

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Greater Fox Cities Area Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Fox Cities Area Habitat for Humanity, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Greater Fox Cities Area Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greater Fox Cities Area Habitat for Humanity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Fox Cities Area Habitat for Humanity, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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 *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, 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. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises information on the Organization's operations and donors and summarized financial information but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, 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.

Report on Summarized Comparative Information

We have previously audited Greater Fox Cities Area Habitat for Humanity, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report on January 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Appleton, Wisconsin
February 26, 2025

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,599,468	\$ 1,827,029
Certificates of Deposit	358,928	301,688
Accounts Receivable, Net	16,882	12,114
Mortgage Sales Receivable	585,834	-
Note Receivable	527,832	-
Contributions and Grants Receivable, Current Portion	364,648	189,333
Mortgage Loans Receivable, Current Portion, Net	220,000	206,000
Prepaid Expenses	110,797	73,062
Inventories:		
Building and ReStore Materials	347,413	432,318
Homes Under Construction and Rehabilitation in Process	2,112,269	1,670,186
Property Held for Development and Rehabilitation, Current Portion	833,643	502,667
Beneficial Interest in Assets Held by Community Foundation, Current Portion	500,000	550,000
Total Current Assets	7,577,714	5,764,397
PROPERTY AND EQUIPMENT, Net	2,990,188	3,061,118
OPERATING RIGHT-OF-USE ASSETS	120,965	96,686
OTHER ASSETS		
Contributions and Grants Receivable, Less Current Portion	23,812	30,793
Property Held for Development and Rehabilitation, Less Current Portion	1,071,034	1,107,215
Investment in Partnership	48,950	48,950
Beneficial Interest in Assets Held by Community Foundation, Less Current Portion	6,099,211	6,110,422
Mortgage Loans Receivable, Net of Current Portion, Discount, and \$36,402 Allowance	1,224,528	1,025,304
Rental Properties, Net	514,656	934,677
Total Other Assets	8,982,191	9,257,361
Total Assets	\$ 19,671,058	\$ 18,179,562

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024
WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating Lease Liabilities, Current Portion	\$ 48,806	\$ 73,581
Notes Payable, Current Maturities	159,057	272,051
Accounts Payable and Accrued Expenses	822,087	539,635
Mortgage Escrows	245,280	240,167
Refundable Advances	558,637	635,396
Deferred Revenue	31,448	49,487
Total Current Liabilities	1,865,315	1,810,317
LONG-TERM LIABILITIES		
Operating Lease Liabilities, Less Current Portion	72,159	23,105
Notes Payable, Less Current Maturities	2,414,005	2,510,560
Total Long-Term Liabilities	2,486,164	2,533,665
Total Liabilities	4,351,479	4,343,982
NET ASSETS		
Without Donor Restrictions	13,803,583	12,457,022
With Donor Restrictions	1,515,996	1,378,558
Total Net Assets	15,319,579	13,835,580
Total Liabilities and Net Assets	\$ 19,671,058	\$ 18,179,562

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2024	2023
SUPPORT AND OTHER REVENUE				
Contributions	\$ 746,262	\$ 2,126,471	\$ 2,872,733	\$ 2,243,938
Grants	3,161,094	-	3,161,094	2,252,515
Contributed Nonfinancial Assets	1,413,900	-	1,413,900	1,381,101
Sales to Homebuyers	3,824,162	-	3,824,162	2,293,204
Owner-Occupied Home Repair Services	267,190	-	267,190	112,876
Mortgage Loans Discount Amortization	127,144	-	127,144	125,246
ReStore Sales	1,250,127	-	1,250,127	1,290,568
Return on Beneficial Interest on Assets				
Held by Community Foundation	538,789	-	538,789	331,576
Investment and Interest Income	76,981	-	76,981	46,022
Gain on Extinguishment of Note Payable	-	-	-	447,816
Gain on Sale of Mortgages	1,874,862	-	1,874,862	1,326,236
Gain on Collection of Second Mortgages	11,268	-	11,268	32,938
Rent Income	71,438	-	71,438	95,208
Other Income	37,094	-	37,094	99,221
Net Assets Released from Restrictions	1,989,033	(1,989,033)	-	-
Total Support and Other Revenue	15,389,344	137,438	15,526,782	12,078,465
EXPENSES				
Program Services - Housing	10,422,722	-	10,422,722	7,616,417
Program Services - ReStore	2,107,352	-	2,107,352	2,318,904
Management and General	907,170	-	907,170	765,625
Fundraising	605,539	-	605,539	531,037
Total Expenses	14,042,783	-	14,042,783	11,231,983
CHANGE IN NET ASSETS	1,346,561	137,438	1,483,999	846,482
Net Assets - Beginning of Year	12,457,022	1,378,558	13,835,580	12,989,098
NET ASSETS - END OF YEAR	<u>\$ 13,803,583</u>	<u>\$ 1,515,996</u>	<u>\$ 15,319,579</u>	<u>\$ 13,835,580</u>

