordable mortgage, and be willing to partner with the Organization by investing “sweat equity” into their home. In addition to working side-by-side with volunteers through the construction of their homes, partner families complete courses in financial literacy, home maintenance, how to be a good neighbor, and a wide range of other courses to set them up to be successful homeowners.

Home Repair Program – The Home Repair program provides easy access to home repair services for low income homeowners. The Home Repair program provides critical home repairs so that existing homeowners can live in a safe, healthy, and affordable home.

Almost Home Program – The Almost Home program provides case management and holistic support for families working toward home ownership and Habitat homeowners at risk of becoming delinquent on their mortgages. Individual and family needs are assessed to establish financial, vocational, educational, and other goals. Almost Home helps participants monitor their progress and guides them to resources to help them meet their goals.

Rental Program – The Rental program creates a unique, temporary housing solution for families in the Almost Home program. The Organization purchases blighted properties and rehabilitates them into safe, decent, and affordable rental properties. Almost Home program participants who are currently living in substandard housing temporarily rent from the Organization while working on their goals toward home ownership.

Neighborhood Revitalization Program – The Neighborhood Revitalization program provides exterior home repairs for low income homeowners. Rock the Block® is a multi-day event that kicks off the Organization’s Neighborhood Revitalization efforts in a targeted neighborhood. The Organization brings together residents, municipalities, and community partners to complete exterior home repairs for low income homeowners and community projects to improve and beautify the neighborhood surrounding the homes.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 ORGANIZATION (CONTINUED)

Habitat ReStore – Habitat for Humanity ReStores are nonprofit home improvement stores and donation centers that sell new and donated furniture, appliances, home accessories, building materials and more to the public at a fraction of the retail price. Proudly owned and operated by the Organization, Habitat ReStores provide funding for the Organization’s mission, offer affordable home improvement items to the general public, and divert waste from landfills.

Global Homebuilding – Habitat for Humanity’s vision is a world where everyone has a decent place to live. By tithing 10% of all contributions without donor restrictions to Habitat’s Global Homebuilding program, the Organization partners with developing countries to provide financial and volunteer resources desperately needed to improve their housing conditions (see Note 18).

The Organization is supported primarily through contributions, grants, sales from ReStore, homeowner mortgage payments, and home repair loan payments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and its activities in the following two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not restricted by donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets that result from contributions whose use by the Organization is limited by donor-imposed stipulations. Some are temporary in nature and can either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Other donor-imposed stipulations are perpetual in nature and cannot expire by passage of time nor can be fulfilled and removed by actions of the Organization. The Organization had no restrictions that were perpetual in nature at June 30, 2021.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions and Grants Receivable

Unconditional promises to give are recognized as revenue and as assets in the period the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Inventories

Materials

Materials inventory includes construction materials and ReStore inventory. Construction materials consists of home building materials used in construction of the Organization's homes, substantially all of which are donated, and are recorded at fair value at the time of donation. At the end of its fiscal year, the Organization estimates the value of construction materials determined by the first-in, first-out method. ReStore inventory includes items purchased by and donated to ReStore. At the end of its fiscal year, the Organization estimates the value of donated ReStore goods on hand based on the estimated retail value. Inventory purchased by ReStore is stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Home Construction, Rehabilitation, and Repairs in Process

Costs incurred in conjunction with home construction and home rehabilitation are recorded as assets until the sale of the home. Costs incurred in conjunction with home repair services are recorded as assets until the project is complete.

Property Held for Development/Rehabilitation

Property held for development/rehabilitation consists of purchased or donated land that will be developed for future home construction, properties acquired for rehabilitation to be sold to new homeowners, and homes that have been donated or re-acquired from previous homeowners that will be sold on the open market. Properties are valued at the lower of cost and net realizable value.

Property and Equipment and Depreciation

All acquisitions and improvements of property and equipment in excess of \$2,500 are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash consists of cash restricted for future professional fees related to the investment in joint venture. The breakdown of total cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amount shown in the statement of cash flows at June 30, 2021 consists of the following:

Cash and Cash Equivalents	\$ 1,221,612
Restricted Cash	<u>13,940</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	<u>\$ 1,235,552</u>

Investment in Joint Venture

The Organization, along with 11 other Habitat affiliates, invested in a joint venture (HFHI NMTC Leverage Lender 2013-1, LLC) to take advantage of New Markets Tax Credit (NMTC) financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new markets tax credits to be applied against their federal tax liability. For a 7.35% ownership share of the joint venture, the Organization invested \$1,134,115, which was financed with a loan payable to a community development entity (HFHI NMTC Sub-CDE I, LLC, an affiliate of the joint venture) (see Note 13). The Organization carries its investment in joint venture at cost, less impairment, adjusted for observable price changes in orderly transactions for the identical or similar investments of the same issuer. There were no adjustments for impairment or observable price changes during the year ended June 30, 2021.

