Habitat for Humanity of the St. Vrain Valley, Inc.

Financial Statements with Independent Auditor's Report

Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

WIPFLI

WIPFLI

Independent Auditor's Report

Board of Directors
Habitat for Humanity of the St. Vrain Valley, Inc.
Longmont, Colorado

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of the St. Vrain Valley, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of the St. Vrain Valley, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States (''GAAP'').

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of the St. Vrain Valley, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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, 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 Habitat for Humanity of the St. Vrain Valley, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of the St. Vrain Valley, 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 Habitat for Humanity of the St. Vrain Valley, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We previously audited Habitat for Humanity of the St. Vrain Valley, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP

Denver, Colorado
March 1, 2023

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Financial Position

June 30, 2022

(With Comparative Totals as of June 30, 2021)

ASSETS	2022	2021
Current Assets:		
Cash and Cash Equivalents	$ 3,348,877	$ 705,263
Grants and Contributions Receivable	161,996	47,851
Current Portion of Mortgages Receivable - Net of Unamortized Discount	68,805	98,205
Inventory	4,573	2,806
Prepaids	28,752	7,628
Construction-in-Progress	3,418,999	1,010,483
Total Current Assets	7,032,002	1,872,236
Property and Equipment - At Cost:		
Buildings and Improvements	479,478	479,478
Construction Equipment	55,608	55,608
Vehicles	61,958	16,375
Furniture and Office Equipment	29,782	29,782
Construction in Progress - Remodel	266,843	29,308
	893,669	610,551
Less: Accumulated Depreciation	190,100	168,283
Property and Equipment - Net	703,569	442,268
Long-Term Assets:		
Beneficial Interest in Assets Held By The Longmont Community Foundation	1,646	1,836
Long-Term Portion of Mortgages Receivables - Net of Unamortized Discount	1,302,252	1,373,262
Total Long-Term Assets	2,007,467	1,817,366
TOTAL ASSETS	$ 9,039,469	$ 3,689,602

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Financial Position (Continued)

June 30, 2022

(With Comparative Totals as of June 30, 2021)

LIABILITIES AND NET ASSETS	2022	2021
Current Liabilities:		
Accounts Payable	$ 301,678	$ 94,619
Accrued Liabilities	126,205	93,244
Current Portion of Note Payable	200,450	62,062
Paycheck Protection Program Loan	-	217,500
Total Current Liabilities	628,333	467,425
Long-Term Liabilities:		
Note Payable, Less Current Portion	866,975	917,029
Total Long-Term Liabilities	866,975	917,029
Total Liabilities	1,495,308	1,384,454
Net Assets:		
Without Donor Restrictions		
Undesignated	7,380,519	2,152,933
Board Designated for Endowment	1,646	1,836
Total Net Assets Without Donor Restrictions	7,382,165	2,154,769
With Donor Restrictions	161,996	150,379
Total Net Assets	7,544,161	2,305,148
TOTAL LIABILITIES AND NET ASSETS	$ 9,039,469	$ 3,689,602

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Activities

For the Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenues and Support				
Operating Revenues:				
Sales to Homeowners	$ 608,795	$ -	$ 608,795	$ 742,562
Mortgage Discount Amortization	115,148	-	115,148	125,487
Gain on Sale of Mortgages Receivable	-	-	-	200,640
Gain on Forgivable Mortgages	-	-	-	12,530
Home Build Income (Loss) - Net	(97,792)	-	(97,792)	-
Restore Revenue	893,023	-	893,023	747,621
Rental Income	9,125	-	9,125	20,755
Interest and Other Income (Loss)	49,136	-	49,136	36,475
Total Operating Revenues	1,577,435	-	1,577,435	1,886,070
Support:				
Grants and Contributions	4,161,970	216,503	4,378,473	887,874
Paycheck Protection Program Loan Forgiveness	217,500	-	217,500	217,500
In-Kind Contributions	2,480,151	-	2,480,151	65,325
Other Income - Employee Retention Credits	22,766	-	22,766	50,841
Net Assets Released from Restrictions	204,886	(204,886)	-	-
Total Support	7,087,273	11,617	7,098,890	1,221,540
Total Revenues and Support	8,664,708	11,617	8,676,325	3,107,610
Expenses				
Program Services:				
Home Construction	2,000,332	-	2,000,332	2,121,195
Family Services	265,160	-	265,160	208,185
ReStore	803,965	-	803,965	673,409
Total Program Services	3,069,457	-	3,069,457	3,002,789
Supporting Services:				
Management and General	135,321	-	135,321	114,345
Fundraising	232,534	-	232,534	222,382
Total Supporting Services	367,855	-	367,855	336,727
Total Expenses	3,437,312	-	3,437,312	3,339,516
Change in Net Assets	5,227,396	11,617	5,239,013	(231,906)
Net Assets - Beginning of Year	2,154,769	150,379	2,305,148	2,537,054
NET ASSETS - END OF YEAR	$ 7,382,165	$ 161,996	$ 7,544,161	$ 2,305,148