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

	Program	Program	Management and General	Fundraising	Totals	
	Services - Housing	Services - ReStore			2024	2023
Salaries and Wages	\$ 970,542	\$ 454,990	\$ 523,388	\$ 374,534	\$ 2,323,454	\$ 2,174,761
Employee Benefits and Payroll Taxes	237,069	136,778	98,617	59,249	531,713	492,895
Cost of Sales to Homebuyers	4,095,536	-	-	-	4,095,536	2,898,077
Cost of Owner-Occupied Home Repair Services	2,041,908	-	-	-	2,041,908	1,602,247
Closing Costs	55,216	-	-	-	55,216	36,008
Mortgage Loans Discount	2,241,521	-	-	-	2,241,521	1,234,201
Cost of Purchased Goods Sold	-	191,283	-	-	191,283	272,300
Value of Donated Goods Sold	-	874,647	-	-	874,647	853,752
Professional Fees	89,619	40,880	136,357	26,866	293,722	262,062
Office and Technology	76,642	40,986	28,637	16,700	162,965	125,888
Occupancy	93,886	143,113	13,789	4,980	255,768	356,208
Insurance	61,486	5,511	23,301	7,066	97,364	76,351
Tools and Equipment	85,336	34,702	-	4,177	124,215	151,493
Advertising	22,188	7,642	37,125	76,377	143,332	166,360
Fuel and Travel	29,815	7,942	975	1,727	40,459	44,590
Meetings and Conferences	11,226	6,333	21,748	6,700	46,007	22,264
Tithe and Fees to HFHI	91,500	-	-	-	91,500	43,952
Interest	18,895	74,756	4,619	1,864	100,134	98,091
Credit Card Fees	-	23,429	-	4,541	27,970	27,232
Lead Program Administration	44,672	-	-	-	44,672	68,671
Volunteer Support	16,287	11,188	-	-	27,475	26,417
Depreciation	75,103	51,603	2,330	2,319	131,355	154,429
Other	64,275	1,569	16,284	18,439	100,567	43,734
Total Expenses by Function	\$ 10,422,722	\$ 2,107,352	\$ 907,170	\$ 605,539	\$ 14,042,783	\$ 11,231,983

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,483,999	\$ 846,482
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	131,355	154,429
Amortization of Operating Right-of-Use Assets	81,284	136,252
Provision for Credit Losses	42,651	-
Change in Present Value Discount on Contributions and		
Grants Receivable	197	4,488
Return on Beneficial Interest in Assets Held by		
Community Foundation	(538,789)	(331,576)
Discount on Mortgage Loans Receivable	2,241,521	1,234,201
Amortization of Mortgage Loans Discount	(127,144)	(125,246)
Discount on Notes Payable	(23,001)	(24,501)
Amortization of Notes Payable Discount	9,621	5,496
Noncash Sales to Homebuyers	(3,692,238)	(2,044,615)
Noncash Owner-Occupied Home Repairs Services	(241,244)	(97,565)
Noncash Contribution of Property Held for		
Development and Rehabilitation	-	(150,000)
Noncash Contribution of Property and Equipment	(9,700)	-
Noncash Contribution of Rental Properties	(7,801)	-
Gain on Extinguishment of Note Payable	-	(447,816)
Gain on Sale of Mortgages	(1,874,862)	(1,326,236)
Gain on Second Mortgages	(11,268)	(32,938)
Loss (Gain) on Sale of Property and Equipment	1,269	(20,000)
Gain on Sale of Rental Properties	-	(35,676)
Decrease (Increase) in:		
Accounts Receivable	(11,017)	10,168
Mortgage Sales Receivable	(585,834)	-
Contributions and Grants Receivable	(168,531)	201,552
Prepaid Expenses	(37,735)	(18,813)
Inventories	(177,994)	(356,513)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	282,452	107,345
Mortgage Escrows	5,113	(27,871)
Refundable Advances	(76,759)	502,230
Deferred Revenue	(18,039)	18,025
Operating Lease Liabilities	(81,284)	(136,252)
Net Cash Used by Operating Activities	(3,403,778)	(1,954,950)

