



## FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021



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## **Independent Auditors' Report**

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

### **Opinion**

We have audited the financial statements of Greeley Area Habitat for Humanity, Inc., dba Greeley-Weld Habitat for Humanity, which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Greeley-Weld Habitat for Humanity as of June 30, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Greeley-Weld Habitat for Humanity 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 of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greeley-Weld Habitat for Humanity's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Greeley-Weld Habitat for Humanity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greeley-Weld Habitat for Humanity'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.

*Anderson & Whitney, P.C.*

January 17, 2023

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

**STATEMENTS OF FINANCIAL POSITION**

June 30	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,115,071	\$ 1,912,151
Restricted cash:		
Homeowners escrow accounts	17,435	50,041
Homeowners' associations accounts	59,151	33,941
Gift cards	1,189	3,961
Receivables:		
Current portion of mortgages, net of discount	85,866	101,748
Grants and other	23,774	156
ReStore inventory	47,110	45,081
Prepaid permit fees	327,016	416,202
Homes under construction	1,457,318	696,166
<b>Total Current Assets</b>	<b>5,133,930</b>	<b>3,259,447</b>
Property and Equipment:		
Land and land improvements - Habitat North HOA	6,515	142,207
Land - Resource Center	-	24,289
Building - Resource Center	-	135,133
ReStore equipment and fixtures	142,741	75,372
Equipment and other	405,713	184,873
	554,969	561,874
Less: Accumulated Depreciation	165,538	302,865
<b>Total Property and Equipment</b>	<b>389,431</b>	<b>259,009</b>
Other Assets:		
Mortgages receivable, net of discount and current portion	1,631,451	1,933,214
Land development costs	2,227,021	2,512,692
Beneficial interest in assets held by Community Foundation	21,806	21,006
Other assets	29,161	42,160
Right of use asset - ReStore lease	577,915	-
<b>Total Other Assets</b>	<b>4,487,354</b>	<b>4,509,072</b>
<b>TOTAL ASSETS</b>	<b>\$ 10,010,715</b>	<b>\$ 8,027,528</b>

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

**STATEMENTS OF FINANCIAL POSITION - Continued**

June 30	2022	2021
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 307,804	\$ 47,231
Payroll liabilities	80,584	83,545
Accrued expenses and other liabilities	26,270	38,101
Lease liability - ReStore lease	121,691	-
PPP loan	-	173,800
<b>Total Current Liabilities</b>	<b>536,349</b>	<b>342,677</b>
Long Term Debt		
Notes payable	529,550	524,500
Lease liability - ReStore operating lease	485,478	-
<b>Total Long Term Liabilities</b>	<b>1,015,028</b>	<b>524,500</b>
<b>Total Liabilities</b>	<b>1,551,377</b>	<b>867,177</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	6,006,071	4,465,486
Investment in mortgages receivable	1,717,317	2,034,962
Board designated	735,950	511,877
With donor restrictions	-	148,026
<b>Total Net Assets</b>	<b>8,459,338</b>	<b>7,160,351</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,010,715</b>	<b>\$ 8,027,528</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	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Revenue:</b>			
Home sales	\$ 1,176,000	\$ -	\$ 1,176,000
Mortgage discount amortization	95,344	-	95,344
Gain on sale of mortgages	252,029	-	252,029
ReStore sales	864,004	-	864,004
<b>Contributions:</b>			
Corporate	91,204	45,000	136,204
Individual	148,193	100,000	248,193
Foundations	102,241	50,000	152,241
Churches and civic groups	18,013	-	18,013
Donated materials and services	152,959	-	152,959
Special events	154,552	200,000	354,552
Grants	213,607	395,698	609,305
Net assets released from restrictions	938,724	(938,724)	-
<b>Total Revenue</b>	<b>4,206,870</b>	<b>(148,026)</b>	<b>4,058,844</b>
<b>Expenses:</b>			
Home construction	1,680,697	-	1,680,697
Family support	125,993	-	125,993
ReStore	995,731	-	995,731
Fund raising	200,156	-	200,156
Management and general	440,729	-	440,729
<b>Total Expenses</b>	<b>3,443,306</b>	<b>-</b>	<b>3,443,306</b>
<b>Change in Net Assets from Operations</b>	<b>763,564</b>	<b>(148,026)</b>	<b>615,538</b>
<b>Other Income and Expense:</b>			
Oil and gas royalties	55,665	-	55,665
Miscellaneous	189,643	-	189,643
Homeowners' Association, net	1,865	-	1,865
Gain (loss) on assets	436,276	-	436,276
<b>Total Other Income and Expense, Net</b>	<b>683,449</b>	<b>-</b>	<b>683,449</b>
<b>Change in Net Assets</b>	<b>1,447,013</b>	<b>(148,026)</b>	<b>1,298,987</b>
<b>Net Assets, Beginning of Year</b>	<b>7,012,325</b>	<b>148,026</b>	<b>7,160,351</b>
<b>Net Assets, End of Year</b>	<b>\$ 8,459,338</b>	<b>\$ -</b>	<b>\$ 8,459,338</b>