Investment in Partnership

The Organization's investment in partnership consists of a minor interest in a limited partnership. The Organization carries its investment in the limited partnership at the fair value as of the date the investment was donated to the Organization (cost), less impairment, adjusted for observable price changes in orderly transactions for the identical or similar investments of the same issuer. The Organization's risk of loss is limited to the carrying amount of the investment. There is not a public market for this investment. There were no adjustments for impairment or observable price changes during the year ended June 30, 2021.

Mortgage Loans Receivable

Mortgage loans receivable consists of loans secured by real estate located in the Fox Cities area of Wisconsin. The loan terms typically include maturities of 12 to 360 months and are noninterest bearing. Since the mortgage loans are noninterest bearing, they are discounted using a rate determined annually by HFHI, which is based on a national rate for a home purchaser with a credit risk similar to the homeowners qualified to purchase a home from the Organization. Once the rate is determined, it is not revised for any market changes.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Loans Receivable (Continued)

For the Homebuyer program, the Organization sells homes at the appraised value determined by an independent third party appraisal company. At the time of the home sale, the Organization obtains a first mortgage for each home. The length of the loan is determined by the income of the family with a range of 240 to 360 months. Monthly mortgage payment amounts (including escrow for taxes and insurance) are set based on 25% of the family's gross monthly income. Based on that calculation, if a family is not able to pay off the full loan amount in less than 30 years, then the Organization issues a 0% interest deferred second mortgage that represents the difference between the appraised value and the amount the family can afford to pay over 30 years. The second mortgage would become due if the homeowner sells, refinances, defaults, or the home is no longer their primary residence before a stipulated time period. The second mortgage is forgivable pro-rata over a 240-month period. If the second mortgage becomes due, it is collected after the first mortgage is satisfied, and after certain other liens are satisfied. Because the use of the second mortgage is unlikely and unknown, the Organization has not recorded a receivable for these second mortgages in the financial statements. The undiscounted value of the second mortgages not recorded in the financial statements totaled approximately \$3,590,000 at June 30, 2021. If a second mortgage becomes due, the Organization includes the proceeds in gain on second mortgages on the statement of activities at the time it is collected.

The mortgage loans for the Home Repair program are based on the Organization's costs to provide the labor, overhead, and materials to complete the home repair. No profit is charged on these projects. The loan terms range from 12 to 84 months based on the debt-to-income ratio for each family.

Refundable Advances

Donor or grantor payments that are conditional and have a right of return are recorded as liabilities. When the condition is substantially met, they are recognized as contributions or grant income.

Contribution Recognition

Unconditional contributions are recognized as revenue when they are promised or received, as applicable, and are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (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. If a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution Recognition (Continued)

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of donated services capitalized in rental properties and included in in-kind contributions totaled \$2,502 during the year ended June 30, 2021. Many other volunteers provided services to the Organization throughout the year that have not been recognized as contributions in the financial statements because the recognition criteria were not met. The Organization estimates approximately 46,000 volunteer hours were contributed during the year ended June 30, 2021 that did not meet the recognition criteria.

Other Revenue Recognition

The Organization recognizes revenue from sales to homebuyers at the point in time when the home title and risk transfer to the homebuyer, and at the amount the Organization expects to collect. Payment and financing is required at the time of the sale. The Organization offers financing with noninterest bearing mortgage loans receivable.

The Organization recognizes revenue from owner-occupied home repair services over the time period the repair services are completed, and at the amount the Organization expects to collect. The performance obligation of providing home repair services is recognized as services are simultaneously received and consumed by the homeowner. Payment and financing is required at the completion of the repair service. The Organization offers financing with noninterest bearing mortgage loans receivable.

The Organization recognizes revenue from ReStore sales at the point in time when the products are transferred to the customer and payment is collected from the customer.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the year ended June 30, 2021, advertising costs totaled \$122,910.

Functional Allocation of Expenses

The costs of providing various programs and other 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. These statements report expenses that are attributed to more than one program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Personnel costs, office and technology, occupancy, insurance, printing, fuel and travel, conference and convention, and depreciation are allocated on the basis of estimates of time and effort. Advertising is allocated on the basis of the advertising content.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of Sales Tax

The Organization collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Organization's accounting policy is to exclude the tax collected and remitted from revenues and expenses.