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Functional Expenses

For the Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services				Supporting Services				
	Home Construction	Family Services	ReStore	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2022	Total 2021
Expenses									
Salaries and Wages	$ 362,723	$ 185,160	$ 398,207	$ 946,090	$ 71,760	$ 164,624	$ 236,384	$ 1,182,474	$ 1,018,961
Employee Benefits	51,642	16,765	44,717	113,124	636	11,619	12,255	125,379	124,523
Payroll Taxes	32,608	15,577	33,406	81,591	4,930	11,944	16,874	98,465	85,235
Total Payroll Related Costs	446,973	217,502	476,330	1,140,805	77,326	188,187	265,513	1,406,318	1,228,719
Cost of Homes Sold	790,406	-	-	790,406	-	-	-	790,406	847,783
Mortgage Discount Expense	-	-	-	-	-	-	-	-	364,596
Tithe	403,769	948	-	404,717	-	-	-	404,717	57,322
Rent and Occupancy	27,998	133	184,909	213,040	133	131	264	213,304	203,106
Repairs and Maintenance - Homes	159,145	-	-	159,145	-	-	-	159,145	253,691
Professional Fees	13,544	17,809	12,714	44,067	13,363	6,713	20,076	64,143	51,856
AmeriCorp Expenses	51,125	-	-	51,125	-	323	323	51,448	55,959
Technology	17,335	5,288	2,240	24,863	8,109	4,239	12,348	37,211	42,250
Insurance	17,097	5,504	-	22,601	5,505	5,504	11,009	33,610	19,823
Fundraising and Development	18,200	172	18	18,390	149	13,241	13,390	31,780	9,640
Advertising	15,053	-	12,784	27,837	-	50	50	27,887	11,868
Repairs and Maintenance Building	2,054	613	23,296	25,963	599	581	1,180	27,143	19,148
Telephone and Utilities	6,911	1,593	13,530	22,034	3,651	1,308	4,959	26,993	24,749
Dues and Subscriptions	4,881	4,597	5,950	15,428	6,904	215	7,119	22,547	11,691
Bank and Credit Card Fees	80	42	20,301	20,423	487	1,263	1,750	22,173	26,863
Depreciation	3,584	-	9,731	13,315	8,502	-	8,502	21,817	20,388
Cost of Purchased Goods	-	-	19,819	19,819	-	-	-	19,819	19,103
Office Expenses	9,615	963	2,968	13,546	1,621	1,717	3,338	16,884	11,497
Travel	8,024	2,081	37	10,142	263	1,660	1,923	12,065	1,894
Vehicle Expense	-	-	10,170	10,170	-	-	-	10,170	6,139
Interest Expense	286	-	2,501	2,787	7,122	-	7,122	9,909	13,366
Volunteer Expenses	83	-	1,098	1,181	54	5,882	5,936	7,117	3,888
Family Services and Support	200	5,960	-	6,160	-	500	500	6,660	15,322
Training	2,879	1,564	525	4,968	893	647	1,540	6,508	7,887
Supplies	-	-	3,498	3,498	-	-	-	3,498	3,443
Postage and Shipping	728	249	838	1,815	235	253	488	2,303	4,308
Printing and Reproduction	362	142	708	1,212	405	120	525	1,737	3,217
Total Expenses by Function	**$ 2,000,332**	**$ 265,160**	**$ 803,965**	**$ 3,069,457**	**$ 135,321**	**$ 232,534**	**$ 367,855**	**$ 3,437,312**	**$ 3,339,516**

See accompanying notes to the financial statements.