See Accompanying Notes to Financial Statements.

2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 927,000	\$ -	\$ 927,000
95,063	-	95,063
86,120	-	86,120
878,367	-	878,367
58,585	40,000	98,585
117,255	18,000	135,255
22,716	40,000	62,716
6,845	-	6,845
107,914	-	107,914
217,934	40,100	258,034
351,538	115,500	467,038
344,574	(344,574)	-
3,213,911	(90,974)	3,122,937
1,585,285	-	1,585,285
79,642	-	79,642
696,963	-	696,963
178,745	-	178,745
399,068	-	399,068
2,939,703	-	2,939,703
274,208	(90,974)	183,234
16,212	-	16,212
185,789	-	185,789
5,017	-	5,017
(2,623)	-	(2,623)
204,395	-	204,395
478,603	(90,974)	387,629
6,533,722	239,000	6,772,722
\$ 7,012,325	\$ 148,026	\$ 7,160,351

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

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30	2022					
	Home Construction	Family Support	ReStore	Fund Raising	Management and General	Total
<b>Personnel Costs:</b>						
Salaries and wages	\$ 179,432	\$ 93,543	\$ 419,259	\$ 138,378	\$ 258,447	\$ 1,089,059
Employee fringe benefits	39,934	12,326	45,700	7,743	32,479	138,182
Payroll taxes	15,085	7,166	35,483	10,804	15,062	83,600
<b>Total Personnel Costs</b>	<b>234,451</b>	<b>113,035</b>	<b>500,442</b>	<b>156,925</b>	<b>305,988</b>	<b>1,310,841</b>
Advertising	-	-	5,064	-	5,693	10,757
Discounts on mortgages issued	-	-	-	-	-	-
Cost of homes transferred to homeowners	1,407,284	-	-	-	-	1,407,284
Credit card processing	-	-	12,085	-	-	12,085
Depreciation	4,831	2,477	23,660	-	10,483	41,451
Dues and Tithe	9,029	-	-	-	12,648	21,677
Food and amenities	-	-	905	11,049	1,064	13,018
Grant application fees	-	-	-	3,600	-	3,600
Insurance	19,147	-	16,553	-	4,390	40,090
Interest and financing fees	5,000	-	-	-	-	5,000
Office supplies	-	2,741	41,059	2,477	34,366	80,643
Other costs	955	2,919	733	7,317	16,604	28,528
Special events	-	-	-	7,531	-	7,531
Postage & printing	-	3,842	-	10,278	456	14,576
Professional fees	-	-	833	-	30,183	31,016
Purchased inventory sold	-	-	93,483	-	-	93,483
Rent	-	979	145,810	979	1,031	148,799
Repair and maintenance	-	-	90,357	-	7,314	97,671
Telephone	-	-	7,721	-	4,907	12,628
Utilities and trash removal	-	-	43,517	-	5,602	49,119
Vehicle expenses	-	-	13,509	-	-	13,509
	<b>\$ 1,680,697</b>	<b>\$ 125,993</b>	<b>\$ 995,731</b>	<b>\$ 200,156</b>	<b>\$ 440,729</b>	<b>\$ 3,443,306</b>
Percentage of total expenses	49%	4%	29%	6%	13%	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	2021					Total
	Home Construction	Family Support	ReStore	Fund Raising	Management and General	
<b>Personnel Costs:</b>						
Salaries and wages	\$ 197,567	\$ 57,324	\$ 354,278	\$ 122,550	233,895	\$ 965,614
Employee fringe benefits	44,722	9,663	40,057	7,826	28,523	130,791
Payroll taxes	15,978	4,566	29,447	9,033	13,518	72,542
<b>Total Personnel Costs</b>	<b>258,267</b>	<b>71,553</b>	<b>423,782</b>	<b>139,409</b>	<b>275,936</b>	<b>1,168,947</b>
Advertising	-	-	7,524	-	19,731	27,255
Discounts on mortgages issued	167,406	-	-	-	-	167,406
Cost of homes transferred to homeowners	1,128,391	-	-	-	-	1,128,391
Credit card processing	-	-	11,305	-	-	11,305
Depreciation	4,831	2,703	24,034	-	13,100	44,668
Dues and tithing	3,464	-	-	-	3,882	7,346
Food and amenities	-	-	468	4,748	203	5,419