Income Tax Status

The Organization has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat for Humanity International, Inc. by the Internal Revenue Service. The Organization is also exempt from Wisconsin income taxes. Income from certain activities not directly related to the Organization's tax-exempt purpose, however, is subject to taxation as unrelated business income.

Summarized Financial Information

The financial statements include certain prior-year summarized information in total but not by net asset class. 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 ended June 30, 2020, from which the summarized information was derived.

Change in Accounting Principle – ASU 2014-09

During the year ended June 30, 2021, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this guidance is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which an organization expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosure relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customers contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Organization adopted ASU 2014-09 using the modified retrospective method for all contracts and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets at the date of initial application. Prior periods have not been adjusted. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle – ASU 2018-13

During the year ended June 30, 2021, the Organization also adopted FASB ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*. The amendments in the ASU are intended to improve the effectiveness of disclosures about fair value measurements required under Accounting Standards Codification (ASC) 820. The ASU removes and modifies certain disclosures related to fair value measurements.

Accounting Standard Update

In February 2016, FASB issued ASU 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The standard is effective for annual periods beginning after December 15, 2021, with early adoption permitted. Management has not yet determined what impact the adoption of this new standard will have on the Organization's financial position or results of operations.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition of disclosure in the financial statements through November 24, 2021, the date on which the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, at times, the Organization enters into agreements for the sale of mortgage loans receivable. Proceeds from these sales are used to fund current operations with excess funds being invested for future operational needs. Continuous fundraising activities ensures an adequate cash balance throughout the year.

The board of directors has established two funds at the Community Foundation for the Fox Valley Region, Inc. (the Foundation) to help manage liquidity needs (see Note 9). The board has set a policy of retaining three months of operating expenses in the risk reserve fund invested in Fund I at the Foundation (see Note 14). Excess funds from sales of mortgage loans receivable are added to the remainder reserve invested in Fund II at the Foundation (see Note 14). The Organization takes distributions from these funds to cover anticipated cash needs. For the year ending June 30, 2022, the Organization estimates approximately \$625,000 of the remainder fund will be needed to fund the Organization's current operations. If considered necessary, the board could approve additional distributions from these funds. The Organization has only included the portion of the beneficial interest in assets held by the Foundation that it plans to request next year in the financial assets available shown below.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers all expenditures related to ongoing activities of providing housing to low-income families and ReStore operations as well as conduct of services undertaken to support those activities to be general expenditures. The Organization receives contributions and grants restricted by donors, and considers contributions and grants restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. At June 30, 2021, all of the restricted contributions received or receivable within one year were included in financial assets available to meet general expenditures within one year. The board has set a policy to invest certain restricted contributions in certificates of deposit or in money markets. In addition, the Organization has a \$1,000,000 line of credit (Note 12) which may be utilized if needed.

The Organization's financial assets available within one year of June 30, 2021 for general expenditures are as follows:

Cash and Cash Equivalents	\$ 1,221,612
Certificates of Deposit	401,695
Other Receivables	9,309
Contributions and Grants Receivable, Current Portion	195,938
Mortgage Loans Receivable, Current Portion	262,000
Beneficial Interest in Assets Held by Community Foundation, Current Portion	625,210
Total	<u><u>\$ 2,715,764</u></u>

NOTE 4 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at several banks and credit unions in the Fox Cities area. Aggregate deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance Fund up to \$250,000 per insured depository institution. The Organization's cash deposits may exceed these insured limits at times during the year. The Organization has not experienced any losses on these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

NOTE 5 CERTIFICATES OF DEPOSIT

The Organization holds certificates of deposit totaling \$401,695 at June 30, 2021. The certificates bear interest rates ranging from 0.50% to 1.29% and have maturities of 6 to 14 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional contributions and grants receivable at June 30, 2021 consist of the following:

Receivable in Less than One Year	\$ 195,938
Receivable in One to Five Years	<u>101,000</u>
Total Contributions and Grants Receivable	296,938
Less: Discount at a Rate of 3%	<u>(3,507)</u>
Present Value of Contributions and Grants Receivable	<u><u>\$ 293,431</u></u>

The Organization considers all of the contributions and grants receivable at June 30, 2021 to be fully collectible; accordingly, no allowance for uncollectible contributions has been established.

At June 30, 2021, the Organization also had conditional promises to give of approximately \$198,000. The promises to give contain conditions such as providing occupancy to the homebuyer by a specific date, and other conditions, and will be included in the financial statements in future years when the conditions are met.