Habitat for Humanity of the St. Vrain Valley, Inc.

Statements of Cash Flows

For the Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
Cash Flows From Operating Activities		
Change in Net Assets	$ 5,239,013	$ (231,906)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Flows from Operating Activities:		
Mortgage Loans Issued - Net of Discount to Net Present Value	-	(245,211)
Gain on Sale of Mortgages Receivable	-	(200,640)
Mortgage Discount Amortization	(115,148)	(125,487)
Decrease (Increase) in the Value of Beneficial Interest in Assets		
Held by The Longmont Community Foundation	190	(419)
Depreciation	21,817	20,388
Paycheck Protection Program Loan Forgiveness	(217,500)	(217,500)
Change in Operating Assets and Liabilities:		
Grants and Contributions Receivable	(114,145)	162,972
Inventory	(1,767)	49,097
Prepaids	(21,124)	(7,608)
Construction in Progress	(2,408,516)	16,565
Accounts Payable	207,059	(1,032)
Accrued Payroll	32,961	(1,815)
Net Cash Flows From Operating Activities	2,622,840	(782,596)
Cash Flows From Investing Activities		
(Purchase of) Property and Equipment	(283,118)	(26,558)
Proceeds from Sale of Mortgages	-	356,406
Mortgage Payments Received	215,558	243,836
Net Cash Flows From Investing Activities	(67,560)	573,684
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program Loan	-	217,500
Proceeds from Notes Payable	165,583	359,000
(Repayments of) Notes Payable	(77,249)	(440,712)
Net Cash Flows From Financing Activities	88,334	135,788
Net Change in Cash and Cash Equivalents	2,643,614	(73,124)
CASH AND CASH EQUIVALENTS, beginning of year	705,263	778,387
CASH AND CASH EQUIVALENTS, end of year	$ 3,348,877	$ 705,263
SUPPLEMENTAL DISCLOSURE:		
Cash Paid for Interest	$ 9,909	$ 13,366
NON-CASH FINANCING ACTIVITY:		
Forgiveness of Paycheck Protection Program Loan	$ 217,500	$ 217,500

See accompanying notes to the financial statements.

Note 1: Nature of the Organization and Significant Accounting Policies

Nature of Operations

Habitat for Humanity of the St. Vrain Valley, Inc. (the "Organization"), is a non-profit housing ministry that displays the care of Jesus Christ to people from all walks of life, regardless of faith, and helps build simple, decent, affordable homes with people in need, while striving to make affordable housing a matter of conscience for families in the St. Vrain Valley School District and Estes Park.

The Organization operates a Habitat for Humanity ReStore (the "ReStore"), a retail operation, where home furnishings, appliances, and other miscellaneous items are donated and then sold to the community at reduced prices. Revenue is recognized by the Organization at the time the donated goods are sold; therefore, no value for the donated ReStore inventory is included in these financial statements. The ReStore is operated with the sole purpose of generating funds to assist the Organization's mission of building houses.

The Organization is an affiliate of Habitat for Humanity International.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

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

> *Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Governing Board has designated, from net assets without donor restrictions, funds to be held for an endowment.
>
> *Net assets with donor restrictions:* Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no funds held in perpetuity as of June 30, 2022 and 2021. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Income Tax Status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Accounting standards require the Organization to recognize in the financial statements the impact of uncertain tax positions based on the specific guidance in the standards. Management evaluated the Organization's tax positions and concluded that no uncertain tax positions exist as of June 30, 2022 and 2021.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. The prior year presentation does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents, grants and contributions receivable, mortgages receivable, and accounts payable. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable represent written or oral agreements to contribute cash or other assets to the Organization. At June 30, 2022 and 2021, management deemed all grants and contributions receivable to be fully collectible; accordingly, no allowance for uncollectible amounts was required. All grants and contributions receivable are due within one year.