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	\$ (158,822)	\$ (151,604)
Proceeds from Maturities of Certificates of Deposit	101,582	251,775
Issue of Note Receivable	(527,832)	-
Purchase of Property and Equipment	(9,819)	(48,822)
Proceeds from Sale of Property and Equipment	-	20,000
Distribution from Beneficial Interest in Assets Held by Community Foundation	600,000	-
Proceeds from Sale of Mortgage Loans Receivable	3,103,135	2,297,024
Collections Received on Mortgage Loans Receivable	341,206	279,132
Collections on Second Mortgages	11,268	32,938
Purchase of Rental Properties	(88,332)	(142,015)
Proceeds from Sale of Rental Properties	-	154,431
Net Cash Provided by Investing Activities	3,372,386	2,692,859
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on Line of Credit	-	200,000
Payments on Line of Credit	-	(310,000)
Proceeds from Notes Payable	75,936	83,847
Payments on Notes Payable	(272,105)	(202,492)
Net Cash Used by Financing Activities	(196,169)	(228,645)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(227,561)	509,264
Cash and Cash Equivalents - Beginning of Year	1,827,029	1,317,765
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,599,468	\$ 1,827,029
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 90,513	\$ 92,595
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Sales to Homebuyers for which Mortgage Loans Receivable were Obtained	\$ 3,692,238	\$ 2,044,615
Owner-Occupied Home Repairs Services for which Mortgage Loans Receivable were Obtained	\$ 241,244	\$ 97,565
Contribution of Property and Equipment	\$ 9,700	\$ -
Contribution of Rental Properties	\$ 7,801	\$ -
Transfer of Property Held for Development and Rehabilitation to (from) Rental Properties	\$ (473,979)	\$ 39,916
Cancellation and Forgiveness of Note Payable, Net	\$ -	\$ 1,585,176
Dissolution and Liquidation of Investment in Joint Venture	\$ -	\$ 1,134,115
Operating Right-of-Use Assets Obtained in Exchange for Lease Liabilities	\$ 105,563	\$ 232,938

See accompanying Notes to Financial Statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, Lead Safe Home, Almost Home, Rental and Neighborhood Revitalization programs. In addition, the Organization operates a Habitat ReStore retail outlet.

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.

Lead Safe Home Program – The Lead Safe Home program seeks to mitigate the health risks from lead ingestion in the homes of low-income families. Services are provided at no cost to the homeowners who qualify for the program.

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.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 ORGANIZATION (CONTINUED)

Nature of Operations (Continued)

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.

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 21).

Habitat ReStore – Habitat for Humanity ReStore is a nonprofit home improvement store and donation center that sells 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 ReStore provides funding for the Organization’s mission, offers affordable home improvement items to the general public, and diverts waste from landfills.

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, 2024.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Building and ReStore Materials

Materials inventory includes construction materials and ReStore inventory. Construction materials consist of home building materials used in construction of the Organization's homes, substantially all of which are donated, and are recorded at the 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.

Homes Under Construction and Rehabilitation in Process

Costs incurred in conjunction with home construction and home rehabilitation are recorded as assets until the sale of the home.

Property Held for Development and Rehabilitation

Property held for development and 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. Donated properties are recorded at the fair value at the time of donation. Purchased properties are recorded at the lower of cost and net realizable value.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 recorded at cost. Donated property and equipment is recorded at the approximate fair value at the date of donation.

Leases

The Organization leases store space, office equipment, and vehicles. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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, 2024.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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%-30% 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 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 prorata 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 \$3,923,000 at June 30, 2024. If a second mortgage becomes due, the Organization includes the proceeds in gain on collection of second mortgages on the statement of activities at the time it is collected. During the year ended June 30, 2023, the Organization changed its policy regarding second mortgages. Effective with home build applications approved during the year ended June 30, 2023, the second mortgage is no longer forgivable. At June 30, 2024, there were no second mortgages issued subject to this revised policy.

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.

