



## FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019



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## Independent Auditors' Report

Board of Directors  
Greeley Area Habitat for Humanity, Inc.  
dba Greeley-Weld Habitat for Humanity  
Greeley, Colorado

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Greeley Area Habitat for Humanity, Inc., dba Greeley-Weld Habitat for Humanity, a Colorado nonprofit corporation, as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greeley Weld Habitat for Humanity as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matter**

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 awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021 on our consideration of the Greeley Weld Habitat for Humanity internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is considering Greeley Weld Habitat for Humanity's internal control over financial reporting and compliance

January 19, 2021

*Anderson + Whitney, P.C.*

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF FINANCIAL POSITION**

June 30	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,912,677	\$ 1,055,535
Restricted cash:		
Homeowners escrow accounts	11,518	13,638
Habitat North HOA	18,824	23,472
Gift cards	2,961	2,961
Receivables:		
Current portion of mortgages, net of discount	107,734	129,347
Grants and other	7,156	176
ReStore inventory	39,145	45,493
Prepaid permit fees	594,574	-
Homes under construction	275,333	551,629
<b>Total Current Assets</b>	<b>2,969,922</b>	<b>1,822,251</b>
Property and Equipment:		
Land and land improvements - Habitat North HOA	142,207	142,207
Land - Resource Center	24,289	24,289
Building - Resource Center	135,133	135,133
ReStore equipment and fixtures	75,372	107,372
Equipment and vehicles	191,121	114,575
	568,122	523,576
Less: Accumulated Depreciation	258,822	251,392
<b>Total Property and Equipment</b>	<b>309,300</b>	<b>272,184</b>
Other Assets:		
Mortgages receivable, net of discount and current portion	2,046,937	2,456,460
Land development costs	2,651,130	834,087
Beneficial interest in assets held by Community Foundation	20,000	20,000
Other assets	29,161	29,161
<b>Total Other Assets</b>	<b>4,747,228</b>	<b>3,339,708</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,026,450</b>	<b>\$ 5,434,143</b>

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF FINANCIAL POSITION - Continued**

June 30	2020	2019
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 504,506	\$ 108,921
Escrow accounts homeowners	(17,926)	8,693
Payroll and other liabilities	85,778	65,025
Accrued warranty liability	7,000	3,000
Deposit for computers	570	570
PPP loan	173,800	-
<b>Total Current Liabilities</b>	<b>753,728</b>	<b>186,209</b>
<b>Long Term Debt</b>	<b>500,000</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,253,728</b>	<b>-</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	2,989,852	2,017,833
Investment in mortgages receivable	2,154,671	2,585,807
Board designated	1,389,199	505,294
With donor restrictions	239,000	139,000
<b>Total Net Assets</b>	<b>6,772,722</b>	<b>5,247,934</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,026,450</b>	<b>\$ 5,434,143</b>

See Accompanying Notes to Financial Statements.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF ACTIVITIES**

Years Ended June 30	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Revenue:</b>			
Home sales	\$ 1,254,000	\$ -	\$ 1,254,000
Mortgage discount amortization	111,616	-	111,616
Gain on sale of mortgages	227,778	-	227,778
ReStore sales	741,342	-	741,342
<b>Contributions:</b>			
Corporate	107,515	22,790	130,305
Individual	97,769	-	97,769
Foundations	9,811	40,000	49,811
Churches	15,110	-	15,110
Civic groups	-	-	-
Donated materials and services	229,510	-	229,510
Donated inventory	-	-	-
Special events	196,967	22,172	219,139
Grants	1,436,855	154,038	1,590,893
Net assets released from restrictions	139,000	(139,000)	-
<b>Total Revenue</b>	<b>4,567,273</b>	<b>100,000</b>	<b>4,667,273</b>
<b>Expenses:</b>			
Home construction	1,893,670	-	1,893,670
Family support	80,010	-	80,010
ReStore	679,017	-	679,017
Fund raising	165,704	-	165,704
Management and general	340,553	-	340,553
<b>Total Expenses</b>	<b>3,158,954</b>	<b>-</b>	<b>3,158,954</b>
<b>Change in Net Assets from Operations</b>	<b>1,408,319</b>	<b>100,000</b>	<b>1,508,319</b>
<b>Other Income and Expense:</b>			
Oil and gas royalties	16,009	-	16,009
Miscellaneous	10,462	-	10,462
Homeowners' Association, net	(10,002)	-	(10,002)
Gain (loss) on sale of donated securities	-	-	-
<b>Total Other Income and Expense, Net</b>	<b>16,469</b>	<b>-</b>	<b>16,469</b>
<b>Change in Net Assets</b>	<b>1,424,788</b>	<b>100,000</b>	<b>1,524,788</b>
<b>Net Assets, Beginning of Year</b>	<b>5,108,934</b>	<b>139,000</b>	<b>5,247,934</b>
<b>Net Assets, End of Year</b>	<b>\$ 6,533,722</b>	<b>\$ 239,000</b>	<b>\$ 6,772,722</b>