Inventory

ReStore inventory consists of goods purchased and held for sale at the ReStore. Inventories are stated at the lower of cost or net realizable value. Items donated to the ReStore are not included in these financial statements, as donated goods are recognized at the time of sale.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Mortgages Receivable

The Organization constructs homes to be sold with interest-free mortgages. These mortgages are discounted based upon the prevailing market interest rates at the inception of the mortgage. The discount rates are set by Habitat for Humanity International based on the annual simple average of the rates published by the Internal Revenue Service (IRS) under 2010-5 Section 42(B)(2) for buildings placed into service during the period. The rates determined by the IRS used to discount the mortgages funded for the years ended June 30, 2022 and 2021, were 7.49% and 7.23%, respectively. The discounts are charged directly to operations at the inception of the mortgage and amortized over the life of the mortgage. From time-to-time, the Organization may sell mortgages rather than hold them to term. In these situations, the gain or loss on the sale of mortgages is recorded in the year in which the mortgage is sold.

Construction in Process

Land held for future development is recorded at cost. All costs incurred in construction of a home are capitalized and recorded at cost. These costs may include donated goods and services associated with the individual project. These accumulated costs are not subject to depreciation.

Property and Equipment

Property and equipment is carried at cost or fair market value at date of contribution. Property and equipment acquired with an estimated useful life in excess of one year and a cost of $500 or more is capitalized and depreciated using the straight-line method over the estimated 3-39 year useful live of the respective asset.

Donations of assets are recorded at estimated fair market value. Long-lived assets are recorded without implying a time restriction therefore increasing net assets without donor restrictions at the fair market value in the year which the assets are received.

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of the assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from the use of the assets is less than their carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is based on discounted cash flows or appraised values, depending on the nature of the assets. Management of the Organization has not identified any impairments of long-lived assets during the years ended June 30, 2022 and 2021.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Revenue Recognition

Revenues from operations are primarily derived from ReStore and home sales. Revenues from these sources is recognized when the services are provided, in an amount that reflects the consideration that the Organization expects to be entitled in exchange for those services. All revenues from contracts with customers is recognized at a point-in-time.

ReStore sales are primarily from customers in the St. Vrain Valley School District and Estes Park area and surrounding Colorado counties with payment due at the point of sale. The nature of these sales does not give rise to contract costs or any variable consideration or warranties.

Home sales are to qualified low-income individuals and families in the St. Vrain Valley School District and Estes Park area. Homes are sold at the appraised or fair market value of the home and funded primarily by financing provided by the Organization. Home sales are recorded at the discounted value of payments to be received over the lives of the mortgage. Some qualified buyers may receive down payment assistance from other agencies to reduce their loan amount. The Organization recognizes revenue from home sales when a home closing occurs, and title is transferred to the home buyer. The nature of these sales does not give rise to any other contract costs or variable consideration.

The key factor affecting the amount, timing and uncertainty of the Organization's revenue is its concentration of revenue attributed to ReStore sales and sales to homeowners. Management does not believe that the Organization is exposed to any significant risks to its concentration of revenues.

The Organization does not have any contract liabilities and does not have any significant contract-related assets outside of mortgages receivable.

Net receivable and contract balances from contracts with customers were as follows:

	Mortgages Receivable, Net
July 1, 2020	$ 1,509,418
June 30, 2021	$ 1,471,467
June 30, 2022	$ 1,371,057

Rental Income

The Organization leases office space in their administration building. Rental income is billed and due monthly. All leases between the Organization and tenants of the property are month to month and are treated as operating leases.

The Organization leases a house from the City of Longmont (Note 15) which it then leases to AmeriCorp members. Rental income is billed and due monthly. All leases between the Organization and tenants of the property are month to month and are treated as operating leases.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Contribution Revenues

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier that is more than trivial and that must be overcome before the revenue can be earned and recognized.

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grant Revenues

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions: Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions: Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization received no grant awards considered exchange transactions for the years ended June 30, 2022 and 2021.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

In-Kind Contributions

Donated services are recognized as contributions in accordance with GAAP for Not-for-Profit Organizations, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2022 and 2021, the Organization received and recognized $2,480,151 and $65,325, respectively, of donated land and services. Volunteers also provided assistance with specific programs and fund-raising events throughout the year that were not recognized as contributions in the financial statements because the recognition criteria were not met.