NOTE 7 INVENTORIES

Inventories at June 30, 2021 consist of the following:

Materials:	
ReStore Inventory	\$ 361,593
Construction Materials	<u>145,957</u>
Total Materials	<u><u>\$ 507,550</u></u>
Home Construction, Rehabilitation, and Repairs in Process:	
Home Construction and Rehabilitation in Process	\$ 1,230,319
Owner-Occupied Home Repairs in Process	<u>35,933</u>
Total Home Construction, Rehabilitation, and Repairs in Process	<u><u>\$ 1,266,252</u></u>
Property Held for Home Development, Rehabilitation, and Resale:	
Land for Development	\$ 646,738
Homes for Rehabilitation	453,350
Homes Held for Resale	<u>190,000</u>
Total Property Held for Development/Rehabilitation	<u><u>\$ 1,290,088</u></u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2021 consists of the following:

Land	\$ 754,236
Buildings and Improvements	2,775,467
Office Equipment	377,376
Trucks and Trailers	171,733
Subtotal	<u>4,078,812</u>
Less: Accumulated Depreciation	(865,259)
Total	<u><u>\$ 3,213,553</u></u>

Depreciation expense on the above assets was \$133,141 for the year ended June 30, 2021.

NOTE 9 BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

Beneficial interest in assets held by Community Foundation represents amounts held at the Community Foundation for the Fox Valley Region, Inc. (the Foundation). The Organization has two funds at the Foundation called the "Greater Fox Cities Area Habitat for Humanity Fund I" (Fund I) and "Greater Fox Cities Area Habitat for Humanity Fund II" (Fund II). These funds are legal assets of the Foundation with the restriction that the Foundation makes distributions to the Organization. The agreements governing the assets include a variance power allowing the Foundation to modify the restrictions on distributions from the funds.

The funds were established by the board of directors to support the mission of the Organization. Since the funds were created as a result of an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. Distributions from the funds may be made at the Organization's request.

The Organization works with the Foundation to maximize total return consistent with an acceptable level of risk. Fund I assets are invested to earn a sufficient long-term return with as little volatility as possible while preserving the purchasing power of the assets after withdrawals. Fund II assets are invested to balance mild liquidity needs with a reasonable level of expected appreciation over full market cycles.

Composition of and changes in the funds' net assets for the year ended June 30, 2021 were as follows:

Board-Designated Fund I Net Assets - Beginning of Year	\$ 957,490
Net Appreciation	<u>277,627</u>
Board-Designated Fund I Net Assets - End of Year	<u><u>\$ 1,235,117</u></u>
Board-Designated Fund II Net Assets - Beginning of Year	\$ 1,714,292
Contributions	2,726,927
Net Appreciation	<u>324,651</u>
Board-Designated Fund II Net Assets - End of Year	<u><u>\$ 4,765,870</u></u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable are recorded at the present value of future payments using a discount rate provided by HFHI. The Organization considers all of the mortgage loans receivable at June 30, 2021 to be fully collectible; accordingly, no allowance for uncollectible accounts has been established.

Mortgage loans receivable at June 30, 2021 are scheduled for collection as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 262,000
2023	226,000
2024	216,000
2025	199,000
2026	178,000
Thereafter	<u>2,142,789</u>
Total Mortgage Loans Receivable	3,223,789
Less: Discount at Rates of 7.23% to 8.34%	<u>(1,600,583)</u>
Present Value of Mortgage Loans Receivable	1,623,206
Current Portion	<u>262,000</u>
Mortgage Loans Receivable, Less Current Portion	<u><u>\$ 1,361,206</u></u>

At times, the Organization will enter into agreements for the sale of mortgage loans receivable. During the year ended June 30, 2021, the Organization entered into loan sale agreements for certain mortgage loans receivable with two financial institutions. Under the agreements the Organization sold mortgage loans with recourse totaling \$4,028,252 at the face value of the loans. At the time of the sales, the mortgage loans had unamortized discounts totaling \$2,198,091, resulting in a gain on sale of mortgage loans receivable.

The loan sale agreements contain clauses whereas for any sold mortgage loans receivable that become 90 days past due, the Organization must find a substitute mortgage loan receivable or repurchase the nonperforming loan. The outstanding balance of mortgage loans receivable previously sold with repurchase clauses was approximately \$9,571,000 at June 30, 2021.