See Accompanying Notes to Financial Statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 546,368	\$ -	\$ 546,368
98,362	-	98,362
-	-	-
769,377	-	769,377
31,801	46,500	78,301
215,786	-	215,786
16,600	40,000	56,600
22,247	-	22,247
4,000	-	4,000
363,988	-	363,988
(24,621)	-	(24,621)
219,436	37,500	256,936
390,124	15,000	405,124
110,000	(110,000)	-
2,763,468	29,000	2,792,468
1,035,524	-	1,035,524
71,577	-	71,577
563,688	-	563,688
184,195	-	184,195
288,664	-	288,664
2,143,648	-	2,143,648
619,820	29,000	648,820
25,818	-	25,818
11,702	-	11,702
1,793	-	1,793
896	-	896
40,209	-	40,209
660,029	29,000	689,029
4,448,905	110,000	4,558,905
\$ 5,108,934	\$ 139,000	\$ 5,247,934

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30	2020					
	Home Construction	Family Support	ReStore	Fund Raising	Management and General	Total
<b>Personnel Costs:</b>						
Salaries and wages	\$ 192,486	\$ 54,769	\$ 343,105	\$ 115,826	206,537	\$ 912,723
Employee fringe benefits	37,644	7,953	28,938	6,169	21,012	101,716
Payroll taxes	14,856	4,329	27,938	8,935	12,156	68,214
<b>Total Personnel Costs</b>	<b>244,986</b>	<b>67,051</b>	<b>399,981</b>	<b>130,930</b>	<b>239,705</b>	<b>1,082,653</b>
Advertising	-	-	10,150	-	10,150	20,300
Discounts on mortgages issued	-	-	-	-	-	-
Board meetings	-	-	-	-	594	594
Cost of homes transferred to homeowners	1,542,229	-	-	-	-	1,542,229
Credit card processing	-	-	9,690	-	-	9,690
Depreciation	4,830	2,703	22,103	-	12,109	41,745
Dues	-	-	-	-	3,949	3,949
Food and amenities	-	-	543	5,342	105	5,990
Grant application fees	32,175	-	-	1,000	-	33,175
Insurance	19,125	-	13,080	-	3,591	35,796
In-kind expense	26,000	-	-	6,949	745	33,694
Interest and financing fees	7,580	-	-	-	-	7,580
Office supplies	-	3,075	16,482	2,723	18,665	40,945
Other costs	-	3,802	663	2,034	6,859	13,358
Special events	-	-	-	7,295	-	7,295
Postage	-	-	-	8,036	922	8,958
Printing	-	3,209	-	-	-	3,209
Professional fees	-	-	-	-	24,261	24,261
Purchased inventory sold	-	-	80,693	-	-	80,693
Rent	-	-	90,000	-	-	90,000
Repair and maintenance	-	-	10,078	-	10,220	20,298
Dues paid to HOA	3,630	-	-	-	-	3,630
Telephone	-	-	6,943	-	3,517	10,460
Tithe - Habitat International	8,872	-	-	-	-	8,872
Training and education	-	170	128	1,395	(45)	1,648
Utilities and trash removal	-	-	10,377	-	5,151	15,528
Vehicle expenses	-	-	8,106	-	55	8,161
Warranty costs	4,243	-	-	-	-	4,243
	<b>\$ 1,893,670</b>	<b>\$ 80,010</b>	<b>\$ 679,017</b>	<b>\$ 165,704</b>	<b>\$ 340,553</b>	<b>\$ 3,158,954</b>
Percentage of total expenses	60.0%	2.5%	21.5%	5.2%	10.8%	100%

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF FUNCTIONAL EXPENSES - Continued**

