

Greater Fox Cities Area Habitat for Humanity, Inc. and
Subsidiaries

Financial Report

June 30, 2025



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GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated statement of financial position	4
Consolidated statement of activities	6
Consolidated statement of functional expenses	7
Consolidated statement of cash flows	8
Notes to financial statements	10
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	31
DHS COST REIMBURSEMENT AWARD SCHEDULE	33
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	34
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE <i>STATE SINGLE AUDIT GUIDELINES</i>	36
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries
Menasha, WI

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, and the accompanying DHS cost reimbursement award schedule, as required by the *Department of Health Services Audit Guide*, are presented for purposes of additional analysis and are 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 applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended June 30, 2024, is derived from Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' financial statements for that year, which were audited by other auditors whose report dated February 26, 2025 expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' internal control over financial reporting and compliance.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

December 1, 2025

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2025

WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 765,365	\$ 1,599,468
Certificates of deposit	164,388	358,928
Accounts receivable, net of allowance for credit losses of \$5,237 and \$6,249 as of June 30, 2025 and 2024, respectively	14,466	16,882
Mortgage sales receivable	0	585,834
Note receivable	0	527,832
Unconditional promises to give and grants receivable, current	688,725	364,648
Mortgage loans receivable, current	315,000	220,000
Prepaid expenses	92,825	110,797
Inventories:		
Building and ReStore materials	227,018	347,413
Homes under construction and rehabilitation in process	2,802,023	2,112,269
Property held for development and rehabilitation, current	93,155	833,643
Beneficial interest in assets held by Community Foundation, current	610,000	500,000
 Total current assets	 5,772,965	 7,577,714
PROPERTY AND EQUIPMENT, Net	2,942,381	2,990,188
OPERATING LEASE RIGHT-OF-USE ASSETS	94,619	120,965
OTHER ASSETS		
Unconditional promises to give and grants receivable, long-term	567,366	23,812
Property held for development and rehabilitation, long-term	2,230,764	1,071,034
Investment in partnership	48,950	48,950
Beneficial interest in assets held by Community Foundation, long-term	6,074,130	6,099,211
Mortgage loans receivable, net of allowance for credit losses of \$31,193 and \$36,402 as of June 30, 2025 and 2024, respectively, long-term	2,206,370	1,224,528
Rental properties, net	0	514,656
 Total other assets	 11,127,580	 8,982,191
TOTAL ASSETS	\$ 19,937,545	\$ 19,671,058

The accompanying notes are an integral part of these financial statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

June 30, 2025

WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating lease liabilities, current	\$ 58,025	\$ 48,806
Notes payable, current	684,754	159,057
Line of credit	300,000	0
Accounts payable	276,442	518,373
Accrued expenses	489,307	303,714
Mortgage escrows	45,573	245,280
Deferred revenue	41,581	31,448
Refundable advance	493,114	558,637
Total current liabilities	2,388,796	1,865,315
LONG-TERM LIABILITIES		
Notes payable, net, less current maturities	1,771,582	2,414,005
Operating lease liabilities, less current portion	36,594	72,159
Total long-term liabilities	1,808,176	2,486,164
TOTAL LIABILITIES	4,196,972	4,351,479
NET ASSETS		
Net assets without donor restrictions	13,044,952	13,803,583
Net assets with donor restrictions	2,695,621	1,515,996
Total net assets	15,740,573	15,319,579
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,937,545</u>	<u>\$ 19,671,058</u>

The accompanying notes are an integral part of these financial statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2025

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

	Without donor restrictions	With donor restrictions	Totals	
			2025	2024
Changes in net assets:				
Support and other revenue:				
Contributions	\$ 452,213	\$ 2,670,280	\$ 3,122,493	\$ 2,872,733
Grants	3,944,019	0	3,944,019	3,161,094
Contributed nonfinancial assets	1,385,991	0	1,385,991	1,413,900
Sales to homebuyers	4,224,155	0	4,224,155	3,824,162
Owner-occupied home repair services	22,653	0	22,653	267,190
Mortgage loans discount amortization	156,897	0	156,897	127,144
ReStore sales	1,101,176	0	1,101,176	1,250,127
Return on beneficial interest on assets held by Community Foundation	647,919	0	647,919	538,789
Investment and interest income	39,997	0	39,997	76,981
Gain on sale of mortgages	389,459	0	389,459	1,874,862
Gain on collection of second mortgages	44,553	0	44,553	11,268
Gain on sale of assets	196,265	0	196,265	0
Rent income	51,036	0	51,036	71,438
Other income	46,238	0	46,238	37,094
Net assets released from restrictions	1,490,655	(1,490,655)	0	0
Total support and other revenue	14,193,226	1,179,625	15,372,851	15,526,782
Expenses:				
Program services:				
Housing	11,084,911	0	11,084,911	10,422,722
ReStore	1,994,886	0	1,994,886	2,107,352
Total program services	13,079,797	0	13,079,797	12,530,074
Supporting services:				
Management and general	1,098,294	0	1,098,294	907,170
Fundraising	773,766	0	773,766	605,539
Total supporting services	1,872,060	0	1,872,060	1,512,709
Total expenses	14,951,857	0	14,951,857	14,042,783
Change in net assets	(758,631)	1,179,625	420,994	1,483,999
Net assets, beginning	13,803,583	1,515,996	15,319,579	13,835,580
Net assets, ending	\$ 13,044,952	\$ 2,695,621	\$ 15,740,573	\$ 15,319,579

The accompanying notes are an integral part of these financial statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