During the year ended June 30, 2021, the Organization was required to repurchase one previously sold mortgage loan receivable at approximately \$107,000. The Organization repurchased the mortgage and holds the home in inventory for future sale to another homeowner. The Organization considers all of the mortgage loans receivable serviced at June 30, 2021 to be fully collectible; accordingly, no provision has been made for future losses that may result under the recourse arrangements.

The Organization continues to service previously sold mortgage loans receivable by collecting payments from homeowners on behalf of and remitting these payments to the purchasing financial institutions. Mortgage loans receivable serviced for others are not included in the accompanying statement of financial position. The unpaid principal balance of mortgage loans receivable serviced for others was approximately \$3,362,000 at June 30, 2021.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 MORTGAGE LOANS RECEIVABLE (CONTINUED)

At June 30, 2021, the Organization had no mortgage loans receivable secured by a residential real estate property for which the Organization had begun formal foreclosure proceedings. At June 30, 2021, the Organization did not have possession of any foreclosed residential real estate property.

NOTE 11 RENTAL PROPERTIES, NET

The Organization owns rental properties for use in the Almost Home program. Rental properties consist of the following at June 30, 2021:

Land	\$ 194,500
Rental Houses	918,186
Construction in Process	<u>31,785</u>
Subtotal	1,144,471
Less: Accumulated Depreciation	<u>(101,715)</u>
Total	<u><u>\$ 1,042,756</u></u>

Depreciation expense on the above assets was \$36,770 for the year ended June 30, 2021.

NOTE 12 LINE OF CREDIT

The Organization has a line of credit agreement with Nicolet National Bank with an available line of \$1,000,000 of which no amounts were outstanding at June 30, 2021. Interest is payable monthly at the prime rate (3.25% at June 30, 2021). Unpaid interest and principal are due April 27, 2022. The line is secured by mortgage loans receivable.

NOTE 13 NOTES PAYABLE

During the year ended June 30, 2021, the Organization received noninterest-bearing notes from HFHI. These noninterest-bearing notes were internally discounted using a rate of 3%. The discounts on these notes totaled \$5,516 and were included in in-kind contributions on the statement of activities. The discounts are amortized over the respective loan periods and are included in interest expense. During the year ended June 30, 2021, the Organization amortized \$7,803 of discounts related to these and other noninterest-bearing notes.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 NOTES PAYABLE (CONTINUED)

Following is a summary of notes payable at June 30, 2021:

Description

Habitat for Humanity International, Inc.

Shop fund noninterest-bearing notes due in varying monthly principal installments totaling approximately \$6,741, under repayment terms of 48 months, unsecured. \$ 244,349

Nicolet National Bank

Note payable, noninterest bearing, secured by specific mortgage loans receivable with principal payments due monthly based on scheduled principal payments of the underlying mortgage loans receivable (\$1,558 at June 30, 2021), with final principal payment due October 2023. 31,824

Note payable due in monthly installments of \$1,393, including interest at 4.00%, with a final payment of unpaid principal and interest due November 2023, secured by mortgage loans receivable. 171,491

Community First Credit Union

Note payable due in monthly installments of \$1,745, including interest at 2.95%, with a final payment of unpaid principal and interest due December 2025, secured by mortgage. 246,659

Note payable due in monthly installments of \$3,098, including interest at 2.00%, with a final payment of unpaid principal and interest due June 2026, secured by mortgage. 481,323

Note payable due in monthly installments of \$10,029, including interest at 2.95%, with a final payment of unpaid principal and interest due December 2022, secured by mortgage. 1,919,170

HFHI NMTC Sub-CDE I, LLC

Note payable, semi-annual interest-only payments through November 2023 at approximately 0.68%, then semi-annual payments of principal and interest through December 2044, secured by certain assets and rights of the Organization. The loan and security agreement contains certain debt covenants. Management believes the Organization was in compliance with these covenants at June 30, 2021. In addition, the loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents. 1,662,577

Unamortized Debt Issuance Costs	(80,742)
Subtotal	4,676,651
Less: Discount at 3%-5% for Noninterest-Bearing Notes	(12,201)
Net Notes Payable	4,664,450
Current Maturities	191,939
Notes Payable, Less Current Maturities	\$ 4,472,511

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 NOTES PAYABLE (CONTINUED)

During the year ended June 30, 2021, \$3,341 of debt issuance costs were amortized to interest expense.