Year Ended June 30	2019					Total
	Home Construction	Family Support	ReStore	Fund Raising	Management and General	
Personnel Costs:						
Salaries and wages	\$ 128,188	\$ 52,323	\$ 312,124	\$ 103,846	\$ 150,079	\$ 746,560
Employee fringe benefits	21,263	6,451	28,395	12,703	25,135	93,947
Payroll taxes	8,681	4,202	30,576	9,577	8,690	61,726
<b>Total Personnel Costs</b>	<b>158,132</b>	<b>62,976</b>	<b>371,095</b>	<b>126,126</b>	<b>183,904</b>	<b>902,233</b>
Advertising	-	-	13,747	-	19,433	33,180
Discounts on mortgages issued	309,569	-	-	-	-	309,569
Board meetings	-	-	-	-	622	622
Cost of homes transferred to homeowners	521,042	-	-	-	-	521,042
Credit card processing	-	-	11,228	-	-	11,228
Depreciation	7,110	2,703	3,088	-	15,301	28,202
Dues	-	-	-	-	(4,663)	(4,663)
Food and amenities	6,278	-	532	97	546	7,453
Grant application fees	-	-	-	8,900	-	8,900
Insurance	13,089	-	11,892	-	3,138	28,119
Office supplies	-	1,490	18,241	1,960	23,162	44,853
Other costs	-	969	4,474	1,056	5,808	12,307
Special events	-	-	-	30,828	-	30,828
Postage	-	-	-	11,452	-	11,452
Printing	-	2,227	-	-	-	2,227
Professional fees	-	-	-	-	23,000	23,000
Purchased inventory sold	-	-	51,997	-	-	51,997
Rent	-	-	42,752	-	-	42,752
Repair and maintenance	-	-	8,279	-	3,385	11,664
Dues paid to HOA	1,050	-	-	-	-	1,050
Telephone	-	-	6,486	-	3,501	9,987
Tithe - Habitat International	8,872	-	-	-	-	8,872
Training and education	-	1,212	3,083	3,776	7,079	15,150
Utilities and trash removal	-	-	8,822	-	4,446	13,268
Vehicle expenses	11,296	-	7,972	-	2	19,270
Warranty costs	(914)	-	-	-	-	(914)
	<b>\$ 1,035,524</b>	<b>\$ 71,577</b>	<b>\$ 563,688</b>	<b>\$ 184,195</b>	<b>\$ 288,664</b>	<b>\$ 2,143,648</b>
Percentage of total expenses	48.3%	3.3%	26.3%	8.6%	13.5%	100%

See Accompanying Notes to Financial Statements.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Cash received from contributions, grants, and other funding sources	\$ 4,079,061	\$ 1,843,800
Cash paid to employees and suppliers	(2,574,237)	(1,837,235)
Interest received	2,178	3,743
Interest paid	(2,580)	-
<b>Net Cash Provided by Operating Activities</b>	<b>1,504,422</b>	<b>10,308</b>
<b>Cash Flows from Investing Activities:</b>		
Payments received on mortgages receivable	283,224	250,042
Proceeds from sale of mortgages receivable	487,306	-
Acquisition of property, equipment and vehicles	(56,475)	(64,315)
Land development costs (Northview, Mission Homestead)	(2,041,903)	(344,127)
Beneficial interest in assets held by Community Foundation	-	(10,000)
<b>Net Cash Used by Investing Activities</b>	<b>(1,327,848)</b>	<b>(168,400)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from PPP loan	173,800	-
Proceeds from Impact Development Fund	500,000	-
Proceeds from line of credit	430,000	-
Payment on line of credit	(430,000)	-
<b>Net Cash Provided by Financing Activities</b>	<b>673,800</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash</b>	<b>850,374</b>	<b>(158,092)</b>
<b>Cash, Beginning of Year</b>	<b>1,095,606</b>	<b>1,253,698</b>
<b>Cash, End of Year</b>	<b>\$ 1,945,980</b>	<b>\$ 1,095,606</b>

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**STATEMENTS OF CASH FLOWS - Continued**

Years Ended June 30	2020	2019
Reconciliation of Change in Net Assets to Net Cash from		
Operating Activities:		
Change in net assets	\$ 1,524,788	\$ 689,029
Adjustments:		
Depreciation	41,745	28,202
New mortgages transferred to homeowners, net of discount	-	(236,799)
Amortization of mortgage discounts	(111,616)	(98,362)
Gain on disposal of asset	-	(896)
Gain on sale of mortgage receivable	(227,778)	-
Matching grant - Community Foundation	-	(10,000)
Donated land, equipment and vehicles	(22,386)	(270,495)
Land development costs allocated to homeowners	224,860	112,230
(Increase) decrease in:		
ReStore inventory	6,348	34,256
Grants receivable	(6,980)	10,000
Construction in progress	276,296	(336,428)
Other assets	-	5,000
Prepaid permit fees	(594,574)	-
Increase (decrease) in:		
Accounts payable	395,585	72,942
Accrued expenses	20,753	12,770
Accrued warranty liability	4,000	(1,000)
Escrow accounts	(26,619)	(141)
Net Cash Provided by Operating Activities	\$ 1,504,422	\$ 10,308
Noncash Financing and Investing Activities:		
Mortgage notes issued at time of home transfer	\$ -	\$ 546,368
Discounts on new mortgages issued	-	(309,569)

See Accompanying Notes to Financial Statements.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – Summary of Significant Accounting Policies:**

The accounting and reporting policies of Greeley Area Habitat for Humanity, Inc. dba Greeley-Weld Habitat for Humanity (Greeley-Weld Habitat) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating Greeley-Weld Habitat's financial statements.

