

**CEDAR VALLEY HABITAT
FOR HUMANITY, INC.**

Financial Statements

Years Ended June 30, 2025 and 2024



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FINANCIAL & MANAGEMENT CONSULTING

Cedar Valley Habitat for Humanity, Inc.

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Independent Auditors' Report

To the Board of Directors of
Cedar Valley Habitat for Humanity, Inc.
Cedar Rapids, Iowa

Opinions

We have audited the accompanying financial statements of Cedar Valley Habitat for Humanity, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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 Cedar Valley Habitat for Humanity, Inc. as of June 30, 2025 and 2024, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cedar Valley Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cedar Valley Habitat for Humanity, Inc. and its 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Cedar Valley Habitat for Humanity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cedar Valley Habitat for Humanity, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of Cedar Valley Habitat for Humanity, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 auditing procedures applied in the audits 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of Cedar Valley Habitat for Humanity, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Cedar Valley Habitat for Humanity, Inc.'s internal control over financial reporting and compliance.

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
February 20, 2026

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Statements of Financial Position
June 30, 2025 and 2024

Assets			
		2025	2024
Cash and cash equivalents	\$	1,075,420	492,845
ReStore inventory		111,212	66,001
Homes in progress		1,107,481	1,561,719
Mortgages receivable, net		3,965,591	3,770,835
Government grants receivable		325,392	887,997
Property and equipment, net		47,351	11,671
Operating lease right-of-use		533,305	105,971
Prepaid expenses		14,002	12,525
Other assets		68,301	68,545
Total assets	\$	<u>7,248,055</u>	<u>6,978,109</u>
Liabilities and Net Assets			
Accounts payable	\$	351,049	327,797
Accrued expenses		69,629	60,917
Operating lease liability		533,305	105,971
Long-term debt		464,877	498,542
Total liabilities		<u>1,418,860</u>	<u>993,227</u>
Net assets without donor restrictions		5,829,195	5,984,882
Total liabilities and net assets	\$	<u>7,248,055</u>	<u>6,978,109</u>

See accompanying notes to financial statements.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ReStore:		
ReStore sales	\$ 742,871	778,355
In-kind donations of inventory	669,293	707,087
Other income	15,270	7,654
Cost of sales	(678,283)	(765,390)
ReStore gross profit	<u>749,151</u>	<u>727,706</u>
Revenue, Gains and Other Support:		
Contributions	979,853	703,200
Grant income - governments	1,079,676	922,683
Houses sold	620,081	428,052
Mortgage discount amortization (interest income)	559,149	651,298
Other income	100,499	20,377
Total revenue, gains and other support	<u>3,339,258</u>	<u>2,725,610</u>
Expenses:		
Program services expenses:		
Construction	2,733,015	1,461,471
Family support and educational services	229,193	168,646
ReStore	820,989	724,740
Supporting services expenses:		
Management and general	247,977	188,489
Fundraising	213,522	166,608
Total expenses	<u>4,244,696</u>	<u>2,709,954</u>
Other Income:		
Gain on sale of fixed assets	<u>600</u>	<u>-</u>
Increase (Decrease) in Net Assets	(155,687)	743,362
Net Assets, Beginning of Year	<u>5,984,882</u>	<u>5,241,520</u>
Net Assets, End of Year	<u>\$ 5,829,195</u>	<u>5,984,882</u>

See accompanying notes to financial statements.