Donations of assets are recorded at estimated fair market value at the date of donation, except for goods donated to the ReStore. Consistent with the Habitat for Humanity International Affiliate Operations Manual, goods donated to the ReStore are reflected as revenue at the time of sale when there is an objective, measurable basis for determining the fair value.

Advertising

The Organization expenses the costs of advertising as incurred. Advertising costs totaled $27,887 and $11,868 for the years ended June 30, 2022 and 2021.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to credit risk consist of cash accounts that may, during the year, exceed the federally insured limit set by the FDIC, and mortgage notes receivable. Since the Organization places cash in individual financial institutions in excess of FDIC insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash and cash equivalents. At June 30, 2022 and 2021, the Organization's uninsured cash balance totaled approximately $3,235,000 and $460,000, respectively.

The Organization finances the construction and ownership of homes to low-income individuals in the St. Vrain Valley School District and Estes Park, Colorado. The mortgages are secured by a deed of trust. The Organization has established procedures to limit the risk of default by limiting the sales prices of the homes and not charging interest in order to establish a monthly mortgage payment that is manageable by the owner. Homes are appraised for value prior to sale and the original sales price may be set below the appraised value. The values of the mortgaged homes that collateralize the mortgage notes receivable are subject to market value fluctuations beyond the control of the Organization.

Credit risk with respect to grants and contributions receivable is limited due to the number and creditworthiness of the corporations, foundations, churches, and individuals that comprise the contributor base.

Note 1: Nature of the Organization and Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The statements of functional expenses reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include indirect costs, such as, advertising, depreciation, rental and occupancy, repairs and maintenance, insurance, technology, travel, office expenses, and professional fees that are allocated on the basis of use and time for the expenses, as well as salaries, payroll taxes, and employee benefits that are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 1, 2023, which is the date the financial statements were available to be issued.

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the statement of financial position a right-to-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The amendments in this update should be applied using a modified retrospective approach. The Organization is currently evaluating the effect that ASU 2016-02 will have on its financial statements.

Adoption of New Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets* (Topic 958-605), which addresses enhanced accounting for and reporting of in-kind goods and services. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after June 15, 2021, applied on a retrospective basis. Early adoption is permitted. The Organization has applied the amendments in this ASU on a retrospective basis. There was no change in the opening balances of net assets and no prior period results were restated.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

As of June 30,	2022	2021
Cash and Cash Equivalents	$ 3,348,877	$ 705,263
Grants and Contributions Receivable	161,996	47,851
Current Portion of Mortgages Receivable, Net	68,805	98,205
Total Financial Assets	3,579,678	851,319
Less:		
Restricted Contributions Included in Cash and Cash Equivalents	(67,550)	(100,692)
Total Financial Assets Available for General Expenditure	$ 3,512,128	$ 750,627

The Organization had board designated funds totaling $1,646 and $1,836 for an endowment as of June 30, 2022 and 2021, respectively. Although the Organization does not intend to spend from these designated funds for other than the intended purpose, these amounts could be made available if necessary.

The Organization does not have a formal liquidity policy. The Organization invests its financial assets in a manner consistent with the concept of prudent money management, seeking maximum returns within reasonable levels of risk.

The Organization has a line-of-credit available for cash flow needs of up to $150,000, as further described in Note 10.

Note 3: Construction in Progress

Construction in progress consists of the costs of lots, land development, and home construction costs. The following is a summary of construction in progress:

As of June 30,	2022	2021
Land and Land Development Costs	$ 2,884,888	$ 611,986
Home Construction Costs	534,111	398,497
Total Construction in Progress	$ 3,418,999	$ 1,010,483

Note 4: Mortgages Receivable

Mortgages receivable consists of the following:

As of June 30,		2022		2021
Mortgages Receivable at Face Value	$	2,927,682	$	3,143,240
Less: Unamortized Discount		1,556,625		1,671,773
Net Mortgages Receivable		1,371,057		1,471,467
Less: Current Portion, Net of Unamortized Discount		68,805		98,205
Long-term Portion, Net of Unamortized Discount	$	1,302,252	$	1,373,262

The following are future receipts due under mortgages receivable at June 30:

Year Ending June 30,		
2023	$	186,407
2024		186,407
2025		186,407
2026		181,168
2027		172,531
Thereafter		2,014,762
Total	$	2,927,682

At June 30, 2022 and 2021, the Organization had 39 and 41 outstanding mortgage receivables with applicable discount rates ranging from 7.38% to 8.38%.