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**Organization and Purpose:**

Putting faith into action, Greeley-Weld Habitat brings people together to build decent homes and communities. In addition to home construction, Greeley-Weld Habitat fulfills this mission through the following programs:

Family Support is a set of programs and practices designed by Greeley-Weld Habitat that provide homeowners with procedures, support and skills necessary for purchasing a Habitat for Humanity home and becoming successful long-term homeowners.

ReStore is a retail operation that obtains donated merchandise related to home construction or renovation, which is then sold to the general public. The profit from ReStore operations provides general operating support to the overall organization.

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**Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Greeley-Weld Habitat's management and the board of directors.

**Net Assets with donor restrictions:** Net Assets subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – Summary of Significant Accounting Policies - Continued:**

Cash:

For purposes of the statement of cash flows, Greeley-Weld Habitat considers cash to include all cash on hand and unrestricted demand bank deposits.

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Receivables:

Greeley-Weld Habitat currently considers grants and pledges receivable to be fully collectible. Thus, no allowance for doubtful accounts has been established. If management determines a receivable may be uncollectible, an allowance will be established to reduce the receivable to the amount expected to be received.

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Mortgages Receivable:

Mortgages receivable are noninterest bearing and are reported net of a discount, which is amortized to reflect an effective market rate of interest over the life of the loan. Greeley-Weld Habitat determines a loan to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date.

A mortgage that becomes 90 days delinquent is evaluated for impairment. A mortgage is impaired when it is probable that Greeley-Weld Habitat will be unable to collect all payments due in accordance with the terms of the loan agreement. The discounted balance of an impaired loan is measured against the estimated fair value of the mortgaged property. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

The allowance for mortgage losses represents an amount which, in management's judgment, will be adequate to absorb probable losses on existing mortgages that may become uncollectible. Management's judgment in determining the adequacy of the allowance is based on evaluation of conditions that may affect the homeowner's ability to pay and the anticipated fair value of the mortgaged property if foreclosure becomes necessary.

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Inventory:

Inventory represents items held for sale at the ReStore. Purchased inventory is stated at the lower of cost (first-in, first-out method) or net realizable value. Donated inventory on hand is recorded at the estimated net realizable value based upon average sales.

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Prepaid permit fees:

Prepaid permit fees consist of amounts paid to the City of Evans for ten homes to be built in the Mission Homestead development. Construction is expected to be completed in July 2021.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – Summary of Significant Accounting Policies - Continued:**

Homes Under Construction:

Homes under construction are recorded at cost using the specific identification method. Cost includes purchased and donated materials and services.

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Property and Equipment:

Property and equipment are stated at acquisition cost. Donations of property and equipment are recorded at fair value on the date received. If donors stipulate how long assets must be used, the donations are recorded as restricted revenue. In the absence of such stipulations, donations of property are recorded as unrestricted revenue. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Self-constructed assets are reported as construction in progress until placed in service, at which time depreciation is initiated.

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Land Development Costs:

Costs related to constructing the infrastructure for a housing development, including the cost of the undeveloped land, are reported as land development costs. As individual lots are sold, the proportional cost is expensed as a cost of the related home sale. The land development costs are assessed for impairment on at least an annual basis.

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Contributions:

Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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Grants:

Grant revenue is received from governmental and private sources. Reimbursable grants are recognized in revenue when the related expenses are incurred. Other grants are recognized in revenue once the conditions of the grant have been met. Unexpended grant funds, if any, are recorded as deferred revenue at the balance sheet date.

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Donated Materials and Services:

Materials donated to the Home Construction program are valued at estimated fair value. Numerous volunteers donate significant time to program services and special event activities. Donated time that requires specific expertise and specialized skill, and which would have had to otherwise be purchased by the organization, is recorded in the financial statements. The value of other contributed time, while critical to program activities, is not reflected in the financial statements since it does not meet the accounting requirements.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – Summary of Significant Accounting Policies - Continued:**

**Income Taxes:**

No income tax provision is made in these financial statements as Greeley-Weld Habitat qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, pursuant to a group exemption letter received from the Internal Revenue Service. However, income from activities not directly related to Greeley-Weld Habitat's exempt purposes is subject to taxation as unrelated business income.

Tax penalties and interest, if any, would be classified with income tax expense in the financial statements. No tax penalties or interest have been incurred or are recognized in these financial statements. Generally, three tax years remain subject to examination by tax jurisdictions.