Grant application fees	-	-	-	20,000	-	20,000
Insurance	18,517	-	16,144	-	4,151	38,812
Interest and financing fees	5,000	-	-	-	-	5,000
Office supplies	-	1,807	22,664	2,188	27,601	54,260
Other costs	(591)	430	83	4,315	10,367	14,604
Special events	-	-	-	2,074	-	2,074
Postage and printing	-	3,149	-	6,011	543	9,703
Professional fees	-	-	315	-	32,738	33,053
Purchased inventory sold	-	-	65,259	-	-	65,259
Rent	-	-	90,000	-	-	90,000
Repair and maintenance	-	-	9,541	-	2,250	11,791
Telephone	-	-	7,307	-	3,466	10,773
Utilities and trash removal	-	-	11,284	-	5,100	16,384
Vehicle expenses	-	-	7,253	-	-	7,253
	<b>\$ 1,585,285</b>	<b>\$ 79,642</b>	<b>\$ 696,963</b>	<b>\$ 178,745</b>	<b>\$ 399,068</b>	<b>\$ 2,939,703</b>
Percentage of total expenses	54%	3%	24%	6%	14%	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	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Cash received from contributions, grants, and other funding sources	\$ 3,606,915	\$ 2,655,818
Cash paid to employees and suppliers	(3,220,342)	(3,023,174)
Interest received	904	649
Interest paid	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>387,477</b>	<b>(366,707)</b>
<b>Cash Flows from Investing Activities:</b>		
Payments received on mortgages receivable	235,751	232,260
Proceeds from sale of mortgages receivable	429,267	164,226
Acquisition of property, equipment and vehicles	(335,257)	-
Land development costs (Northview, Mission Homestead)	(123,259)	(170,965)
Proceeds from sale of assets	598,723	2,000
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>805,225</b>	<b>227,521</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from PPP loan	-	173,800
Proceeds from long term debt	50	19,500
<b>Net Cash Provided by Financing Activities</b>	<b>50</b>	<b>193,300</b>
Net Increase in Cash	1,192,752	54,114
Cash, cash equivalents, and restricted cash, Beginning of Year	2,000,094	1,945,980
<b>Cash, cash equivalents, and restricted cash, End of Year</b>	<b>\$ 3,192,846</b>	<b>\$ 2,000,094</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	2022	2021
Reconciliation of Change in Net Assets to Net Cash from		
Operating Activities:		
Change in net assets	\$ 1,298,987	\$ 387,629
Adjustments:		
Depreciation	41,451	44,668
New mortgages transferred to homeowners, net of discount	-	(95,594)
Amortization of mortgage discounts	(95,344)	(95,063)
(Gain) loss on assets and reinvested earnings	(436,139)	2,617
Gain on sale of mortgage receivable	(252,029)	(86,120)
Loan forgiveness	(173,800)	(173,800)
Donated assets	-	(26,000)
Land development costs allocated to homeowners	408,930	335,403
(Increase) decrease in:		
ReStore inventory	(2,029)	(5,936)
Grants receivable	(23,618)	7,000
Construction in progress	(761,152)	(420,833)
Other assets	12,999	(12,999)
Prepaid permit fees	89,186	178,372
Right-of-use asset - ReStore operating lease	(577,915)	-
Increase (decrease) in:		
Accounts payable	260,573	(457,275)
Payroll liabilities	(2,961)	2,944
Accrued expenses and other liabilities	(6,831)	48,280
Lease liability - ReStore operating lease	607,169	-
Net Cash Provided (Used) by Operating Activities	\$ 387,477	\$ (366,707)
Noncash Financing and Investing Activities	\$ -	\$ -