	Program services			Supporting services			Totals	
	Housing	ReStore	Total program services	Management and general	Fundraising	Total supporting services	2025	2024
Expenses:								
Salaries and wages	\$ 1,205,444	\$ 455,724	\$ 1,661,168	\$ 699,928	\$ 500,555	\$ 1,200,483	\$ 2,861,651	\$ 2,323,454
Employee benefits and payroll taxes	329,086	128,513	457,599	131,183	100,229	231,412	689,011	531,713
Cost of sales to homebuyers	3,852,750	0	3,852,750	0	0	0	3,852,750	4,095,536
Cost of owner-occupied home repair services	2,635,585	0	2,635,585	0	0	0	2,635,585	2,041,908
Closing costs	53,895	0	53,895	0	0	0	53,895	55,216
Mortgage loans discount	2,263,623	0	2,263,623	0	0	0	2,263,623	2,241,521
Cost of purchased goods sold	0	175,997	175,997	0	0	0	175,997	191,283
Value of donated goods sold	0	863,249	863,249	0	0	0	863,249	874,647
Professional fees	79,961	38,898	118,859	121,200	19,959	141,159	260,018	293,722
Office and technology	87,527	33,016	120,543	34,745	22,981	57,726	178,269	162,965
Occupancy	50,096	84,963	135,059	16,573	7,133	23,706	158,765	255,768
Insurance	63,208	6,923	70,131	26,954	11,047	38,001	108,132	97,364
Tools and equipment	96,256	23,778	120,034	0	4,556	4,556	124,590	124,215
Advertising	30,495	6,058	36,553	15,633	69,171	84,804	121,357	143,332
Fuel and travel	28,752	8,105	36,857	1,027	1,998	3,025	39,882	40,459
Meetings and conferences	12,934	6,006	18,940	17,663	3,059	20,722	39,662	46,007
Tithe and fees to HFHI	93,991	6,204	100,195	5,833	4,624	10,457	110,652	91,500
Interest	21,669	71,848	93,517	5,115	1,548	6,663	100,180	100,134
Credit card fees	0	20,433	20,433	0	1,747	1,747	22,180	27,970
Lead program administration	74,457	0	74,457	0	0	0	74,457	44,672
Volunteer support	16,892	11,995	28,887	77	0	77	28,964	27,475
Depreciation	50,400	51,509	101,909	2,328	2,316	4,644	106,553	131,355
Other	37,890	1,667	39,557	20,035	22,843	42,878	82,435	100,567
Total expenses	<u>\$ 11,084,911</u>	<u>\$ 1,994,886</u>	<u>\$ 13,079,797</u>	<u>\$ 1,098,294</u>	<u>\$ 773,766</u>	<u>\$ 1,872,060</u>	<u>14,951,857</u>	<u>14,042,783</u>

The accompanying notes are an integral part of these financial statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2025

WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 420,994	\$ 1,483,999
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for credit losses	(5,209)	42,651
Depreciation	106,553	131,355
Amortization of operating lease right-of-use assets	55,511	81,284
Change in present value discount on promise to give	72,723	197
Return on beneficial interest in assets held by Community Foundation	(647,919)	(538,789)
Discount on mortgage loans receivable	2,263,623	2,241,521
Mortgage discount amortization	(156,897)	(127,144)
Discount on notes payable	(17,786)	(23,001)
Amortization of notes payable discount	13,604	9,621
Noncash sales to homebuyers	(4,167,790)	(3,692,238)
Noncash owner-occupied home repairs services	(87,551)	(241,244)
Noncash contribution of property and equipment	0	(9,700)
Noncash contribution of rental properties	0	(7,801)
Gain on sale of mortgages	(388,761)	(1,874,862)
Gain on second mortgages	(45,251)	(11,268)
Gain on sale of assets	(196,265)	0
Loss (gain) on sale of property and equipment	(2,750)	1,269
Increase (decrease) in cash due to changes in:		
Accounts receivable	2,416	(11,017)
Unconditional promises to give and grants receivable	(940,354)	(168,531)
Mortgage sales receivable	585,834	(585,834)
Prepaid expenses	17,972	(37,735)
Inventory	(491,700)	(177,994)
Mortgage escrows	(199,707)	5,113
Accounts payable	(241,931)	232,113
Accrued expenses	185,593	50,339
Deferred revenue	10,133	(18,039)
Refundable advance	(65,523)	(76,759)
Operating lease liabilities	(55,511)	(81,284)
Net cash used in operating activities	(3,975,949)	(3,403,778)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	0	(158,822)
Proceeds from maturities of certificates of deposit	194,540	101,582
Purchase of property and equipment	(38,241)	(9,819)
Purchase of rental properties	0	(88,332)
Issuance of notes receivable	527,832	(527,832)
Proceeds from sales of mortgage loans receivable	1,134,457	3,103,135
Collections received on mortgage loans receivable	457,817	341,206
Collections on second mortgages	114,985	11,268
Distribution from beneficial interest in assets held by Community Foundation	563,000	600,000
Net cash provided by investing activities	2,954,390	3,372,386

The accompanying notes are an integral part of these financial statements.