The future scheduled maturities for the five years succeeding June 30, 2021 for the above notes payable are as follows:

Year Ending June 30,	<u>Amount</u>
2022	\$ 191,939
2023	1,978,086
2024	291,649
2025	157,592
2026	656,080

NOTE 14 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2021 consist of the following:

Undesignated	\$ 5,788,344
Board-Designated	<u>6,058,221</u>
Net Assets without Donor Restrictions	<u><u>\$ 11,846,565</u></u>

The board-designated net assets without donor restrictions at June 30, 2021 consist of the following:

Operating Reserve - The operating reserve includes funds designated for increased capacity to serve additional families in the upcoming year. The operating reserve is held entirely in cash in FDIC insured bank accounts. \$ 57,234

Risk Reserve - The risk reserve includes funds designated to protect the Organization from unforeseen circumstances that may adversely impact its financial stability, ability to serve families or its sustainability. The risk reserve is held in Fund I in the beneficial interest in assets held by Community Foundation (see Note 9). 1,235,117

Remainder Reserve - The remainder reserve includes a portion of the proceeds from sales of mortgage loans receivable. The board of directors' approval is required for transfers and for uses other than operations. The remainder reserve is held in Fund II in the beneficial interest in assets held by Community Foundation (see Note 9). 4,765,870

Board-Designated Net Assets without Donor Restrictions	<u><u>\$ 6,058,221</u></u>
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GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 consist of the following:

Time Restrictions:		
Contributions and Grants Receivable	\$	248,426
Purpose Restrictions:		
Neighborhood Revitalization Program/Rock the Block®		645,905
Home Construction		6,847
ReStore Truck		20,000
Homeowner Education		1,583
Project Management System		1,352
ReStore Display		500
Net Assets with Donor Restrictions	\$	<u>924,613</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors for the year ended June 30, 2021 as follows:

Expiration of Time Restrictions:		
Contributions and Grants Receivable	\$	204,076
Satisfaction of Purpose Restrictions:		
Neighborhood Revitalization Program/Rock the Block®		338,455
Home Construction		139,749
Garage Construction		12,370
Project Management System		1,034
Total Net Assets Released from Restrictions	\$	<u>695,684</u>

NOTE 16 MULTIEMPLOYER DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization has a co-employment agreement with Insperity PEO Services, L.P. The Organization participated in the Insperity 401(k) Plan, which is a multiemployer, defined contribution retirement plan qualified under Section 401(k) of the Internal Revenue Code. The plan covers substantially all the Organization's employees who work at least 1,000 hours during the plan year. The plan provides for a matching contribution by the Organization equal to 50% of the employee's contribution up to 3% of the employee's compensation. In addition, the plan provides for a nonelective contribution equal to 3% of the employee's compensation. For the year ended June 30, 2021, the Organization contributed \$87,611 to the plan.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 LEASES

The Organization leases store space, storage space, vehicles, and equipment under operating leases. These lease agreements provide for monthly rentals ranging from \$393 to \$7,650. Rent expense under these leases was \$154,203 for the year ended June 30, 2021. The leases for the store space, vehicles, and equipment expire in October 2023, May 2024, and June 2026, respectively.

Future minimum lease payments under the terms of the noncancelable operating leases with initial terms of one year or more are approximately as follows:

Year Ending June 30,	Amount
2022	\$ 138,200
2023	139,200
2024	73,100
2025	10,000
2026	10,000
Total Minimum Payments Required	<u><u>\$ 370,500</u></u>

NOTE 18 TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL, INC.

The Organization annually tithes 10% of its contributions (excluding restricted and in-kind contributions) and ReStore profits to HFHI. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2021, the Organization tithed \$64,423 to HFHI.

U.S. affiliates are required to pay an annual fee to HFHI to offset a portion of the costs associated with efforts that benefit all affiliates – efforts such as brand protection and promotion, regulatory advocacy and gift-in-kind solicitation. For the year ended June 30, 2021, the Organization paid a fee of \$15,000 to HFHI.

HFHI receives grants from the United States Department of Housing and Urban Development (HUD) in the Self-Help Homeownership Opportunity Program (SHOP). For the year ended June 30, 2020, HFHI made \$246,062 of these grants available to the Organization to purchase land for development and necessary infrastructure improvements. Conditional promises to give included \$72,219 (see Note 6), and refundable advances included \$51,000 related to this program at June 30, 2021.

HFHI receives grants from HUD for the Section 4 Capacity Building Development and Affordable Housing Grant. For the year ended June 30, 2021, HFHI made \$84,906 of these grants available to the Organization for the purpose of building capacity. Conditional promises to give included \$15,094 (see Note 6) related to this program at June 30, 2021.