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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Prepaid permit fees:

Prepaid permit fees consist of amounts paid to the City of Evans for homes to be built in the Mission Homestead development. Construction on these homes is expected to be complete in June, 2022.

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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:**

Inventory and ReStore Donations:

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.

Restore sales in the Statement of Activities includes \$752,090 and \$798,090 of revenue from donated items for the years ended June 30, 2022, and 2021, respectively. Greeley-Weld Habitat received \$750,795 and \$796,785 in ReStore donations for the years ended June 30, 2022, and 2021, respectively of which \$27,995 and 29,290 is included in inventory at June 30, 2022 and 2021 respectively.

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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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Leases:

As of July 1, 2021, Greeley-Weld Habitat adopted Accounting Standards Update (ASU) Topic 842, *Leases*. Greeley-Weld Habitat determines if an arrangement is or contains a lease at inception. Greeley-Weld Habitat elects an accounting policy by class of underlying asset to treat each separate lease component together with the non-lease components related to it as one combined unit of account. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and the ROU assets also include prepaid or accrued rent, if applicable.

**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:**

Leases – Continued

Operating lease expense is recognized on a straight-line basis over the lease term and included in the Rent line item.

An accounting policy election was made to not recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and would be reduced by any lease incentives. To determine the present value of lease payments, an accounting policy election was made to utilize a risk-free borrowing rate.

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Revenue Recognition:

Greeley-Weld Habitat recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

*Sale of Homes:*

Revenue from homes sold to qualified buyers is recognized at the date of closing which is the point in time the Organization has determined to have satisfied the performance obligation.

*Sale of Mortgages:*

At times, existing mortgages are sold to third party organizations. The revenue for these transactions is recognized at the date of sale which is the point in time the Organization has determined to have satisfied the performance obligation.

*ReStore:*

The sale of donated and purchased goods to individuals at the ReStore location are recognized at the date of sale as this is the point in time the Organization has determined to satisfy the performance obligation. Customers may return certain items within a specified number of days for an in-store credit. Management has determined that returns are not significant and has not included an estimate in the financial statements. Sales taxes collected are excluded from revenue.

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**NOTES TO FINANCIAL STATEMENTS**

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

Revenue Recognition - Continued:

*Grants:*

Grant revenue is received from governmental and private sources. Reimbursable grants are recognized in revenue upon certain performance requirements and/or the incurrence of allowable qualifying expenses. 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 statement of financial position date.

The transaction price is the amount of consideration to which Greeley-Weld Habitat expects to be entitled in exchange for transferring the goods or services to the customer.

Greeley Weld Habitat records a receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. When consideration is received and revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. Greeley-Weld Habitat does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset. Beginning balances of receivables as of July 1, 2020, were \$2,161,827. There was no balance in deferred revenue as of July 1, 2022.

Practical Expedients: Greeley-Weld Habitat does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, or (ii) contracts for which the amount of revenue recognized is based on the amount to which the organization has the right to invoice the customer for services performed.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

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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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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. Greeley-Weld Habitat did not monetize these nonfinancial assets. Unless, otherwise noted, contributed nonfinancial assets did not have donor restrictions.

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**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 2022 amounts may have been reclassified for comparison purposes with the 2021 financial statement presentation. The reclassifications had no effect on the change in net assets.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
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**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, 2022 and 2021, 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.