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended June 30, 2025

WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	\$ 57,637	\$ 75,936
Proceeds from line of credit	300,000	0
Payments on notes payable	<u>(170,181)</u>	<u>(272,105)</u>
Net cash provided by (used in) financing activities	<u>187,456</u>	<u>(196,169)</u>
Change in cash, cash equivalents, and restricted cash	(834,103)	(227,561)
Cash, cash equivalents, and restricted cash:		
Beginning	<u>1,599,468</u>	<u>1,827,029</u>
Ending	<u><u>\$ 765,365</u></u>	<u><u>\$ 1,599,468</u></u>
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash payments for interest	<u><u>\$ 86,576</u></u>	<u><u>\$ 90,513</u></u>
SUPPLEMENTAL SCHEDULE(S) OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Sales to homebuyers for which mortgage loans receivable were obtained	<u><u>\$ 4,167,790</u></u>	<u><u>\$ 3,692,238</u></u>
Owner-occupied home repair services for which mortgage loans receivable were obtained	<u><u>\$ 87,551</u></u>	<u><u>\$ 241,244</u></u>
Transfer of property held for development and rehabilitation to (from) rental properties	<u><u>\$ (496,901)</u></u>	<u><u>\$ (473,979)</u></u>
Contribution of property and equipment	<u><u>\$ 0</u></u>	<u><u>\$ 9,700</u></u>
Contribution of rental properties	<u><u>\$ 0</u></u>	<u><u>\$ 7,801</u></u>
Operating lease right-of-use assets obtained in exchange for lease liabilities	<u><u>\$ 29,165</u></u>	<u><u>\$ 105,563</u></u>

The accompanying notes are an integral part of these financial statements.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A -- Nature of business and significant accounting policies

Nature of business

The consolidated financial statements include the accounts of Greater Fox Cities Area Habitat for Humanity, Inc.; Jacobsen Prairie Project, LLC; and Gillett Street Project, LLC (collectively, the organization).

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

In September 2024, the organization formed a wholly-owned, single-member limited liability company, Jacobsen Prairie Project, LLC (Jacobsen). In April 2025, the organization formed a wholly-owned, single-member limited liability company, Gillett Street Project, LLC (Gillett). Jacobsen and Gillett were formed to hold title to large tracts of land purchased for future subdivision development, acting at all times consistently with the basic nonprofit charitable mission of the organization.

Although HFHI assists with information resources, the organization is primarily and directly responsible for its own operations. Such operations are conducted within the Fox Cities area and include: the Homebuyer, Home Repair, Lead Safe Home, Almost Home, Rental and Neighborhood Revitalization programs and is disclosed as Housing services on the statement of activities. In addition, the organization operates a Habitat ReStore retail outlet disclosed as ReStore on the statement of activities.

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

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

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

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

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

Rental Program: The Rental program creates a unique, temporary housing solution for families in the Almost Home program. The organization purchases blighted properties and rehabilitates them into safe, decent, and affordable rental properties. Almost Home program participants who are currently living in substandard housing temporarily rent from the organization while working on their goals toward home ownership. This program ended June 30, 2025.

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

Global Homebuilding: Habitat for Humanity's vision is a world where everyone has a decent place to live. By tithing to Habitat's Global Homebuilding program, the organization partners with developing countries to provide financial and volunteer resources desperately needed to improve their housing conditions (see Note P).

Habitat ReStore: Habitat for Humanity ReStore is a nonprofit home improvement store and donation center that sells new and donated furniture, appliances, home accessories, building materials and more to the public at a fraction of the retail price. Proudly owned and operated by the organization, Habitat ReStore provides funding for the organization's mission, offers affordable home improvement items to the general public, and diverts waste from landfills.

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

A summary of significant accounting policies follows:

Basis of accounting

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

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

Basis of presentation

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

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

Net Assets With Donor Restrictions – Net assets that result from contributions whose use by the organization is limited by donor-imposed stipulations. Some are temporary in nature and can either expire by passage of time or can be fulfilled and removed by actions of the organization's pursuant to those stipulations. Other donor-imposed stipulations are perpetual in nature and cannot expire by passage of time nor can be fulfilled or removed by actions of the organization. The organization has no restrictions that were perpetual in nature as of June 30, 2025.

Consolidation policy

The consolidated financial statements include the accounts of the organization. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

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

Cash and cash equivalents

For purposes of reporting cash flows, the organization considers all investments purchased with a maturity of three months or less to be cash equivalents.

The organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

Certificates of deposit

Certificates of deposit are carried at the lesser of carrying value (the initial deposit amount plus interest earned as of June 30, 2025) or fair value. Certificates of deposit bear interest of 4.43% for the year ended June 30, 2025. Certificates of deposit that mature in 12 months or less are classified as short-term on the statement of financial position and have penalties for early withdrawal. Any penalties for early withdrawal do not have a material effect on the financial statements.

Management estimates a zero credit loss on the certificates of deposit. The organization monitors the bank's rating for which has a strong bank rating as of June 30, 2025. The certificates of deposit are considered past due when the organization is not allowed to redeem the certificates of deposits at maturity. The organization places certificates of deposit on nonaccrual status when management believes collection of interest income is not probable. Interest income on those certificates of deposit is recognized when payments are received rather than when earned. There are no past due or nonaccrual certificates of deposit as of June 30, 2025.

Promises to give and grants receivable

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Conditional promises to give are those that contain a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend on have been met.

Inventories

Building and ReStore Materials

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

Homes Under Construction and Rehabilitation in Process

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

Property Held for Development and Rehabilitation

Property held for development and rehabilitation consists of purchased or donated land that will be developed for future home construction, properties acquired for rehabilitation to be sold to new homeowners, and homes that have been donated or re-acquired from previous homeowners. Donated properties are recorded at fair value at the time of donation. Purchased properties are recorded at the lower of cost and net realizable value.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

Property and equipment

Property and equipment is stated at cost. Donated property and equipment is recorded at the approximate fair value at the date of donation. Depreciation of property and equipment is computed by the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Office equipment	3 - 10
Trucks and trailers	3 - 5

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Capitalization policy

The organization's policy is to capitalize property and equipment with a unit cost in excess of \$2,500.