For the year ended June 30, 2021, HFHI made additional contributions of \$45,000 to the Organization. Conditional promises to give included an additional \$15,000 (see Note 6) from HFHI at June 30, 2021.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL, INC.
(CONTINUED)

The Organization had noninterest-bearing notes payable with HFHI (see Note 13). During the year ended June 30, 2021, the Organization amortized \$6,757 of the discounts related to these noninterest bearing notes.

NOTE 19 EXCHANGE REVENUE

The Organization's revenue disaggregated according to the timing of transfer of goods or services for the year ended June 30, 2021 consists of the following:

Revenue Recognized at a Point in Time:	
Sales to Homebuyers	\$ 2,170,460
ReStore Sales	1,558,666
Other Income	7,200
Total Revenue Recognized at a Point in Time	<u>3,736,326</u>
Revenue Recognized Over Time:	
Owner-Occupied Home Repair Services	339,882
Total Exchange Revenue	<u><u>\$ 4,076,208</u></u>

NOTE 20 FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended June 30, 2021 was as follows:

Program Services	\$ 8,040,225
Supporting Activities:	
Management and General	424,395
Fundraising	417,983
Total	<u><u>\$ 8,882,603</u></u>

NOTE 21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards have established a hierarchy of valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 consists of unadjusted quoted prices in active markets for identical assets, Level 2 consists of inputs observable in the marketplace other than quoted prices in active markets for identical assets, and Level 3 consists of significant inputs unobservable in the marketplace.

The Organization's beneficial interest in assets held by Community Foundation is carried at fair value. The fair value is provided by the Foundation and consists of the right to receive cash flows from the Foundation. The fair value provided by the Foundation is considered a Level 3 input. Fair value is determined by allocating a portion of the Foundation's investment pools.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 22 OPTION AGREEMENT

On August 19, 2015, the Organization's joint venture, HFHI NMTC Leverage Lender 2013-1, LLC (Leveraged Lender), entered into an option agreement with U.S. Bancorp Community Development Corporation (USBCDC), the sole member of the HFHI Investment Fund 1, LLC (the Fund), which is the upstream effective owner of HFHI NMTC Sub-CDE I, LLC. Under this agreement, Leveraged Lender granted USBCDC an option (the Put) to sell all of its ownership interest in the Fund to Leveraged Lender for \$1,000 plus certain closing costs within six months following August 19, 2022. If USBCDC does not sell its ownership interest in the Fund to Leveraged Lender, Leveraged Lender will have the right and option (the Call) to purchase all of the ownership in the Fund within 12 months for the fair value of the ownership interest plus certain closing costs. Exercise of the option would effectively allow the Organization to extinguish its outstanding debt owed to HFHI NMTC Sub-CDE I, LLC.

NOTE 23 RISKS AND UNCERTAINTIES

The Coronavirus Disease (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Organization, COVID-19 has impacted various parts of its operations and financial results, including limiting the use of volunteers. Management believes the Organization is taking appropriate actions such as participating in the Paycheck Protection Program (PPP) to mitigate any negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these circumstances are ongoing.

NOTE 24 PAYCHECK PROTECTION PROGRAM

In April 2020 and February 2021, the Organization received proceeds in the amounts of \$420,000 and \$433,000, respectively, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loans"). The PPP loans may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreements and the CARES Act. Therefore, the Organization classified these loans as conditional contributions for accounting purposes. The Organization recognized \$417,870 and \$435,130 of grants revenue related to these agreements during the years ended June 30, 2020 and 2021, respectively, when the performance barriers were met. As of June 30, 2021, management believes the Organization has satisfied all performance barriers attributable to the PPP loans. The Organization applied for and received full forgiveness for both PPP loans during the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, for noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021**

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Pass-Through Program from:				
Wisconsin Department of Health Services:				
Children's Health Insurance Program	93.767	435100-G20 / 435100-G21	-	\$ 253,095
Total U.S. Department of Health and Human Services			-	253,095
U.S. Department of Housing and Urban Development				
Pass-Through Program from:				
Habitat for Humanity International, Inc:				
Self-help Homeownership Opportunity Program	14.247	SH17 020 / SH18 032	-	328,083
Section 4 Capacity Building for Community Development and Affordable Housing Grant	14.252	HFHI CB18	-	84,906
City of Appleton:				
Community Development Block Grant - Entitlement	14.218	B-17-MC-55-0001	-	125,000
Total U.S. Department of Health and Human Services			-	537,989
Total Expenditures of Federal Awards			-	\$ 791,084
STATE AWARDS				
Pass-Through Program from:				
Wisconsin Department of Health Services:				
Children's Health Insurance Program		435100-G20 / 435100-G21	-	\$ 100,153
Total Wisconsin Department of Health Services			-	100,153
Total Expenditures of State Awards			-	\$ 100,153