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**Functional Allocation of Expenses:**

The costs associated with Greeley-Weld Habitat's program and support services have been summarized in the statement of functional expenses. Costs have been allocated among the programs and supporting services benefited.

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**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**Subsequent Events:**

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

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**Reclassifications:**

Certain 2020 amounts have been reclassified for comparison purposes with the 2019 financial statement presentation. The reclassifications had no effect on the change in net assets.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – Information Regarding Liquidity and Availability:**

Greeley-Weld Habitat strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The following table reflects the Organization’s financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date. Amounts not available to meet general expenditures within one year includes net assets with donor restrictions.

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June 30	2020
Financial Assets at Year End:	
Demand bank account and cash on hand	\$ 1,912,677
Accounts receivable	7,156
Mortgages receivable, current portion	107,734
	<hr/>
	2,027,567
Net Assets with Donor Restrictions	(239,000)
Board Designations for Programs and Projects	(1,389,199)
	<hr/>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 399,368

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Additionally, Greeley-Weld Habitat maintains a \$436,000 line of credit, as discussed in more detail in Note 4. As of June 30, 2020, \$436,000 remained available on the line of credit.

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**NOTE 3 – Mortgages Receivable:**

Greeley-Weld Habitat carries the mortgages on the homes they sell. The mortgages are non-interest bearing with monthly payments established based on the homeowner’s ability to pay. Mortgages are collateralized by a first deed of trust on each home. Repayment terms vary, but the loans are generally paid over 20 to 30 years. In addition to the first deed of trust filed on homes sold, Greeley-Weld Habitat also files additional liens for the difference between the fair market value of the home and the purchase price and for the portion of the homeowner’s down payment funded by the Federal Home Loan Bank. These liens are referred to as “silent liens” for the protection against homeowners who may sell their house for a profit before the mortgage is paid off. Since these silent liens represent a contingent receivable, they are not reported in these financial statements until realized. Mortgages receivable are discounted to reflect a market interest rate and assuming the mortgage payments continue according to the established payment terms. The unamortized discount on mortgages that are paid prior to maturity is reclassified to revenue upon payment in full.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – Mortgages Receivable - Continued:**

Mortgages receivable at June 30, 2020 and 2019 consisted of the following:

June 30	2020	2019
Mortgages receivable	\$ 3,933,504	\$ 4,755,120
Unamortized discount	(1,778,833)	(2,169,313)
Mortgages receivable, net	2,154,671	2,585,807
Current portion of mortgages receivable	(107,734)	(129,347)
Long term portion of mortgages receivable	\$ 2,046,937	\$ 2,456,460

At June 30, 2020 and 2019, there were four and five mortgages, respectively, that were delinquent more than 90 days. These mortgages had face amounts totaling \$219,837 and \$198,777 and discounted balances of \$132,781 and \$120,062, respectively. Management has determined that the fair value of the mortgaged properties exceeds the discounted balances of the mortgages at June 30, 2020 and 2019 and has therefore not established an estimated loss allowance for these mortgages.

**Loans Sold to CHFA:**

Since 2002 through June 30, 2020, Greeley-Weld Habitat transferred its interest in certain mortgages receivable to the Colorado Housing and Finance Authority (CHFA), receiving approximately \$2,540,000 in cumulative cash proceeds related to the transfers. At June 30, 2020, the balances of these mortgages, which are not reported in the accompanying financial statements, are estimated to be \$1,378,500.

These mortgages to homeowners require Greeley-Weld Habitat to monitor the compliance of the payment terms as well as other conditions of the loan agreement. CHFA has recourse to Greeley-Weld Habitat for nonperformance by a homeowner with loan covenants which could result in exposure to loss for Greeley-Weld Habitat.

No loan sales to CHFA occurred during the years ended June 30, 2020 and 2019.

**Loans Sold to Bank:**

In June 2017, Greeley-Weld Habitat sold its interest in certain mortgages receivable to Independent Bank receiving \$720,757 in cash proceeds.

In August 2019, Greeley-Weld Habitat sold its interest in certain mortgages receivable to Independent Bank receiving \$487,307. These transactions qualified to be recorded as sales in the accompanying financial statements, resulting in gains totaling \$224,787.

Greeley-Weld Habitat continues to service these loans on behalf of the Bank. At June 30, 2020, the outstanding principal balance of the mortgages purchased by the Bank that are guaranteed and serviced by Greeley-Weld Habitat totaled \$1,036,248.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – Mortgages Receivable - Continued:**

Loans Sold to Bank - continued:

In accordance with the sales agreement, should a mortgagor default on the payment of the loan and the default is not cured within 90 days, Greeley-Weld Habitat is required to perform one of the following within 30 days of the Bank’s notice: substitute with a comparable performing loan, or repurchase the loan. No liability has been included in the financial statements for this substitution provision because management believes that the fair value of the mortgaged properties exceeds the associated mortgage balance.