Impairment of long-lived assets

The organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Leases

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

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

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

In evaluating contracts to determine if they qualify as a lease, the organization considers factors such as whether it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The organization has elected to not separate non-lease components from lease components and instead accounts for each separate lease component and non-lease component as a single lease component.

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

In determining what percentage of the lease constitutes a major part of the economic life of the underlying asset and defining what percentage of the present value of the sum of lease payments equals or exceeds substantially all of the fair value of the underlying asset, the organization has elected to define major part as 75% of all classes of underlying assets and to define substantially all as 90% for all classes of underlying assets.

Investment in partnership

The organization's investment in partnership consists of a minor interest in a limited partnership. The organization carries its investment in the limited partnership at the fair value as of the date the investment was donated to the organization (cost), less impairment, adjusted for observable price changes in orderly transactions for the identical or similar investments of the same issuer. The organization's risk of loss is limited to the carrying amount of the investment. There is not a public market for this investment. There were no adjustments for impairment or observable price changes during the year ended June 30, 2025.

Mortgage loans receivable

Mortgage loans receivable consist of noninterest-bearing loans secured by real estate located within the Fox Cities area of Wisconsin.

Homebuyer Program

Under the Homebuyer program, the organization sells homes to qualified families at the appraised value, as determined by an independent third-party appraisal. At closing, the organization originates a 0% interest, first mortgage loan for each home. Loan terms range from 240 to 360 months, depending on the family's income. Monthly mortgage payments, including escrow for property taxes and insurance, are established at 25%–30% of the family's gross income.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

If, based on this payment calculation, a family cannot repay the full appraised value within 30 years, the organization issues a 0% interest, second mortgage loan for the difference between the appraised value and the amount the family can afford to repay over 30 years.

For applications received prior to the year ended June 30, 2023, the second mortgage was a forgivable instrument, prorated over a 240-month period. Because collection of these forgivable second mortgages is uncertain, the organization does not record a receivable for these amounts. The undiscounted value of unrecorded second mortgages totaled approximately \$3,379,000 at June 30, 2025.

For applications approved during and after the year ended June 30, 2023, the second mortgage is not forgivable and becomes due if the homeowner sells, refinances, defaults, or ceases to occupy the home as their primary residence. These second mortgages are subordinate to the first mortgage and certain other liens and are recorded within the statement of financial position. Proceeds received upon repayment of second mortgages are recognized as gain on collection of second mortgages in the statement of activities at the time they are collected.

Home Repair Program

Under the Home Repair program, the organization issues 0% interest mortgage loans equal to the direct costs of labor, materials, and overhead incurred to complete repair services. No profit margin is charged. Loan terms range from 12 to 84 months, depending on the borrower's debt-to-income ratio.

The organization also issued 0% interest, non-forgivable deferred mortgages for home repair services. These deferred mortgages become due if the homeowner sells, refinances, defaults, or no longer occupies the home as their primary residence.

Discounting of Mortgage Loans

Because all mortgage loans are noninterest bearing, they are recorded at their net present value, discounted using an annual rate prescribed by HFHI. HFHI determines this rate based on national market rates applicable to homebuyers with credit risk characteristics similar to the Organization's homeowners. Once established for a given loan, the discount rate is not adjusted for subsequent market changes. Discounts are recognized as a charge to operations at loan inception and amortized over the life of the related mortgage.

Allowance for credit losses on mortgage loans receivable

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

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

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

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

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

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

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. On a yearly basis, the organization reviews the adequacy of the allowance, including consideration of the relevant risks in the portfolio, current economic conditions and other factors. If management determines that changes are warranted based on those reviews, the allowance is adjusted.

Refundable advances

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

Revenue recognition – contribution transactions

Unconditional contributions are recognized as revenue when they are promised or received, as applicable, and are available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions. If a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

Revenue recognition – contracts with customers

Revenues from sale of properties

The organization recognizes revenue from sales to homebuyers at the point in time when the home title and risk transfer to the homebuyer, and at the amount the organization expects to collect. Payment and financing is required at the time of the sale. The organization offers financing with noninterest-bearing mortgage loans receivable. Amounts received in advance of title transfer are deferred and included in deferred revenue in the statement of financial position.

Revenues from owner-occupied home repair services income

The organization recognizes revenue from owner-occupied home repair services at the point in time when the repair services are completed, and at the amount the organization expects to collect. The performance obligation of providing home repair services is recognized as services are simultaneously received and consumed by the homeowner. Payment and financing is required at the completion of the repair service. The organization offers financing with noninterest-bearing mortgage loans receivable. Amounts received in advance of the repair service activities are deferred and included in deferred revenue in the statement of financial position.

Revenues from ReStore retail sales

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

Contributed nonfinancial assets

Donated services are recognized as contributions of the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Contributed volunteer services are recorded as in-kind contribution revenue with a corresponding increase in rental properties. Contributed volunteer services are valued at the estimated market rates for similar services and is used in the organization's rental program to improve rental properties.