All mortgage notes are collateralized by the respective homes sold. The Board of Directors meets together with management on a regular basis to review delinquent loans, if any, and to consider if any foreclosure proceedings should be initiated. Receivable balances are considered to be delinquent based on contractual terms. The need for an allowance is based on past collection experience and on an analysis of current mortgage receivable collectability. Management believes that the fair value of each underlying mortgaged asset exceeds the value of the associated loan outstanding; therefore, no allowance for uncollectible mortgages is recorded.

Loans Sold to Colorado Housing and Finance Authority

In December 2020, the Organization sold its interest in certain mortgages receivable to the Colorado Housing and Finance Authority, receiving $220,472 in cash proceeds related to the sale. The transaction was recorded as a sale in the accompanying financial statements. The Organization recorded a gain of $128,489 from the sale.

Note 4: Mortgages Receivable (Continued)

Loans Sold to First Bank

In December 2020, the Organization sold its interest in certain mortgages receivable to First Bank, receiving $135,934 in cash proceeds related to the sale. The transaction was recorded as a sale in the accompanying financial statements. The Organization recorded a gain of $72,151 from the sale.

The sales agreements with First Bank require, among other things, that should a mortgagor default on the payment on a loan and the default is not cured within ninety days, the Organization may be requested by First Bank to perform one of the following: substitute with a performing loan of equitable terms, balance, and property; or promptly repurchase the loan from First Bank at an amount equal to the then outstanding discounted principal balance.

Note 5: Beneficial Interest in Assets held by The Longmont Community Foundation

The Organization has entered into an endowment fund agreement with The Longmont Community Foundation (the "Foundation"). The Foundation commingles these funds with the funds of other entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management. As of June 30, 2022 and 2021, the fair value of the assets held by the Foundation totaled $1,646 and $1,836, respectively.

Note 6: Endowment

The Organization's endowment consists of funds held by The Longmont Community Foundation (the "Foundation"). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA) to allow, subject to the specific intent of a donor expressed in the gift instrument, for the appropriation or accumulation of so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Such appropriation may take place even though an endowment is "under water" (i.e., the market value of the fund is less than the historical dollar value (HDV) of the fund), and the Organization is not required to utilize other Organization resources to bring the value of the endowment fund up to HDV.

Note 6: Endowment (Continued)

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

1. The duration and preservation of the fund,
2. The purpose of the Organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other Organization resources,
7. The investment policies of the Organization.

The following are the changes in the Board designated endowment net assets:

Balance, July 1, 2020	$	1,417
Investment Gains (Losses), Net		419
Balance, July 1, 2021		1,836
Investment Gains (Losses), Net		(190)
Balance, June 30, 2022	$	1,646

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2022 and 2021, there was no such deficiency.

Spending Policy

Disbursements from the endowment shall be limited to a sustainable annual amount as defined by the Board of Trustees of the Foundation.

Note 6: Endowment (Continued)

Investment Return Objectives

The Organization follows the investment policies adopted by the Foundation for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on the Foundation's investment policies and strategies.

Note 7: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). There were no changes in methods or assumptions during the years ending June 30, 2022 and 2021. The levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Fair Value Measurements - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 Input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investments held by The Longmont Community Foundation: Valued based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices.

Note 7: Fair Value Measurements (Continued)

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value on a recurring basis as of June 30, 2022 and 2021:

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments held by:				
The Longmont Community Foundation	$ -	$ 1,646	$ -	$ 1,646

	Fair Value Measurements as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments held by:				
The Longmont Community Foundation	$ -	$ 1,836	$ -	$ 1,836

Note 8: Property and Equipment

Property and equipment, net of accumulated depreciation, consisted of the following:

As of June 30,	2022	2021
Building	$ 378,437	$ 386,399
Construction Equipment	7,027	10,610
Office Equipment	1,620	2,160
Leasehold Improvements	13,176	13,791
Vehicles	36,466	-
Construction in Progress - Basement Remodel	266,843	29,308
Property and Equipment, Net	$ 703,569	$ 442,268

Depreciation expense charged to operations for the years ended June 30, 2022 and 2021, was $21,817 and $20,388, respectively.