Allowance for Credit Losses on Mortgage Loans Receivable

Effective, July 1, 2023, the allowance for credit losses on mortgage loans receivable is a valuation account that is deducted from the amortized cost basis of the loans to present the net amount expected to be collected. The allowance for credit losses on mortgage loans receivable is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the statement of financial position date. Loan losses are charged off against the allowance for credit losses on mortgage loans receivable when the Organization determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on mortgage loans receivable.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses on Mortgage Loans Receivable (Continued)

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, current information and events, probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreements, or delinquencies.

The allowance for credit losses on mortgage loans receivable estimate incorporates a reasonable and supportable economic forecast through the use of historical losses adjusted for current factors.

The Organization has 1 portfolio segment. The risk characteristics of this segment are as follows:

Home Owner Loans: The degree of risk in Home Owner Loans depends primarily on the loan amount in relation to collateral value, and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. On a yearly basis, the Organization reviews the adequacy of the allowance, including consideration of the relevant risks in the portfolio, current economic conditions and other factors. If management determines that changes are warranted based on those reviews, the allowance is adjusted. Prior to the adoption of Accounting Standards Update 2016-13, the Organization used an incurred loss model to measure an allowance for loan losses.

No allowance has been recorded for the mortgage sales receivable or the note receivable as these receivables have been fully collected subsequent to June 30, 2024 (Note 6 and Note 25).

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.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

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. Amounts received in advance of title transfer are deferred and included in deferred revenue in the statement of financial position.

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. Amounts received in advance of the repair service activities are deferred and included in deferred revenue in the statement of financial position.

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, 2024, advertising costs totaled \$143,332.

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, fuel and travel, meetings and conferences, 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, 2024

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, 2023, from which the summarized information was derived.

Change in Accounting Principle

The Organization has adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method effective July 1, 2023. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition of disclosure in the financial statements through February 26, 2025, 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.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The board of directors (the board) has established two funds at the Community Foundation for the Fox Valley Region, Inc. (the Foundation) to help manage liquidity needs (see Note 10). 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 16). Excess funds from sales of mortgage loans receivable are added to the remainder reserve invested in Fund II at the Foundation (see Note 16). The Organization takes distributions from these funds to cover anticipated cash needs. For the year ending June 30, 2024, the Organization estimates approximately \$500,000 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.

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, 2024, 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 14) which may be utilized if needed.

The Organization's financial assets available within one year of June 30, 2024 for general expenditures are as follows:

Cash and Cash Equivalents	\$ 1,599,468
Certificates of Deposit	358,928
Accounts Receivable	16,882
Mortgage Sales Receivable	585,834
Note Receivable	527,832
Contributions and Grants Receivable, Current Portion	364,648
Mortgage Loans Receivable, Current Portion	220,000
Beneficial Interest in Assets Held by Community Foundation, Current Portion	500,000
Total	<u>\$ 4,173,592</u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$358,928 at June 30, 2024. The certificates bear interest rates ranging from 4.09% to 5.20% and have maturities of 7 to 12 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 6 MORTGAGE SALES RECEIVABLE

During the year ended June 30, 2024, the Organization entered into agreements for the sale of mortgage loans receivable (Note 11). At June 30, 2024, the Organization had mortgage sales receivable of \$585,834 for the proceeds from these sales. This receivable was fully collected after June 30, 2024.

NOTE 7 CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional contributions and grants receivable at June 30, 2024 consist of the following:

Receivable in Less than One Year	\$ 364,648
Receivable in One to Five Years	26,549
Total Contributions and Grants Receivable	391,197
Less: Discount at a Rate of 8.50%	(2,737)
Present Value of Contributions and Grants Receivable	388,460
Current Portion	364,648
Contributions and Grants Receivable, Less Current Portion	\$ 23,812

The Organization considers all of the contributions and grants receivable at June 30, 2024 to be fully collectible; accordingly, no allowance for uncollectible contributions has been established.

At June 30, 2024, the Organization also had conditional promises to give of approximately \$1,524,000. 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.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 INVENTORIES

Inventories at June 30, 2024 consist of the following:

Building and ReStore Materials:	
ReStore Inventory	\$ 214,542
Construction Materials	132,871
Total Building and ReStore Materials	<u>\$ 347,413</u>
Home Construction and Rehabilitation in Process	<u>\$ 2,112,269</u>
Property Held for Home Development and Rehabilitation:	
Land for Development	\$ 500,044
Homes for Rehabilitation	1,404,633
Total Property Held for Development and Rehabilitation	<u>\$ 1,904,677</u>

NOTE 9 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2024 consists of the following:

Land	\$ 754,236
Buildings and Improvements	2,778,799
Office Equipment	303,781
Trucks and Trailers	91,380
Subtotal	<u>3,928,196</u>
Less: Accumulated Depreciation	<u>(938,008)</u>
Total	<u>\$ 2,990,188</u>

Depreciation expense on the above assets was \$89,180 for the year ended June 30, 2024.