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

Advertising

The organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising costs totaled \$121,357 for the year ended June 30, 2025.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A -- Nature of business and significant accounting policies (Continued)

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. These statements report expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

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

Presentation of sales tax

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

Exempt status

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

Summarized financial information

The financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent events

These financial statements have not been updated for subsequent events occurring after December 1, 2025, which is the date these financial statements were available to be issued. The organization has no responsibility to update these financial statements for events and circumstances occurring after this date.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE B -- Availability of financial assets and liquidity

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

The board of directors (the board) has established two funds at the Community Foundation for the Fox Valley Region, Inc. (the Foundation) to help manage liquidity needs (see Note F). The board has set a policy of retaining three months of operating expenses in the risk reserve fund invested in Fund I at the Foundation (see Note F). Excess funds from sales of mortgage loans receivable are added to the remainder reserve invested in Fund II at the Foundation (see Note F). The organization takes distributions from these funds to cover anticipated cash needs. For the year ended June 30, 2025, the organization estimates approximately \$610,000 of the remainder fund will be needed to fund the organization's current operations. If considered necessary, the board could approve additional distributions from these funds. The organization has only included the portion of the beneficial interest in assets held by the Foundation that it plans to request next year in the financial assets available shown below.

For purposes of analyzing resources available to meet general expenditures within one year, the organization considers all expenditures related to ongoing activities of providing housing to low-income families and ReStore operations as well as conduct of services undertaken to support those activities to be general expenditures. The organization receives contributions and grants restricted by donors, and considers contributions and grants restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. At June 30, 2025, all of the restricted contributions received or receivable within one year were included in financial assets available to meet general expenditures within one year. The board has set a policy to invest certain restricted contributions in certificates of deposit or in money markets. In addition, the organization has a \$1,000,000 line of credit (see Note I) which may be utilized if needed.

The organization's financial assets available within one year as of June 30, 2025, for general expenditures are as follows:

Cash and cash equivalents	\$ 765,365
Certificates of deposit	164,388
Accounts receivable	14,466
Unconditional promises to give, current	688,725
Mortgage loans receivable, current	315,000
Beneficial interest in Community Foundation assets, current	<u>610,000</u>
Financial assets available within one year	<u>\$ 2,557,944</u>

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE C -- Promises to give and grants receivable

Unconditional promises to give and grants receivable as of June 30, 2025, consisted of the following:

Receivable in less than one year	\$ 688,725
Receivable in one to five years	<u>642,826</u>
Total unconditional promises to give and grants receivable	1,331,551
Less: discount at a rate of 8.5%	<u>(75,460)</u>
Net unconditional promises to give and grants receivable	1,256,091
Current portion	<u>688,725</u>
Total unconditional promises to give and grants receivable, long-term	<u><u>\$ 567,366</u></u>

The organization considers all of the unconditional promises to give and grants receivable as of June 30, 2025, to be fully collectible; accordingly, no allowance for uncollectible contributions has been established.

At June 30, 2025, the organization also had conditional promises to give of approximately \$1,493,000. The promises to give contain conditions such as providing occupancy to the homebuyer by a specific date, and other conditions, and will be included in the financial statements in future years when the conditions are met.

NOTE D -- Inventories

Inventories as of June 30, 2025, consist of the following:

Building and ReStore materials	
ReStore inventory	\$ 67,124
Construction materials	<u>159,894</u>
Total building and ReStore materials	<u><u>\$ 227,018</u></u>
Home construction and rehabilitation in process	<u><u>\$ 2,802,023</u></u>
Property held for home development and rehabilitation	
Land development	\$ 1,062,088
Homes for rehabilitation	<u>1,261,831</u>
Total property held for home development and rehabilitation	<u><u>\$ 2,323,919</u></u>

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE E -- Property and equipment, net

Property and equipment, net as of June 30, 2025, consists of the following:

Land	\$ 754,236
Buildings and improvements	2,776,783
Office equipment	313,766
Trucks and trailers	91,380
Construction in progress	<u>17,231</u>
Subtotal	3,953,396
Less: accumulated depreciation	<u>(1,011,015)</u>
Total property and equipment, net	<u><u>\$ 2,942,381</u></u>

Depreciation expense on the above assets was \$88,798 for the year ended June 30, 2025.

NOTE F -- Beneficial interest in assets held by Community Foundation

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

The funds were established by the board of directors to support the mission of the organization. Since the funds were created as a result of an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. Distributions from the funds may be made at the organization's request. The organization works with the Foundation to maximize total return consistent with an acceptable level of risk. Fund I assets are invested to earn a sufficient long-term return with as little volatility as possible while preserving the purchasing power of the assets after withdrawals. Fund II assets are invested to balance mild liquidity needs with a reasonable level of expected appreciation over full market cycles.

Composition of and change in the funds' net assets for the year ended June 30, 2025, were as follows:

Board-designated fund I assets, beginning	\$ 1,308,846
Net appreciation	<u>169,550</u>
Board-designated fund I assets, ending	<u><u>\$ 1,478,396</u></u>
Board-designated fund II assets, beginning	\$ 5,290,365
Net appreciation	478,368
Appropriated for expenditure	<u>(563,000)</u>
Board-designated fund II assets, ending	<u><u>\$ 5,205,733</u></u>
Total board-designated assets	<u><u>\$ 6,684,130</u></u>

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE G -- Fair value measurement

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

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

NOTE H -- Mortgage loans receivable

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

Mortgage loans receivable as of June 30, 2025, are scheduled for collection as follows:

<u>Year ending June 30,</u>	
2026	\$ 315,000
2027	293,000
2028	279,000
2029	258,000
2030	242,000
Thereafter	<u>4,089,260</u>
Total mortgage loans receivable	5,476,260
Less: discount at rates of 7.23% to 8.34%	(2,923,697)
Less: allowance for credit losses	<u>(31,193)</u>
Present value of mortgage loans receivable	2,521,370
Current portion	<u>315,000</u>
Mortgage loans receivable, net, long-term	<u><u>\$ 2,206,370</u></u>