Note 9: Notes Payable

The following is a summary of notes payable:

As of June 30,	2022	2021
$195,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $9,750, matures in January 2027; secured by a deed of trust on property in Longmont, Colorado.	$ 48,750	$ 58,500
$240,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $12,000, matures in January 2026; secured by a deed of trust on property in Longmont, Colorado.	41,362	53,362
$200,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $10,000, matures in January 2030; secured by a deed of trust on property in Longmont, Colorado.	60,967	70,967
$100,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $5,000, matures in May 2032; secured by a deed of trust on property in Longmont, Colorado.	45,000	50,000
$50,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $2,500, matures in May 2032; secured by a deed of trust on property in Longmont, Colorado.	22,500	25,000
$50,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $2,500, matures in May 2033; secured by a deed of trust on property in Longmont, Colorado.	25,000	27,500
$140,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $7,000, matures in April 2033; secured by a deed of trust on property in Longmont, Colorado.	70,000	77,000
$150,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $7,500, matures in June 2035; secured by a deed of trust on property in Longmont, Colorado.	90,000	97,500
$37,919 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $1,896, matures in September 2040; secured by a deed of trust on property in Longmont, Colorado.	32,231	34,127

Note 9: Notes Payable (Continued)

As of June 30,	2022	2021
$130,000 City of Longmont Affordable Housing Fund Program – 0% interest, payable in annual principal payments of $6,500 commencing on the date of the first Certificate of Occupancy issued for a unit constructed on the land purchased in part with the funds and continuing annually for 20 years from August 2017 at which all unpaid principal is due; secured by a deed of trust on property in Longmont, Colorado.	127,874	127,874
$14,350 Habitat for Humanity International, Inc. – 0% interest, payable in monthly principal payments of $298, matured in November 2021; unsecured	-	1,536
$134,000 note payable to the Ward Revocable Trust – 0% interest, payable in four equal installments due starting with the first sale of any home on the lots and ending with the sale of the fourth home with the entire balance due in March 2028; secured by a deed of trust on property in Estes Park, Colorado.	134,000	134,000
$250,000 note payable to Habitat for Humanity of Colorado – $125,000 distributed as of June 30, 2022; 2.75% interest, due in full on April 29, 2023; secured by a deed of trust on property in Longmont, Colorado. Subsequent to year-end, there was a second draw of $125,000 under this loan in September 2022.	125,000	-
$40,583 note payable to Ally Financial – 10.99% interest, payable in monthly principal payments of $695, maturing July 2028; secured by a vehicle.	35,395	-
$245,837 note payable to First National Bank – payable in monthly principal and interest payment of $1,625, interest at the U.S Prime Rate plus 0.25% through March 2021, then 3.25%, with a final payment due in June 2028; secured by a deed of trust on property used as the office building.	209,346	221,725
Total Notes Payable	1,067,425	979,091
Less: Current Portion	200,450	62,062
Notes Payable - Net of Current Portion	$ 866,975	$ 917,029

Note 9: Notes Payable (Continued)

The following are future maturities on the notes payable:

Years Ending June 30,		
2023	$	200,450
2024		76,400
2025		77,424
2026		71,892
2027		67,726
Thereafter		573,533
Total	$	1,067,425

Note 10: Line of Credit

The Organization maintains a line of credit with FirstBank in the amount of $150,000. The line bears interest at a rate equal to the Wall Street Journal prime rate less 0.25% (4.50% at June 30, 2022). The line matured in December 2022 and was not renewed. The line is secured by the bank account balances held by the Organization with FirstBank. No amounts were outstanding on the line of credit at June 30, 2022 and 2021.