NOTE 10 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.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 10 BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION
(CONTINUED)**

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, 2024 were as follows:

Board-Designated Fund I Net Assets - Beginning of Year	\$ 1,155,766
Net Appreciation	153,080
Board-Designated Fund I Net Assets - End of Year	<u>\$ 1,308,846</u>
Board-Designated Fund II Net Assets - Beginning of Year	\$ 5,504,656
Net Appreciation	385,709
Amount Appropriated for Expenditure	(600,000)
Board-Designated Fund II Net Assets - End of Year	<u>\$ 5,290,365</u>

NOTE 11 MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable are recorded at the present value of future payments using a discount rate provided by HFHI.

Mortgage loans receivable at June 30, 2024 are scheduled for collection as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 220,000
2026	201,000
2027	182,000
2028	166,000
2029	147,000
Thereafter	1,833,200
Total Mortgage Loans Receivable	<u>2,749,200</u>
Less: Discount at Rates of 7.23% to 8.34%	(1,268,270)
Less: Allowance for Credit Losses	(36,402)
Present Value of Mortgage Loans Receivable	<u>1,444,528</u>
Current Portion	220,000
Mortgage Loans Receivable, Less Current Portion	<u>\$ 1,224,528</u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 MORTGAGE LOANS RECEIVABLE (CONTINUED)

Changes in the allowance for credit losses on mortgage loans receivable for the year ended June 30, 2024 were as follows:

Allowance for Credit Losses - Beginning of Year	\$	-
Provision		36,402
Mortgage Loans Charged Off		-
Allowance for Credit Losses - End of Year	<u>\$</u>	<u>36,402</u>

The mortgage loans receivable are considered current at June 30, 2024.

At times, the Organization will enter into agreements for the sale of mortgage loans receivable. During the year ended June 30, 2024, the Organization entered into loan sale agreements for certain mortgage loans receivable with one financial institution. Under the agreements the Organization sold mortgage loans with recourse totaling \$3,103,135 at the face value of the loans. At the time of the sales, the mortgage loans had unamortized discounts totaling \$1,874,862, resulting in a gain on sale of mortgages.

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 \$14,807,000 at June 30, 2024. During the year ended June 30, 2024, the Organization was required to repurchase three previously sold mortgage loans receivable totaling approximately \$258,000 and are included in mortgage loans receivable at June 30, 2024.

The Organization continues to service some of the 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 \$2,119,000 at June 30, 2024.

At June 30, 2024, 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, 2024, the Organization did not have possession of any foreclosed residential real estate property.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 RENTAL PROPERTIES, NET

The Organization owns rental properties for use in the Almost Home program. Rental properties at June 30, 2024 consist of the following:

Land	\$ 78,200
Rental Houses	508,058
Subtotal	586,258
Less: Accumulated Depreciation	(71,602)
Total	\$ 514,656

Depreciation expense on the above assets was \$42,175 for the year ended June 30, 2024.

NOTE 13 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable and Accrued expenses at June 30, 2024 consists of the following:

Accounts Payable	\$ 518,373
Accrued Payroll	133,679
Other Accrued Expenses	170,035
Total Accounts Payable and Accrued Expenses	\$ 822,087

NOTE 14 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 there was no outstanding balance at June 30, 2024. Interest is payable monthly at the prime rate (8.50% at June 30, 2024). Unpaid interest and principal are due April 27, 2025. The line is secured by mortgage loans receivable.

NOTE 15 NOTES PAYABLE

During the year ended June 30, 2024, the Organization received noninterest-bearing notes from HFHI. These noninterest-bearing notes were internally discounted using a rate of 8.50%. The discounts on these notes totaled \$23,001 and were included in contributed nonfinancial assets 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, 2024, the Organization amortized \$9,621 of discounts related to these noninterest-bearing notes.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 NOTES PAYABLE (CONTINUED)

Following is a summary of notes payable at June 30, 2024:

Description

Habitat for Humanity International, Inc.