For the Year Ended June 30, 2025

	Program Services			Supporting Activities				
	Construction	Family Support and Educational Services	ReStore	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total Functional Expenses
Salaries	\$ 123,911	82,607	413,036	619,554	123,911	82,606	206,517	826,071
Fringe benefits and payroll taxes	22,565	15,043	75,215	112,823	22,565	15,044	37,609	150,432
Total salaries and related benefits	146,476	97,650	488,251	732,377	146,476	97,650	244,126	976,503
Unallocated payments to affiliated organizations	-	51,400	-	51,400	-	-	-	51,400
Advertising	-	-	13,991	13,991	-	1,554	1,554	15,545
Family selection	-	4,455	-	4,455	-	-	-	4,455
Public relations	-	5,484	10,968	16,452	-	10,968	10,968	27,420
Insurance	10,728	2,682	26,820	40,230	8,046	5,364	13,410	53,640
Depreciation and amortization	4,080	-	8,160	12,240	4,080	-	4,080	16,320
Professional fees	10,073	-	25,184	35,257	40,294	25,183	65,477	100,734
Construction costs	2,461,424	-	-	2,461,424	-	-	-	2,461,424
Maintenance and repairs	10,423	10,423	26,057	46,903	2,606	2,604	5,210	52,113
Office	1,639	4,099	4,099	9,837	3,279	3,278	6,557	16,394
Postage and delivery	130	781	260	1,171	521	911	1,432	2,603
Rent expense	33,806	11,269	157,762	202,837	11,269	11,268	22,537	225,374
Telephone	2,046	2,727	3,409	8,182	2,727	2,728	5,455	13,637
Travel, training and education	1,281	1,281	3,843	6,405	3,203	3,203	6,406	12,811
Utilities	7,636	2,545	35,634	45,815	2,545	2,545	5,090	50,905
Miscellaneous	22,931	34,397	11,466	68,794	22,931	22,930	45,861	114,655
Fundraising	-	-	-	-	-	23,336	23,336	23,336
Interest and finance charges	20,342	-	5,085	25,427	-	-	-	25,427
\$	2,733,015	229,193	820,989	3,783,197	247,977	213,522	461,499	4,244,696

See accompanying notes to financial statements.

	Program Services			Supporting Activities				
	Construction	Family Support and Educational Services	ReStore	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total Functional Expenses
Salaries	\$ 106,688	71,125	355,626	533,439	106,688	71,125	177,813	711,252
Fringe benefits and payroll taxes	18,163	12,109	60,542	90,814	18,163	12,109	30,272	121,086
Total salaries and related benefits	124,851	83,234	416,168	624,253	124,851	83,234	208,085	832,338
Unallocated payments to affiliated organizations	-	32,500	-	32,500	-	-	-	32,500
Advertising	-	-	11,111	11,111	-	1,234	1,234	12,345
Family selection	-	4,329	-	4,329	-	-	-	4,329
Public relations	-	5,494	10,988	16,482	-	10,987	10,987	27,469
Insurance	7,460	1,865	18,649	27,974	5,595	3,729	9,324	37,298
Depreciation and amortization	2,822	-	5,645	8,467	2,822	-	2,822	11,289
Professional fees	6,547	-	16,369	22,916	26,190	16,368	42,558	65,474
Construction costs	1,232,566	-	-	1,232,566	-	-	-	1,232,566
Maintenance and repairs	16,175	16,175	40,437	72,787	4,044	4,042	8,086	80,873
Office	1,245	3,111	3,111	7,467	2,489	2,489	4,978	12,445
Postage and delivery	106	636	212	954	424	742	1,166	2,120
Rent expense	33,332	11,111	155,549	199,992	11,111	11,110	22,221	222,213
Telephone	1,907	2,542	3,178	7,627	2,542	2,543	5,085	12,712
Travel, training and education	1,397	1,397	4,191	6,985	3,493	3,492	6,985	13,970
Utilities	6,839	2,280	31,914	41,033	2,280	2,278	4,558	45,591
Miscellaneous	2,648	3,972	1,324	7,944	2,648	2,647	5,295	13,239
Fundraising	-	-	-	-	-	21,713	21,713	21,713
Interest and finance charges	23,576	-	5,894	29,470	-	-	-	29,470
\$	1,461,471	168,646	724,740	2,354,857	188,489	166,608	355,097	2,709,954

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CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (155,687)	743,362
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,320	11,289
Reduction (increase) in operating lease right-of-use assets	179,982	197,025
Change in operating lease liabilities	22,078	8,307
Gain on sale of property and equipment	(600)	-
Mortgage receivables discount amortization	(559,149)	(651,298)
Discount on mortgages issued	1,028,299	701,938
Receipt of donated ReStore inventory	(646,176)	(678,197)
Relief of donated ReStore inventory upon sale	648,362	683,368
Changes in assets and liabilities:		
ReStore purchased inventory	(47,397)	38,211
Homes in progress	454,238	(291,825)
Government grants receivable	562,605	(774,787)
Other assets	244	697
Prepaid expenses	(1,477)	5,060
Accounts payable	23,252	124,273
Accrued expenses	8,712	8,811
Operating lease liabilities	(202,060)	(205,332)
Net Cash Provided By (Used In) Operating Activities	<u>1,331,546</u>	<u>(79,098)</u>
Cash Flows From Investing activities:		
Origination of non-interest bearing mortgages	(1,645,880)	(1,128,240)
Payments received on mortgage receivables	981,974	1,226,171
Purchases of property and equipment	(51,400)	-
Net Cash Provided By (Used In) Investing Activities	<u>(715,306)</u>	<u>97,931</u>
Cash Flows From Financing activities:		
Payments on long term debt	(93,665)	(113,721)
Proceeds from long term debt	60,000	36,552
Net Cash Provided By (Used In) Financing Activities	<u>(33,665)</u>	<u>(77,169)</u>
Change in Cash	582,575	(58,336)
Cash - Beginning of Year	492,845	551,181
Cash - End of Year	<u>\$ 1,075,420</u>	<u>492,845</u>
Supplemental Disclosure of Cash Flow Information		
Noncash investing and financing activities:		
Non-cash additions of right-of-use assets	\$ 607,316	-
Interest paid	\$ 8,351	10,594