Changes in the allowance for credit losses on mortgage loans receivable for the year ended June 30, 2025, were as follows:

Beginning balance	\$ 36,402
Provision for credit losses expense (recovery)	<u>(5,209)</u>
Ending balance	<u><u>\$ 31,193</u></u>

The organization monitors credit quality of mortgage loans on an ongoing basis using such indicators as days delinquent as a measurement of potential loan loss. As of June 30, 2025, no active mortgage loans have a credit quality concern. The credit quality of loans is reviewed monthly for each loan. The mortgage loans receivable is considered current as of June 30, 2025.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE H -- Mortgage loans receivable (Continued)

At times, the organization will enter into agreements for the sale of mortgage loans receivable. During the year ended June 30, 2025, the organization entered into loan sale agreements for certain mortgage loans receivable with financial institutions. Under the agreements, the organization sold mortgage loans with recourse totaling \$549,489 at the face value of the loans. At the time of the sales, the mortgage loans had unamortized discounts totaling \$327,089, resulting in a gain on sale of mortgages.

The loan sale agreements contain clauses whereas for any sold mortgage loans receivable that become 90 days past due, the organization must find a substitute mortgage loan receivable or repurchase the nonperforming loan. The outstanding balance of mortgage loans receivable previously sold with repurchase clauses was approximately \$12,670,000 at June 30, 2025. During the year ended June 30, 2025, the organization was required to repurchase one previously sold mortgage loan receivable totaling approximately \$101,726.

The organization continues to service some of the previously sold mortgage loans receivable by collecting payments from homeowners on behalf of and remitting these payments to the purchasing financial institutions. Mortgage loans receivable serviced for others are not included in the accompanying statement of financial position. The unpaid principal balance of mortgage loans receivable serviced for others was approximately \$149,000 at June 30, 2025.

At June 30, 2025, the organization had no mortgage loans receivable secured by a residential real estate property for which the organization had begun formal foreclosure proceedings, and no possession of any foreclosed residential real estate property.

NOTE I -- Line of credit

The organization has a line of credit agreement with Nicolet National Bank with an available line of \$1,000,000, of which there was outstanding balance of \$300,000 as of June 30, 2025. Interest is payable monthly at the prime rate (7.50% at June 30, 2025). Unpaid interest and principal are due April 27, 2026. The line is secured by mortgage loans receivable.

NOTE J -- Notes payable, net

During the year ended June 30, 2025, the organization received noninterest-bearing notes from HFHI. These noninterest-bearing notes were internally discounted using a rate of 8.50%. The discounts on these notes totaled \$17,694 and were included in contributed nonfinancial assets on the statement of activities. The discounts are amortized over the respective loan periods and are included in interest expense. During the year ended June 30, 2025, the organization amortized \$13,512 of discounts related to these noninterest-bearing notes.

Following is a summary of notes payable, net as of June 30, 2025:

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE J -- Notes payable, net (Continued)

Habitat for Humanity International, Inc.; SHOP fund noninterest-bearing notes due in varying monthly principal installments totaling approximately \$9,133; under repayment terms of 48 months; unsecured.	\$ 278,630
Community First Credit Union; note payable due in monthly installments of \$1,745; including interest at 2.95% (effective interest rate of 2.99%); maturing in December 2025, secured by the mortgage on the property.	188,719
Community First Credit Union; note payable due in monthly installments of \$3,098; including interest at 2.00% (effective interest rate of 2.02%); maturing in June 2026, secured by the mortgage on the property.	366,739
Community First Credit Union; note payable due in monthly installments of \$11,107; including interest at 4.20% (effective interest rate of 4.28%); maturing in March 2028, secured by the mortgage on the property.	<u>1,669,750</u>
Subtotal	2,503,838
Less: discount at 2% - 8.50% for noninterest-bearing notes	<u>(47,502)</u>
Net notes payable	2,456,336
Current maturities	<u>(684,754)</u>
Notes payable, net, less current maturities	<u><u>\$ 1,771,582</u></u>

The future scheduled maturities succeeding June 30, 2025, for the above notes payable are as follows:

Year ending June 30,

2026	\$ 684,754
2027	130,769
2028	1,594,705
2029	44,463
2030	27,584
Thereafter	<u>21,613</u>
	<u><u>\$ 2,503,838</u></u>

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE K -- Net assets without donor restrictions

Net assets without donor restrictions as of June 30, 2025, consist of the following:

Undesignated	\$ 6,360,823
Board-designated	<u>6,684,129</u>
	<u><u>\$ 13,044,952</u></u>

The board-designated net assets without donor restrictions as of June 30, 2025, consist of the following:

Risk reserve – The risk reserve includes funds designated to protect the organization from unforeseen circumstances that may negatively impact its financial stability, ability to serve families or its sustainability. The risk reserve is held in Fund I in the beneficial interest in assets held by Community Foundation (see Note F). \$ 1,478,396

Remainder reserve – The remainder reserve includes a portion of the proceeds from sales of mortgage loans receivable. The board of directors' approval is required for transfers and for uses other than operations. The remainder reserve is held in Fund II in the beneficial interest in assets held by Community Foundation (see Note F). 5,205,733

Board-designated net assets without donor restrictions \$ 6,684,129

NOTE L -- Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2025, consist of the following:

Time restrictions:	
Unconditional promises to give and grants receivable	\$ 43,600
Purpose restrictions:	
Neighborhood Revitalization Program – Rock the Block ®	971,385
Home construction	1,509,023
Almost Home	88,964
Veteran projects	19,600
Home repairs	49,000
ReStore truck	<u>14,049</u>
	<u><u>\$ 2,695,621</u></u>

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE L -- Net assets with donor restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors for the year ended June 30, 2025, as follows:

Satisfaction of purpose restrictions:	
Neighborhood Revitalization Program – Rock the Block ®	\$ 207,314
Home construction	1,159,099
Almost Home	69,695
Continuous Improvement position	34,603
ReStore truck	4,556
Other	<u>15,388</u>
	<u>\$ 1,490,655</u>

NOTE M -- Contributed nonfinancial assets

The organization received the following contributions of nonfinancial assets for the year ended June 30, 2025:

ReStore inventory	\$ 834,712
Construction materials	533,585
Noninterest-bearing notes payable	<u>17,694</u>
Total contributed nonfinancial assets	<u>\$ 1,385,991</u>

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

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

Many other volunteers provided services to the organization throughout the year that have not been recognized as contributions in the financial statements because the recognition criteria was not met. The organization estimates approximately 68,000 volunteer hours were contributed during the year ended June 30, 2025 that did not meet the recognition criteria.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE N -- Multi-employer defined contribution retirement plan

The organization participates in a multi-employer defined contribution retirement plan qualified under Section 401(k) of the Internal Revenue Code. The plan covers substantially all the organization's employees who work at least 1,000 hours during the plan year. The plan provides for a matching contribution by the organization equal to 50% of the employee's contribution up to 3% of the employee's compensation. In addition, the plan provides for a nonelective contribution equal to 3% of the employee's compensation. For the year ended June 30, 2025, the organization contributed \$124,153 to the plan.

NOTE O -- Operating leases

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

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

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

Operating lease cost	\$ 70,117
Short term lease	<u>0</u>
Total lease cost	<u>\$ 70,117</u>

Supplemental statement of cash flows information related to leases as of June 30, 2025, is as follows:

Cash paid for amounts included in the measurement
of lease liabilities:

Operating cash flows from operating leases	\$ 70,117
--	-----------

Noncash financing and investing cash flow:

Right-of-use assets obtained in exchange for lease obligations:

Operating leases	\$ 29,165
------------------	-----------

Supplemental statement of financial position information related to leases as of June 30, 2025, is as follows:

Weighted average remaining lease term (in years):

Operating leases	2.02
------------------	------

Weighted average discount rate:

Operating leases	4.58%
------------------	-------

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE O -- Operating leases (Continued)

Future minimum lease payments to be paid under operating leases as of June 30, 2025, are as follows:

Year ending June 30,

2026	\$ 61,438
2027	18,936
2028	18,936
2029	<u>900</u>
Total undiscounted cash flows	100,210
Less: imputed interest	<u>(5,591)</u>
Total present value	94,619
Operating lease liabilities, current	<u>58,025</u>
Operating lease liabilities, less current portion	<u>\$ 36,594</u>

NOTE P -- Transactions with Habitat for Humanity International, Inc.

The organization provides a tithe to HFHI to support international home-building programs in economically depressed areas around the world. For the year ended June 30, 2025, the amount of the tithe expense totaled \$76,500.

U.S. affiliates are required to pay an annual fee to HFHI to offset a portion of the costs associated with efforts that benefit all affiliates – efforts such as brand protection and promotion, regulatory advocacy and gift-in-kind solicitation. For the year ended June 30, 2025, the organization paid a fee of \$34,152.

HFHI receives grants from the U.S. Department of Housing and Urban Development (HUD) in the Self-Help Homeownership Opportunity Program. For the year ended June 30, 2025, HFHI made \$226,023 of these grants available to the organization to purchase land for development and necessary infrastructure improvements. Conditional promises to give included \$233,246, and refundable advances included \$81,572 related to this program at June 30, 2025.

HFHI receives grants from HUD for the Veterans Housing Rehabilitation and Modification Pilot Program. For the years ended June 30, 2025, HFHI made \$7,053 of these grants available to the organization for the purpose of making improvements to veterans properties. Conditional promises to give included \$80,000 related to this program at June 30, 2025.

For the year ended June 30, 2025, HFHI made additional contributions of \$89,686 and additional contributed nonfinancial assets of \$210,848 to the organization.

GREATER FOX CITIES HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE Q -- Subsequent event

On November 20, 2025, the organization entered into a new unsecured debt agreement with Habitat Capital LLC, a non-profit, Community Development Financial Institution. The agreement provides for an aggregate loan commitment of \$750,000. The organization incurred a 1.5% origination fee of \$11,250, resulting in \$738,750 available for future advances to be used for general development and homebuilding efforts. Interest shall accrue on the outstanding unpaid balance at a fixed rate of 3.00% per annum. The full loan commitment amount must be fully disbursed within 12 months from the date of the agreement.