Shop fund noninterest-bearing notes due in varying monthly principal installments totaling approximately \$4,903, under repayment terms of 48 months, unsecured. \$ 284,795

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. 203,849

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. 396,255

Note payable due in monthly installments of \$11,107, including interest at 4.20%, with a final payment of unpaid principal and interest due March 2028, secured by mortgage. 1,731,483

Subtotal	2,616,382
Less: Discount at 2%-8.50% for Noninterest-Bearing Notes	<u>(43,320)</u>
Net Notes Payable	2,573,062
Current Maturities	<u>159,057</u>
Notes Payable, Less Current Maturities	<u><u>\$ 2,414,005</u></u>

The future scheduled maturities for the five years succeeding June 30, 2024 for the above notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 159,057
2026	688,013
2027	129,479
2028	1,587,256
2029	38,729

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2024 consist of the following:

Undesignated	\$ 7,204,372
Board-Designated	<u>6,599,211</u>
Net Assets Without Donor Restrictions	<u><u>\$ 13,803,583</u></u>

The board-designated net assets without donor restrictions at June 30, 2024 consist of the following:

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 10). \$ 1,308,846

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 10). 5,290,365

Board-Designated Net Assets Without Donor Restrictions \$ 6,599,211

NOTE 17 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 consist of the following:

Time Restrictions:	
Contributions and Grants Receivable	\$ 1,600
Purpose Restrictions:	
Neighborhood Revitalization Program/Rock the Block®	814,172
Home Construction	561,380
Almost Home	42,795
Continuous Improvement	34,603
Veteran Projects	19,600
Home Repair	25,000
ReStore Truck	16,846
Net Assets With Donor Restrictions	<u><u>\$ 1,515,996</u></u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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, 2024 as follows:

Expiration of Time Restrictions:	
Contributions and Grants Receivable	\$ 3,500
Satisfaction of Purpose Restrictions:	
Neighborhood Revitalization Program/Rock the Block®	759,444
Home Construction	1,174,780
ReStore Truck	4,177
Continuous Improvement	36,397
Almost Home	7,914
Interpreter Services	2,471
Other	350
Total Net Assets Released from Restrictions	<u><u>\$ 1,989,033</u></u>

NOTE 18 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ended June 30, 2024:

ReStore Inventory	\$ 896,513
Construction Materials	476,885
Property and Equipment	9,700
Noninterest-Bearing Notes Payable	23,001
Volunteer Services	7,801
Total Contributed Nonfinancial Assets	<u><u>\$ 1,413,900</u></u>

Contributed ReStore inventory and construction materials received by the Organization are recorded as contributed nonfinancial assets revenue with a corresponding increase to inventory. Contributed ReStore inventory is valued at the estimated retail value of similar items and is sold in the Organization's ReStore program. Contributed construction materials are valued at the estimated purchase price at the time of donation and is used in the Organization's homebuyer, home repair, and rental programs.

Contributed property and equipment received by the Organization is recorded as contributed nonfinancial assets revenue with a corresponding increase to property and equipment. Contributed property and equipment is valued at the estimated purchase price at the time of donation and is used in the Organization's ReStore program.

The value of noninterest-bearing notes payable received by the Organization is recorded as contributed nonfinancial assets revenue and the related interest expense is recorded over the respective loan periods. The Organization estimates the value based on rates that would be charged for similar loans under similar terms. These loans are used in the Organization's homebuyer program.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 CONTRIBUTED NONFINANCIAL ASSETS (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. Contributed volunteer services are recorded as in-kind contribution revenue with a corresponding increase in rental properties. Contributed volunteer services are valued at the estimated market rates for similar services and is used in the Organization's rental program to improve rental properties.

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 66,000 volunteer hours were contributed during the year ended June 30, 2024 that did not meet the recognition criteria.

None of the contributed nonfinancial assets had donor-imposed restrictions.

NOTE 19 MULTI-EMPLOYER 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 multi-employer, 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, 2024, the Organization contributed \$117,408 to the plan.