June 30	2022	2021
Financial Assets at Year End:		
Demand bank account and cash on hand	\$ 3,115,071	\$ 1,912,151
Accounts receivable	23,774	156
Mortgages receivable, current portion	85,866	101,748
	3,224,711	2,014,055
Net Assets with Donor Restrictions	--	(148,026)
Board Designations for Programs and Projects	(735,950)	(511,877)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 2,488,761	\$ 1,354,152

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**NOTE 3 – Mortgages Receivable:**

Greeley-Weld Habitat may retain the mortgage on the homes they sell. The mortgages are zero rate equivalency loans 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.**  
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**NOTES TO FINANCIAL STATEMENTS**

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

Mortgages receivable at June 30, 2022 and 2021 consisted of the following:

June 30	2022	2021
Mortgages receivable	\$ 3,172,430	\$ 3,793,419
Unamortized discount	(1,455,113)	(1,758,457)
Mortgages receivable, net	1,717,317	2,034,962
Current portion of mortgages receivable	(85,866)	(101,748)
Long term portion of mortgages receivable	\$ 1,631,451	\$ 1,933,214

At June 30, 2022 and 2021, there were six and three mortgages, respectively, that were delinquent more than 90 days. These mortgages had face amounts totaling \$268,551 and \$79,010 and discounted balances of \$161,131 and \$47,722, respectively. Management has determined that the fair value of the mortgaged properties exceeds the discounted balances of the mortgages at June 30, 2022 and 2021 and has therefore not established an estimated loss allowance for these mortgages.

**Loans Sold to CHFA:**

Since 2002 and through June 30, 2022, 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, 2022, the balances of these mortgages, which are not reported in the accompanying financial statements, are estimated to be \$987,500.

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, 2022 and 2021.

**Loans Sold to Bank:**

In June 2017 and August 2019, Greeley-Weld Habitat sold its interest in certain mortgages receivable to Independent Bank receiving \$720,757 and \$487,307 in cash proceeds, respectively.

During the years ended June 30, 2022 and 2021, Greeley-Weld Habitat sold its interest in certain mortgages receivable to Independent Bank receiving \$290,640 and \$157,951, respectively. The transactions qualified to be recorded as a sale in the accompanying financial statements, resulting in a gain of \$143,870, and \$79,845, respectively.

Greeley-Weld Habitat continues to service these loans on behalf of the Bank. At June 30, 2022, the outstanding principal balance of the mortgages purchased by the Bank that are guaranteed and serviced by Greeley-Weld Habitat totaled \$1,433,822.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
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**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 had a \$436,000 line of credit with U.S. Bank that matured in April 2022. Advances on the line of credit would have accrued interest at US Bank Prime minus 100 basis points. The arrangement was 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, 2021, and the line was discontinued at maturity with the planned sale of the property used as collateral in June 2022.

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**NOTE 5 – Long-Term Debt:**

June 30	2022	2021
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.	\$ 510,000	\$ 505,000
Promissory note to Habitat for Humanity International dated December 2020, in the amount of \$19,500 with no interest, payable in monthly payments of \$406, due January 2027.	19,500	19,500
Paycheck Protection Program loan	--	173,800
<b>Total Long-Term Debt</b>	<b>\$ 529,500</b>	<b>\$ 698,300</b>

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

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

In February 2021, 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 was 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 received full forgiveness on the PPP loan received in February 2021 in September 2021.

As of June 30, 2022, annual maturities of long-term debt are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ --
2024	3,248
2025	4,872
2026	4,872
2027	4,872
2028-2032	42,779
2033-2037	82,714
2038	426,142
	<u>\$ 569,500</u>

The annual maturities include interest totaling \$50,000 accruing during deferred payment period.

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**NOTE 6 – Operating Lease:**

Greeley-Weld Habitat had a lease arrangement for its ReStore location that expired October 31, 2019. The arrangement continued on a month-by-month basis through March 2022 and required monthly payments of \$7,500. Rent expense under this arrangement was \$67,500 and \$90,000 for fiscal years 2022 and 2021, respectively.