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**NOTE 4 – Line of Credit:**

Greeley-Weld Habitat has a \$436,000 line of credit with U.S. Bank that matures in April 2022. Advances on the line of credit accrue interest at US Bank Prime minus 100 basis points. The arrangement is collateralized by a deed of trust on real property located in Weld County, Colorado. There was no balance due on the line of credit as of June 30, 2020 and 2019, respectively.

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**NOTE 5 – Long-Term Debt:**

<u>June 30</u>	<u>2020</u>
Term note payable to Impact Development Fund dated December 2019, including interest at a rate of 1%. After a ten-year deferred payment period, accrued interest and principal totaling \$550,000 is payable in monthly principal payments of \$1,769 and a balloon payment of \$420,830 due November 2037. This loan is unsecured.	\$ 500,000
Paycheck Protection Program loan	173,800
<u>Total Long-Term Debt</u>	<u>\$ 673,800</u>

In April 2020, Greeley-Weld Habitat received loan proceeds in the amount of \$173,800 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Act (“CARES Act”), the PPP provides loans to qualifying organizations in amounts up to 2.5 times average monthly payroll expenses. PPP loans are forgivable after a “covered period” as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with deferral of payments for the first six months of the loan. Greeley-Weld Habitat expects to meet the PPP eligibility criteria and has concluded the PPP loan represents, in substance, a forgivable loan.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - Long-Term Debt – continued:**

As of June 30, 2020, annual maturities of long-term debt are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 173,800
2022-2025	--
2026-2030	9,198
2030-2035	81,077
2036-2038	459,725
	<u>\$ 723,800</u>

The annual maturities include interest totaling \$50,000 accruing during the ten-year deferred payment period

**NOTE 6 – Operating Lease:**

Greeley-Weld Habitat had a lease arrangement for its ReStore location that expired October 31, 2019. The arrangement has continued on a month-by-month basis and requires monthly payments of \$7,500 until terminated by either party. Rent expense under this arrangement during fiscal years 2020 and 2019 were \$90,000 and \$42,752 respectively.

Greeley-Weld Habitat has an oil and gas lease on land in the Habitat North Subdivision. The lease is a “No Surface Occupancy” arrangement as well as a paid-up lease with consideration received totaling \$10. Under the terms of the lease, Greeley-Weld Habitat is to receive royalties equal to 15% of production, less post-production costs and expenses. During the years ended June 30, 2020 and 2019, Greeley-Weld Habitat received royalties totaling \$16,009 and \$25,818, respectively.

**NOTE 7 – Net Assets:**

The Greeley-Weld Habitat board of directors has designated a portion of the net assets without donor restrictions balance for the following purposes:

<u>June 30</u>	<u>2020</u>	<u>2019</u>
Operating expense reserve	\$ 120,933	\$ 68,690
ReStore operating reserve	163,429	221,611
Home construction	355,523	214,993
Property acquisition & development	749,314	--
	<u>\$ 1,389,199</u>	<u>\$ 505,294</u>

As of June 30, 2020, and 2019, net assets totaling \$239,000 and \$139,000, respectively have been donor-restricted for building single-family residences.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 – Commitments, and Contingencies:**

Since 1990, the City of Greeley Urban Renewal Authority (GURA) has provided funding for numerous Greeley-Weld Habitat home construction projects and developments. Some of the funding includes an affordability provision that requires Greeley-Weld Habitat to monitor subsequent sales of the homes for a period of roughly ten years. Subsequent sales that do not comply with the affordability provision may require Greeley-Weld Habitat to either exercise its first-right-of-refusal option to purchase the home, or to repay the related funding provided by GURA.

Greeley-Weld Habitat partnered with the Impact Development Fund (IDF) to establish a Habitat for Humanity Liquidity Mortgage Loan Pool. If a loan originated by IDF were to become more than 60 days delinquent, Greeley-Weld Habitat has 60 days to repurchase the delinquent mortgage by paying off the associated loan in full. Otherwise, IDF has the right to begin foreclosure.

Greeley-Weld Habitat has entered into an agreement with Commonwealth Development Corporation for the public improvements for the Mission Homestead subdivision. Infrastructure costs include site work, earthwork, sewer system, water system, storm system and road construction. As of June 30, 2020, the contract price allocated to Greeley-Weld Habitat totaled \$512,019 of which \$94,600 remains to be completed. Work is expected to be completed in fiscal year 2021.