NOTE 20 OPERATING LEASES

The Organization leases store space, office equipment, and vehicles for various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

In addition, the Organization also leases vehicles and storage space under short-term agreements that are less than 12 months.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 OPERATING LEASES (CONTINUED)

The following table provides quantitative information concerning the Organization's leases:

Lease Cost:	
Operating Lease Cost	\$ 87,818
Short-Term Lease Cost	<u>8,216</u>
Total Lease Cost	<u><u>\$ 96,034</u></u>
Other Information:	
Operating Cash Flows Used by Operating Leases	\$ 87,818
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 105,563
Weighted-Average Remaining Lease Term	2.7 Years
Weighted-Average Discount Rate	4.53%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 53,302
2026	53,302
2027	10,800
2028	10,800
2029	<u>900</u>
Total Undiscounted Cash Flows	129,104
Less: Imputed Interest	<u>8,139</u>
Total Present Value	120,965
Operating Lease Liabilities, Current Portion	<u>48,806</u>
Operating Lease Liabilities, Less Current Portion	<u><u>\$ 72,159</u></u>

Subsequent to June 30, 2024, the Organization leased an additional vehicle with total undiscounted cash flows of approximately \$41,000. These payments are not included in the above table.

NOTE 21 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, 2024, the Organization tithed \$76,500 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, 2024, the Organization paid a fee of \$15,000 to HFHI.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL, INC.
(CONTINUED)

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, 2024, HFHI made \$263,263 of these grants available to the Organization to purchase land for development and necessary infrastructure improvements. Conditional promises to give included \$24,976 (see Note 7), and refundable advances included \$121,732 related to this program at June 30, 2024.

HFHI receives grants from HUD for the Veterans Housing Rehabilitation and Modification Pilot Program. For the year ended June 30, 2024, HFHI made \$18,204 of these grants available to the Organization for the purpose of making improvements to veterans properties. Conditional promises to give included \$13,796 (see Note 7) related to this program at June 30, 2024.

For the year ended June 30, 2024, HFHI made additional contributions of \$92,039 and additional contributed nonfinancial assets of \$189,211 to the Organization. Refundable advances included \$20,000 related to these contributions at June 30, 2024.

NOTE 22 EXCHANGE REVENUE

The Organization's revenue disaggregated according to the timing of transfer of goods or services for the year ended June 30, 2024 consists of the following:

Revenue Recognized at a Point in Time:	
Sales to Homebuyers	\$ 3,824,162
ReStore Sales	1,250,127
Other Income	<u>37,094</u>
Total Revenue Recognized at a Point in Time	5,111,383
Revenue Recognized Over Time:	
Owner-Occupied Home Repair Services	<u>267,190</u>
Total Exchange Revenue	<u><u>\$ 5,378,573</u></u>

NOTE 23 FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended June 30, 2024 was as follows:

Program Services	\$ 12,530,074
Supporting Activities:	
Management and General	907,170
Fundraising	<u>605,539</u>
Total	<u><u>\$ 14,042,783</u></u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 24 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.

NOTE 25 NOTE RECEIVABLE AND SUBSEQUENT EVENTS

In May 2024, the Organization entered into a note receivable agreement for \$527,832 with a third party to facilitate the acquisition of a large tract of land for future development. The Organization provided funds to the third party in good faith for the purchase of the real property ("land"). The third party held title to the land until December 2024, when it voluntarily conveyed the property via a warranty deed to Jacobsen Prairie Project, LLC ("LLC"), a wholly owned subsidiary of the Organization formed in September 2024 to hold title to the land in anticipation of a future subdivision development.

Following the conveyance of the land to the LLC, the related note receivable from the third party was terminated and deemed fully paid and satisfied in January 2025.

Recognizing that land development was outside its core expertise, the Organization and the LLC decided to partner with an experienced developer. In December 2024, the LLC entered into a real estate purchase agreement with a developer to sell the land for \$540,000. Under this agreement, the developer would fully improve the land into a 58-lot subdivision, with the LLC retaining 18 fully improved lots upon completion. The closing of this agreement is contingent upon meeting the subdivision development plan timelines. As of the date of this report, the timelines remain in force, and the transfer of the property to the developer has not yet occurred.

Subsequent to June 30, 2024, the Organization received a \$750,000 conditional promise to give to support the purchase, improvement, and construction costs associated with the 18 retained lots.