Note 11: In-Kind Contributions

In-kind contributions included in the Statements of Activities are comprised of the following:

Nonfinancial Asset	Year Ended June 30, 2022	Year Ended June 30, 2021	Usage in Programs or Function	Donor Restriction	Fair Value Techniques
Land	$ 2,440,000	$ -	Home Construction	None	Appraised by external appraiser
Home Rental	27,600	19,200	Home Construction	None	Estimated based on current rental rates of similar homes in the area
Construction Services	12,356	45,554	Home Construction	None	Estimated based on current rates of construction services provided
Construction Supplies	-	71	Home Construction	None	Estimated based on current rates of construction supplies provided
ReStore Supplies	-	500	ReStore	None	Estimated based on current rates of supplies provided
Accounting Services	195	-	Management and General	None	Estimated based on current rates of accounting services provided
Total	$ 2,480,151	$ 65,325			

Note 12: Paycheck Protection Program

In April 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small organizations cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. The Organization applied for and received a PPP loan of $217,500 under this program in 2020. The Organization applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven in April 2021. As such, the loan forgiveness income was recognized in the financial statements for the year ended June 30, 2021, in accordance with ASC 470.

In March 2021, the Organization received a second PPP loan in the amount of $217,500. The Organization applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven in December 2021. As such, the loan forgiveness was recognized in the financial statements for the year ended June 30, 2022, in accordance with ASC 470.

Note 13: Employee Retention Credits

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created the Employee Retention Credit (ERC) to provide funding for designated organizations to cover a portion of retaining employees during the COVID-19 pandemic. The Organization applied for and received $22,766 and $50,841 in funding under this program for the years ended June 30, 2022 and 2021, respectively.

Note 14: Net Assets with Donor Restriction

Net assets with donor restrictions are comprised of the following:

As of June 30,	2022	2021
Subject to the Passage of Time:		
Grants and Contributions Receivable	$ 161,996	$ 49,687
Subject to Expenditure for Specified Purchase:		
Administration Building Basement Remodel	-	100,692
Total Net Assets with Donor Restrictions	$ 161,996	$ 150,379

Net assets totaling $204,886 and $97,308 were released from net assets with donor restrictions for the years ending June 30, 2022 and 2021, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes.

Note 15: Operating Leases

In October 2019, the Organization entered into a lease agreement with the City of Longmont for a house located in Longmont, Colorado to provide housing to its AmeriCorps volunteers who help build affordable homes. The initial term of the lease was for one year. The lease was initially renewed, and then terminated on October 8, 2022. The minimum monthly payments under this lease were $200 per month. In-kind revenues related to this lease agreement totaled $27,600 and $19,200 for the years ended June 30, 2022 and 2021. This amount represents the excess of the estimated fair value of the leased facilities over the amounts paid under the lease.

The Organization leases space for the ReStore retail operations under a five-year operating lease expiring in March 2026. The minimum monthly payments under this lease are $10,813 per month.

The Organization leases copiers for the ReStore and its office space under five-year operating leases expiring in September 2024. The minimum monthly payments under these leases range from $63 to $110.

Rent expense under all operating leases totaled $158,617 and $150,225 for the years ending June June 30, 2022 and 2021, respectively.

Approximate future minimum rental payments under these operating lease agreements as of June 30, 2022, are as follows:

Year Ending June 30,		
2023	$	132,217
2024		130,267
2025		97,313
Total	$	359,797

Note 16: Retirement Plan

The Organization sponsors a defined contributions plan (the Plan) under Section 401(k) of the Internal Revenue Code for all employees who meet certain requirements as to age and length of service. The Organization makes a contribution to the Plan equal to 100% percent on the first 3% of gross wages and 50% on the next 2% of gross wages. The Organization’s contributions to the Plan totaled $26,291 and $23,522 for the years ended June 30, 2022 and 2021, respectively.

Note 17: Transactions with Habitat for Humanity International

The Organization voluntarily remits a portion of its contributions to Habitat for Humanity International on an annual basis. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2022 and 2021, $404,717 and $57,322, respectively, was contributed to Habitat for Humanity International. These amounts are presented in Program Services in the statements of functional expenses. As of June 30, 2022 and 2021, $40,505 and $15,747, respectively, was due to Habitat for Humanity International and is included in accounts payable on the statements of financial position.