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**NOTE 9 – Retirement Plan:**

Greeley-Weld Habitat maintains a simple IRA plan for all employees. Employees have the option of directing part of their pay into the plan. The employee deferral is matched equally by Greeley-Weld Habitat up to a maximum of 3% of the employee's annual salary. Greeley-Weld Habitat contributions for the years ended June 30, 2020 and 2019 were \$12,148 and \$10,575, respectively.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – Endowment Fund:**

In 2020, Greeley-Weld Habitat entered into an agreement with The Weld Community Foundation to establish a quasi-endowment fund, to be administered by the Foundation.

The fund is held and invested by the Weld Community Foundation for the benefit of Greeley-Weld Habitat. Greeley-Weld Habitat is eligible to receive annual distributions according to the Community Foundation’s spending policy. Excess earnings, if any, are reinvested in the fund.

In connection with this fund, Greeley-Weld Habitat granted variance power to the Weld Community Foundation, which allows modification, upon reasonable cause, of any restrictions or conditions on the distribution of funds if, in their sole judgment, the restriction becomes unnecessary or incapable of fulfillment. Since Greeley-Weld Habitat is the beneficiary of the fund, Greeley-Weld Habitat reports its interest in the fund in these financial statements.

Greeley-Weld Habitat, over the long-term, expects the current spending policy to allow its endowment fund to grow. This is consistent with Greeley-Weld Habitat’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Weld Community Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Actual returns in any given year may vary from the expectations. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The following are the changes in endowment net assets for the year ended June 30, 2020:

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	Board Designated
Endowment net assets, beginning of year	\$ --
Contributions	20,000
Net realized and unrealized gains (losses)	--
Interest and dividends	--
Appropriation of endowment assets for expenditure	--
Investment management fees	--
<u>Endowment net assets, end of year</u>	<u>\$ 20,000</u>

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – Fair Value Disclosures:**

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The following table presents these assets by caption and by level within the valuation hierarchy as of June 30, 2020 and 2019:

Description	Total	Carrying Value		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2020</u>				
Beneficial interest in assets held by WCF	\$ 20,000	\$ --	\$ --	\$ 20,000
Impaired Mortgages	132,781	--	132,781	--
Development Land	2,651,130	--	2,651,130	--
<u>June 30, 2019</u>				
Beneficial interest in assets held by WCF	\$ 20,000	\$ --	\$ --	\$ 20,000
Impaired Mortgages	120,062	--	120,062	--
Development Land	834,087	--	834,087	--

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11 – Fair Value Disclosures - Continued:**

Impaired mortgages are evaluated and valued at the time the mortgage is identified as impaired, at the lower of cost or fair value. Fair value is generally measured based on the estimated value of the homes securing these mortgages. Development land is evaluated based on assessed values determined by the local county assessor. Such values and assessments may be discounted or adjusted based on management's historical knowledge, changes in market conditions and management's expertise. Such discounts and adjustments can be significant and result in a level 2 classification of the inputs used for determining fair value. The beneficial interest in assets held by Weld Community Foundation is recorded at the amount provided by the Foundation, which is based on the fair market value of the investments underlying the fund.

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**NOTE 12 – Related Party and Affiliate Transactions:**

Greeley-Weld Habitat is a subcontractor on a government grant from Colorado Department of Local Affairs passed through Habitat for Humanity of Colorado, an affiliated organization. During the year ended June 30, 2020, Greeley-Weld Habitat recognized \$1,072,500 of grant revenue and remitted \$32,175 in grant fees in connection with this subcontract.

The organization is a sub-recipient of certain government grants received directly by Habitat for Humanity of Colorado, an affiliated organization. During the years ended June 30, 2020 and 2019, Greeley-Weld recognized grant revenue of \$42,500 and \$105,964, respectively, and remitted grant fees of \$1,000 and \$8,900 respectively, in connection with these grant funds.

Greeley-Weld Habitat remits a portion of its contributions to Habitat for Humanity International. For both years ended June 30, 2020 and 2019, \$8,872 were contributed. The organization was awarded a grant directly from Habitat for Humanity International and has recognized grant revenue of \$30,020 and \$49,548 for the years ended June 30, 2020 and 2019, respectively.

Greeley-Weld Habitat entered into a contract with Roche Constructors for the infrastructure on the Mission Homestead subdivision. Roche Constructors is the employer of the Greeley-Weld Habitat board president. The total cost incurred on the contract was \$1,109,224, of which \$300,968 is included in accounts payable at June 30, 2020.

The board president provided 104 hours of professional real estate development consulting services including discussions with third party owners, architects, civil engineers and municipal staff. These services, valued at \$26,000, were included in home construction costs for the year ended June 30, 2020.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
**dba GREELEY-WELD HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13 – COVID 19 Impacts:**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which Greeley-Weld Habitat operates. It is unknown how long these conditions will last and what the complete financial effect will be to the company.