See accompanying notes to financial statements.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Activities - Cedar Valley Habitat for Humanity, Inc. (the Organization) is a non-denominational Christian nonprofit organization whose purpose is to create affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. The Organization is affiliated with Habitat for Humanity International, Inc. (Habitat International).

The Organization also operates a ReStore location that purchases and receives donated construction materials and resells them.

The Organization holds events to provide awareness of the program to potential families and to assist those families in providing the qualifications to take part in the program. The Organization will also hold classes with existing families after a house has been purchased to assist with budgeting, personal finances and how to care for the home.

A summary of the Organization's significant accounting policies follows:

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses. Accordingly, actual results could differ from those estimates.

Cash - For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. The Organization maintains its cash in several bank deposit accounts with high credit quality institutions. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. At June 30, 2025 and 2024, the Organization had deposits in financial institutions that exceeded federally insured limits of \$250,000. However, the Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

ReStore Inventory - ReStore inventory consists of materials that were donated to or purchased by the Organization for resale. Purchased inventory is valued at the lower of cost (first-in, first-out method) or net realizable value. Donated inventory is recorded at fair value. The fair value of the donated ReStore inventory is determined based on subsequent sales values of the donated inventory which is reflective of the fair value at the donation date.

Homes in Progress - Homes in progress consist of real estate and construction costs of houses currently being built by the Organization. Homes in Progress is stated at the lower of cost or net realizable value.

Mortgages Receivable - Mortgages receivable on houses sold are recorded at the gross amount of payments to be received over the lives of the mortgage contracts. Mortgage receivables are non-interest bearing and have been discounted in the accompanying financial statements at various rates ranging from 3.66% to 8.28% based upon prevailing market rates at the inception of the mortgages. Discounts on mortgages are amortized over the life of the agreement ranging from 1 year to 40 years using the effective interest method. Mortgage receivables are collateralized by the underlying real estate.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Mortgages Receivable (continued) - If the current homeowner decides to sell their house, the Organization has the right to repurchase the house at fair market value minus the amount owed on the mortgage. Habitat mortgage originations typically include a second forgivable mortgage as well, which accounts for the equity in the home at the time of sale. These mortgages are forgiven gradually over a period of 15 years (beginning after seven years of home ownership) but could result in additional gain for the Organization in the rare event that the Habitat buyer sells before the second mortgage is fully forgiven. During the years ended June 30, 2025 and 2024, \$57,340 and \$12,692, respectively, of other income was recognized from the sale of homes by Habitat buyers where the second mortgage was not fully forgiven.

The Organization evaluates its need for an allowance for credit losses by reviewing outstanding mortgage receivables, historical collection information and existing economic conditions. As of June 30, 2025 and 2024, the Organization determined that an allowance was not necessary for mortgage receivables.

The Organization considers mortgage receivables to be past due when payments are not received by the 15th of the month. All receivables which are 90 days past due are considered impaired and are evaluated for potential mortgage loan refinancing. For the years ended June 30, 2025 and 2024, the Organization had \$220,940 and \$266,383, respectively, in mortgage receivables that were 90 days past due and considered impaired. The Organization does not have any receivables recorded on a non-accrual basis as of June 30, 2025 and 2024. If the Organization determines a receivable is uncollectible, the Organization has the right to foreclose on the property and select a new family to purchase the property. As the non-interest-bearing mortgages are discounted at the time of sale based on prevailing market rates, the net mortgage receivable balances are 45-65% of the home's fair market value on the date of sale. Therefore, the Organization believes that losses resulting from non-payment of mortgage receivables, given its collateral value, are not likely. Accordingly, as of June 30, 2025 and 2024, the Organization collectively evaluated their impaired loans and determined an allowance for credit loss was not necessary.