SUPPLEMENTARY INFORMATION

GREATER FOX CITIES AREA HABITAT FOR HUMANTY, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2025

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance listing number</u>	<u>Pass-Through Entity Identifying number</u>	<u>Federal expenditures</u>
U.S. Department of Health and Human Services Pass-Through Program From: Wisconsin Department of Health Services Children's Health Insurance Program	93.767	48148 / 48753 / 52152 / 53352	\$ 2,149,907
U.S. Department of Housing and Urban Development Pass-Through Program From: Habitat for Humanity International, Inc Self-help Homeownership Opportunity Program	14.247	SH19 020/ SH20 054/ SH21 068	226,023
Veterans Housing Rehabilitation and Modification Pilot Program	14.278	FR-6400-N-39	7,053
Total U.S. Department of Housing and Urban Development			233,076
U.S. Department of the Treasury Pass-Through Program From: Outagamie County, Wisconsin COVID-19 - Coronavirus State and Local Fiscal Recovery Fund:	21.027	SLFRP2142	265,570
Total expenditures of federal awards			<u>\$ 2,648,553</u>
<u>State Grantor/Program</u>		<u>Pass-Through Entity Identifying number</u>	<u>State expenditures</u>
Wisconsin Department of Health Services Children's Health Insurance Program		48753 / 52152 / 53352	<u>\$ 819,769</u>

GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state award activity of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries (the organization) under programs of the federal government and state agencies for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, unless indirect costs are otherwise limited by the terms of the grant agreement.

Note 4 – Self-help Homeownership Opportunity Program

Funds from the Self-Help Homeownership Opportunity Program (SHOP) are awarded 75% as a grant, and 25% as a noninterest-bearing note payable. SHOP grant revenue and the associated notes payable proceeds are included in the federal expenditures presented in the Schedule. The amount reported as federal expenditures in the Schedule for SHOP for the year ended June 30, 2025 was calculated as follows:

SHOP Notes Payable Proceeds	\$ 56,506
SHOP Grant Revenue	<u>169,517</u>
SHOP Federal Expenditures	<u><u>\$ 226,023</u></u>

The balance of SHOP notes payable outstanding at June 30, 2025 totaled \$278,630.

GREATER FOX CITIES AREA HABITAT FOR HUMANTY, INC. AND SUBSIDIARIES

WISCONSIN LEAD-SAFE HOMES PROGRAM DHS COST REIMBURSEMENT AWARD SCHEDULE

Year ended June 30, 2025

DHS Identification Number		53352	48753 52152	
Award Amount		\$ 2,292,650	\$ 2,826,850	
Award Period		10/1/2024 - 9/30/2025	10/1/2023 - 9/30/2024	
Period of Award within Audit Period		10/1/2024 - 6/30/2025	7/1/2024 - 9/30/2024	TOTAL
A.	Expenditures Reported to DHS or Revenue Received	\$ 1,235,249	\$ 1,734,427	\$ 2,969,676
B.	Total Operating Costs of Award			
1.	Contractor and Materials Expenditures in Inventories	\$ 0	\$ 0	\$ 0
2.	Contractor and Materials Expenditures in Cost of Sales	1,045,277	1,446,407	2,491,684
3.	Family Relocation in Lead Program Costs	29,663	40,853	70,516
4.	Salaries and Wages	61,241	115,836	177,077
5.	Employee Benefits and Payroll Taxes	10,049	22,733	32,782
6.	Training and Certifications in Conference and Convention	1,913	4,584	6,497
7.	Government Audit in Professional Fees	7,387	8,513	15,900
8.	Occupancy	69,829	91,352	161,181
9.	Insurance	1,631	1,879	3,510
10.	Marketing	8,259	2,270	10,529
B.	Total Operating Costs of Award	<u>\$ 1,235,249</u>	<u>\$ 1,734,427</u>	<u>\$ 2,969,676</u>
C.	Less Disallowed Costs	0	0	0
D.	Less Program Revenue and Other Offsets to Costs	<u>0</u>	<u>0</u>	<u>0</u>
E.	Total Allowable Costs	<u>\$ 1,235,249</u>	<u>\$ 1,734,427</u>	<u>\$ 2,969,676</u>
F.	Gain or (Loss)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries
Menasha, WI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' 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.

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

December 1, 2025

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries
Menasha, WI

Report on Compliance for Each Major Federal Program and Major State Program

Opinion on Each Major Federal Program and Major State Program

We have audited Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* (SSAG) that could have a direct and material effect on each of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' major federal and state programs for the year ended June 30, 2025. Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program and Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the SSAG. Our responsibilities under those standards, the Uniform Guidance, and the SSAG are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and SSAG, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and SSAG, but not for the purpose of expressing an opinion on the effectiveness of Greater Fox Cities Area Habitat for Humanity, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

SVA Certified Public Accountants, S.C.

Madison, Wisconsin

December 1, 2025

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND
SUBSIDIARIES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

Section I -- Summary of Auditor's Results

Financial statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ yes <u> X </u> no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
---	---

93.767	Children's Health Insurance Program
--------	-------------------------------------

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

Auditee qualified as low risk auditee?	<u> X </u> yes _____ no
--	------------------------------

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND
SUBSIDIARIES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

State awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified not considered
to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the *State Single Audit Guidelines*

_____ yes X no

Identification of major state programs:

State Identifying Number(s) or Assistance

Listing Number(s) of Pass-Thru

Name of State Program

48753, 52152, 53352

Children's Health Insurance Program

Dollar threshold used to distinguish between
Type A and Type B state programs:

\$250,000

Section II -- Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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

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

**GREATER FOX CITIES AREA HABITAT FOR HUMANITY, INC. AND
SUBSIDIARIES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

Section IV -- Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regards to substantial doubt as to the auditee's ability to continue as a going concern?

_____ yes X no

Does the auditor's report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/ contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Wisconsin Department of Health Services

_____ yes X no

Was a management letter or other document conveying audit comments issued as a result of this audit?

_____ yes X no

Name and signature of Partner in Charge:



Lynn Heslinga, CPA

Date of the report

December 1, 2025