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Total 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	42660 / 48148 / 48753	\$ -	\$ 1,297,679
Total U.S. Department of Health and Human Services			-	1,297,679
U.S. Department of Housing and Urban Development				
<i>CDBG-Entitlement Grants Cluster</i>				
Pass-Through Program from:				
City of Appleton:				
Community Development Block Grant - Entitlement	14.218	B-22-MC-55-0001/ B-23-MC-55-0001	-	260,000
City of Neenah:				
Community Development Block Grant - Entitlement	14.218	B-20-MC-55-0018	-	27,500
Total CDBG-Entitlement Grants Cluster			-	287,500
Pass-Through Program from:				
Habitat for Humanity International, Inc:				
Self-help Homeownership Opportunity Program	14.247	SH18 032/SH19 020/ SH20 054/SH21 068	-	351,017
Veterans Housing Rehabilitation and Modification Pilot Program	14.278	FR-6400-N-39	-	18,204
Total U.S. Department of Housing and Urban Development			-	656,721
U.S. Department of the Treasury				
Pass-Through Program from:				
Outagamie County, Wisconsin:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP2142	-	728,578
Total U.S. Department of the Treasury			-	728,578
Total Expenditures of Federal Awards			\$ -	\$ 2,682,978
STATE AWARDS				
Pass-Through Program from:				
Wisconsin Department of Health Services:				
Children's Health Insurance Program		42660 / 48148 / 48753	\$ -	\$ 477,450
Total Wisconsin Department of Health Services			-	477,450
Total Expenditures of State Awards			\$ -	\$ 477,450

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, 2024

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, 2024. 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 *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. 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 use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, unless indirect costs are otherwise limited by the terms of the grant agreement.

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, 2024 was calculated as follows:

SHOP Notes Payable Proceeds	\$ 87,754
SHOP Grant Revenue	263,263
SHOP Federal Expenditures	<u>\$ 351,017</u>

The balance of SHOP notes payable outstanding at June 30, 2024 totaled \$284,795.

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
WISCONSIN LEAD-SAFE HOMES PROGRAM
DHS COST REIMBURSEMENT AWARD SCHEDULE
JUNE 30, 2024**

DHS Identification Number	42660	48148	48753	
Award Amount	\$ 533,222	\$ 1,966,778	\$ 2,262,100	
Award Period	07/01/2022 - 10/19/2023	10/01/2022 - 09/30/2023	10/01/2023 - 09/30/2024	
Period of Award within Audit Period	<u>07/01/2023 - 10/19/2023</u>	<u>07/01/2023 - 09/30/2023</u>	<u>10/01/2023 - 06/30/2024</u>	Total
A. Expenditures Reported to DHS or Revenue Received	\$ 23,100	\$ 848,921	\$ 903,108	\$ 1,775,129
B. Total Operating Costs of Award				
1. Contractor and Materials Expenditures in Inventories	\$ -	\$ -	\$ 39,357	\$ 39,357
2. Contractor and Materials Expenditures in Cost of Sales	19	695,415	677,365	1,372,799
3. Salaries and Wages	2,794	47,495	73,181	123,470
4. Employee Benefits and Payroll Taxes	580	9,450	14,681	24,711
5. Family Relocation in Lead Program Administration	-	18,134	21,287	39,421
6. Training and Certifications	63	3,702	3,700	7,465
7. Government Audit in Professional Fees	-	-	15,225	15,225
8. Occupancy	19,594	72,890	47,912	140,396
9. Insurance	50	1,835	1,953	3,838
10. Advertising	-	-	8,447	8,447
B. Total Operating Costs of Award	<u>\$ 23,100</u>	<u>\$ 848,921</u>	<u>\$ 903,108</u>	<u>\$ 1,775,129</u>
C. Less Disallowed Costs	-	-	-	-
D. Less Program Revenue and Other Offsets to Costs	-	-	-	-
E. Total Allowable Costs	<u>\$ 23,100</u>	<u>\$ 848,921</u>	<u>\$ 903,108</u>	<u>\$ 1,775,129</u>
F. Gain or (Loss)	<u>\$ -</u>	<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***

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, the financial statements of the Greater Fox Cities Area Habitat for Humanity, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024, 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 February 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Appleton, Wisconsin
February 26, 2025



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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of Greater Fox Cities Area Habitat for Humanity, Inc.'s major federal and state and programs for the year ended June 30, 2024. Greater Fox Cities Area Habitat for Humanity, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Greater Fox Cities Area Habitat for Humanity, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Greater Fox Cities Area Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Greater Fox Cities Area Habitat for Humanity, Inc.'s federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Greater Fox Cities Area Habitat for Humanity, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Greater Fox Cities Area Habitat for Humanity, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Greater Fox Cities Area Habitat for Humanity, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 and state 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 and state 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 and state 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Appleton, Wisconsin
February 26, 2025

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

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
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.767	Children’s Health Insurance Program

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

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

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

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 noncompliance, 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 <i>State Single Audit Guidelines</i> ?
Wisconsin Department of Health Services | 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 | February 26, 2025 |



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