Greeley Weld Habitat entered into a lease arrangement for the new ReStore location on December 10, 2021. The operating lease cost for the new agreement was \$81,060 in fiscal year 2022. The lease requires payments of \$11,000 per month with a \$500 per month annual increase for each of the 5 years covered under this agreement. The lease term expires December 2026.

Greeley -Weld Habitat has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 – Operating Lease - continued:**

Future maturities of lease liabilities are as follows:

Year Ending June 30,	Amount
2023	\$ 135,500
2024	141,500
2025	147,500
2026	153,500
2027	65,000
Total Lease Payments	643,000
Less: Present Value Discount	(35,831)
Total Lease Obligations	\$ 607,169

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, 2022 and 2021, Greeley-Weld Habitat received royalties totaling \$55,665 and \$16,212, respectively.

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**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:

June 30	2022	2021
Operating expense reserve	\$ 113,747	\$ 93,968
ReStore operating reserve	120,050	149,194
Home construction	496,653	263,015
Property acquisition & development	5,500	5,700
	\$ 735,950	\$ 511,877

As of June 30, 2022, and 2021, net assets totaling \$0 and \$148,026, respectively have been donor-restricted for building single-family residences.

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**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
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**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. Work was substantially completed in fiscal year 2022.

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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, 2022 and 2021 were \$13,259 and \$12,148, respectively.

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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.

**GREELEY AREA HABITAT FOR HUMANITY, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – Endowment Fund - continued:**

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, 2022:

	Board Designated	
	2022	2021
Endowment net assets, beginning of year	\$ 21,006	\$ 20,000
Contributions	--	--
Net realized and unrealized gains (losses)	937	1,000
Interest and dividends	448	107
Appropriation of endowment assets for expenditure	--	--
Investment management fees	(585)	(101)
<u>Endowment net assets, end of year</u>	<u>\$ 21,806</u>	<u>\$ 21,006</u>

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**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).

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**NOTES TO FINANCIAL STATEMENTS**

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

The following table presents these assets by caption and by level within the valuation hierarchy as of June 30, 2022 and 2021:

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, 2022</u>				
Beneficial interest in assets held by WCF	\$ 21,806	\$ --	\$ --	\$ 21,806
Impaired Mortgages	161,131	--	161,131	--
Development Land	2,227,021	--	2,227,021	--
<u>June 30, 2021</u>				
Beneficial interest in assets held by WCF	\$ 21,006	\$ --	\$ --	\$ 21,006
Impaired Mortgages	47,722	--	47,722	--
Development Land	2,512,692	--	2,512,692	--

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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**NOTES TO FINANCIAL STATEMENTS**

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

Greeley-Weld Habitat remits a portion of its contributions to Habitat for Humanity International. For years ended June 30, 2022, and 2021, \$8,704 and \$3,404 respectively was contributed. The organization was awarded grants directly from Habitat for Humanity International and has recognized grant revenue of \$62,233 and \$159,704 for the years ended June 30, 2022, and 2021, respectively.

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, 2022 and 2021, Greeley-Weld recognized grant revenue of \$91,270 and \$31,000, respectively, and remitted grant fees of \$7,500 and \$0 respectively, in connection with these grant funds.

Roche Constructors is the employer of a Greeley-Weld Habitat board member. Greeley-Weld Habitat entered into a contract with Roche Constructors for the infrastructure on the Mission Homestead subdivision. The total cost incurred on the contract was \$1,109,224 and was paid in full as of June 30, 2022.

A board member provided professional real estate development consulting services including discussions with third party owners, architects, civil engineers, and municipal staff. These services were valued at \$26,000, for the year ended June 30, 2021.

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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 Greeley-Weld Habitat for Humanity.

Due to increased grant revenues, charitable giving, and PPP funding, Greeley-Weld Habitat has been 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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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 14 – Subsequent Event:**

Greeley-Weld Habitat is launching an innovative, climate friendly community, Hope Springs. In December 2022, a donation of land and water for this development valued at \$8,820,000 was received. Additionally, a combined \$5,547,000 has been awarded by private community partners and government agencies.

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