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Greater Fox Cities Area Habitat for Humanity, Inc. under programs of the federal and state governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Department of Health Services Audit Guide*. Because the Schedule presents only a selected portion of the operations of Greater Fox Cities Area Habitat for Humanity, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Greater Fox Cities Area Habitat for Humanity, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Greater Fox Cities Area Habitat for Humanity, Inc. has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM

Funds from the Self-Help Homeownership Opportunity Program (SHOP) are awarded 75% as a grant, and 25% as a noninterest-bearing note payable. SHOP grant revenue and the associated notes payable proceeds are included in the federal expenditures presented in the Schedule. The amount reported as federal expenditures in the Schedule for SHOP for the year ended June 30, 2021 was calculated as follows:

SHOP Notes Payable Proceeds	\$	82,021
SHOP Grant Revenue		246,062
SHOP Federal Expenditures	\$	328,083

The balance of SHOP notes payable outstanding at June 30, 2021 totaled \$244,349.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
WISCONSIN LEAD-SAFE HOMES PROGRAM
DHS COST REIMBURSEMENT AWARD SCHEDULE
JUNE 30, 2021

DHS Identification Number	435100-G20	435100-G21	Total
Award Amount	\$ 215,000	\$ 507,102	
Award Period	05/01/2020 - 06/30/2021	07/15/2020 - 06/30/2021	
Period of Award within Award Period	07/01/2020 - 06/30/2021	07/15/2020 - 06/30/2021	Total
A. Expenditures Reported to DHS or Revenue Received	\$ 2,700	\$ 350,548	\$ 353,248
B. Total Operating Costs of Award			
1. Contractor and Materials Expenditures in Rental Properties	\$ -	\$ 34,717	\$ 34,717
2. Contractor and Materials Expenditures in Inventories	-	60,958	60,958
3. Contractor and Materials Expenditures in Cost of Sales	-	178,515	178,515
4. Salaries and Wages	-	25,162	25,162
5. Employee Benefits and Payroll Taxes	-	5,244	5,244
6. Training and Certifications in Conference and Convention	2,700	29,357	32,057
7. Government Audit in Professional Fees	-	6,100	6,100
8. Occupancy	-	5,668	5,668
9. Insurance	-	4,827	4,827
B. Total Operating Costs of Award	<u>\$ 2,700</u>	<u>\$ 350,548</u>	<u>\$ 353,248</u>
C. Less Disallowed Costs	-	-	-
D. Less Program Revenue and Other Offsets to Costs	-	-	-
E. Total Allowable Costs	<u>\$ 2,700</u>	<u>\$ 350,548</u>	<u>\$ 353,248</u>
F. Gain or (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, AND THE DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE

Board of Directors
Greater Fox Cities Area Habitat for Humanity, Inc.
Menasha, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Department of Health Services Audit Guide* issued by the state of Wisconsin, the financial statements of the Greater Fox Cities Area Habitat for Humanity, Inc. (the Organization) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control Over Financial Reporting

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

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

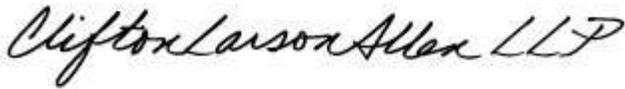
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Appleton, Wisconsin
November 24, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Greater Fox Cities Area Habitat for Humanity, Inc.
Menasha, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Greater Fox Cities Area Habitat for Humanity, Inc.'s major federal and programs for the year ended June 30, 2021. Greater Fox Cities Area Habitat for Humanity, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Greater Fox Cities Area Habitat for Humanity, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Appleton, Wisconsin
November 24, 2021

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None Reported
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None Reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.767	Children’s Health Insurance Program
14.247	Self-help Homeownership Opportunity Program

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results (continued)

Identification of Major State Programs

Identification Number(s)	Name of State Program
435100	Children’s Health Insurance Program
Dollar threshold used to distinguish between Type A and Type B programs	\$ <u>250,000</u>
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards* and *Department of Health Services Audit Guide*.

Section III – Findings and Questioned Costs – Major Federal and State Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 516(a).

Section IV – Other Issues

1. Does the auditors’ report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material non-compliance, nonmaterial, noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Department of Health Services Audit Guide*? No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal



Steven C. Johnson, CPA

5. Date of report

November 24, 2021