Greeley-Weld Habitat serves some of Weld County's most marginalized low-income families, many who are employed in below living wage, essential service jobs that are severely needed for our local economy. For families whose incomes have been significantly affected by the pandemic, the affiliate immediately initiated an emergency mortgage relief fund, offering grants to cover one to three months of mortgage payments. The result was not one Greeley-Weld Habitat family had to worry about losing their homes because of the pandemic.

The Restore was closed to the public for five weeks, to protect the public and staff. This resulted in an estimated loss in revenue of over \$85,000. Revenue from the Restore helps pay a portion of Greeley-Weld Habitat's administrative costs and closing it meant paying those costs out of cash reserves. As described in Note 5, Greeley-Weld Habitat received a loan under the PPP in the amount of \$173,800, which did allow all Restore employees to be compensated during the pandemic and help cover certain administration costs. Without this, the loss of revenue, could have put the organization in a diminished position to financially assist struggling families and continue to build affordable homes.

The governor has deemed construction, especially of affordable housing, essential. As a result, Greeley-Weld Habitat's construction team continued to put families in homes, by building throughout the pandemic without volunteers. Construction costs have also been affected by the significant rise in the cost of lumber.

Despite these challenges, due to increased grant revenues, charitable giving, and PPP funding, Greeley-Weld Habitat was able to continue operations and increase home production to serve local families in desperate need of a safe and affordable homes to shelter in.

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SUPPLEMENTARY INFORMATION

**GREELEY AREA HABITAT FOR HUMANITY, INC**  
**dba GREELEY- WELD HABITAT FOR HUMANITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

Agency/Program Grant Title	CFDA Number	Expenditures
<u>Department of Housing and Urban Development</u>		
Passed Through Habitat for Humanity of Colorado:		
CDBG-Disaster Recovery	14.269	\$ 1,072,500
HOME Investment Partnership Program	14.239	42,500
Passed Through City of Greeley and GURA:		
HOME Investment Partnership Program	14.239	184,969
Total Federal Assistance		\$ 1,299,969

Note: Schedule is prepared on the accrual basis of accounting.  
There are no significant sub-recipients

The organization does not utilize the 10% de minimis rate for indirect costs.



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  
Greeley Area Habitat for Humanity, Inc.  
dba Greeley-Weld Habitat for Humanity  
Greeley, Colorado

We have audited in accordance with auditing standards generally accepted in the United States 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 Greeley-Weld Habitat for Humanity and the related notes to the financial statements as of and for the year ended June 30, 2020, which collectively comprise the basic financial statements and have issued our report thereon dated January 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Greeley-Weld Habitat for Humanity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greeley-Weld Habitat for Humanity's internal control. Accordingly, we do not express an opinion on the effectiveness of Greeley-Weld Habitat for Humanity'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 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 Greeley-Weld Habitat for Humanity'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Greeley-Weld Habitat for Humanity 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.

*Anderson + Whitney, P.C.*

January 19, 2021



Independent Auditors' Report on Compliance for Each Major Federal Program  
and Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors  
Greeley Area Habitat for Humanity, Inc.  
dba Greeley-Weld Habitat for Humanity  
Greeley, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Greeley-Weld Habitat for Humanity's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Greeley-Weld Habitat for Humanity's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Greeley-Weld Habitat for Humanity's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Greeley-Weld Habitat for Humanity complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its major federal program for the year ended June 30, 2020.

### **Internal Control Over Compliance**

The management of Greeley-Weld Habitat for Humanity is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Greeley-Weld Habitat for Humanity's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greeley-Weld Habitat for Humanity's internal control over compliance.

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

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

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

*Anderson + Whitney, P.C.*

**GREELEY AREA HABITAT FOR HUMANITY, INC.  
dba GREELEY-WELD HABITAT FOR HUMANITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2020**

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**SUMMARY OF AUDITORS' RESULTS**

- Type of report issued on financial statements Unmodified
- Internal control over financial reporting:
  - Material weaknesses identified No
  - Significant deficiencies identified None reported
- Noncompliance material to the financial statements noted No
- Internal control over federal awards:
  - Material weaknesses identified No
  - Significant deficiencies identified No
- Type of report issued on major program Unmodified
- Audit findings disclosed None under .510(a).
- Major program 14.269 CDBG Disaster Recovery
- Dollar threshold between Type A and Type B programs \$750,000
- Low-risk auditee No

**FINDINGS RELATED TO FINANCIAL STATEMENTS**

- None Reported

**FINDINGS RELATED TO FEDERAL PROGRAMS**

- None Reported