Throughout the term of the mortgage agreement, the Organization will evaluate borrowers who are delinquent in their payments and modify the monthly payment and maturity date of the receivable if necessary. Such modifications represent concessions to borrowers experiencing financial difficulty and therefore result in the receivables being considered impaired. The difference in the net present value of the new and old agreements is recorded in mortgage discount amortization in the year of the receivable modification. The Organization performed modifications on mortgages totaling \$-0- and \$-0- for the years ended June 30, 2025 and 2024, respectively. These modifications resulted in an additional charge to discount amortization that was not significant to the financial statements as a whole for the years ended June 30, 2025 and 2024.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment are carried at cost, less accumulated depreciation and amortization. It is the Organization's policy to capitalize repairs and tangible personal or real property for which the expenditures to acquire exceed \$5,000. Maintenance, repairs and minor renewals with total acquisition costs of assets below this amount are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts, and the resulting gains or losses are included in the statements of activities.

Property and equipment are being depreciated using the straight-line method over the assets' estimated useful lives. Useful lives of assets range from 5 to 15 years.

Net Assets - The Organization's resources are classified into two separate classes of net assets as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate net assets without restrictions for specific operational purposes from time to time. There were no board designated net assets as of June 30, 2025 and 2024.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no net assets with donor restrictions as of June 30, 2025 and 2024.

Revenue Recognition - The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue reflects the consideration the Organization expects to be entitled to in exchange for those products or services based on terms within the contracts. The Organization has no costs that are capitalized to obtain or to fulfill a contract with a customer.

Revenue from ReStore - The Organization recognizes revenue at the point in time in which the customer takes physical possession of the merchandise. The amount of revenue recognized reflects the consideration that the Organization expects to be entitled to in exchange for those products based on the retail price. Payment from the customer is due at the point of product purchase within the ReStore.

Revenue from Houses Sold and Mortgage Discount Amortization - The Organization recognizes revenue from the sale of completed homes upon transfer of control, which occurs at the closing of the sale of the property. The sales price of the home is determined by the Board of Directors, taking into consideration current market conditions, actual costs of construction and an administration charge. Non-interest-bearing mortgage agreements with customers are executed for houses sold with payment terms ranging from 1 to 40 years. Accordingly, the Organization records revenue on the date of the home sale based on the present value of the future mortgage payments utilizing prevailing market rates at the inception of the mortgages. Payment from customers is expected to be collected through monthly principal payments over the life of the mortgage agreement.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue from Houses Sold and Mortgage Discount Amortization (continued) - Mortgage discounts from the date of sale are amortized over the life of the mortgage agreement using the effective interest method and recorded as mortgage discount amortization.

Revenue from Contributions - The Organization records contributions, grants and fundraising revenues when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization does not have any conditional contributions or promises to give as of June 30, 2025 and 2024.

Cost-reimbursable grants - A portion of the Organization's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Awarded grant contracts for which qualifying expenditures had not yet been incurred by year-end totaled \$308,500 and \$1,003,647 for the years ended June 30, 2025 and 2024, respectively.

Donated Materials, Equipment and Services - Donated construction materials, equipment and services used in the construction of homes and sold through the ReStore are reflected as contributions in the accompanying statements of activities at their estimated fair values at the date of receipt. For the years ended June 30, 2025 and 2024, donated materials totaled \$835,551 and \$797,779, respectively.

Volunteers contribute significant amounts of time to construction program service; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP.

Leases - The Organization has noncancellable operating leases for office space, retail space, and copiers. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing arrangement are changed. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate.

Right-of-use (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. Operating 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 Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. The Organization recognizes operating lease expense for actual rent paid, generally plus or minus a straight-line adjustment for estimated rate increases, if applicable. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Leases (continued) - The Organization has elected, for all asset classes, to not recognize ROU assets and lease liabilities for short-term leases that have an initial lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to recognize. The Organization recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

The Organization has elected for all asset classes to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

Advertising - Advertising costs are charged to expense when incurred.

Functional Allocation of Expenses - The costs of providing various program and supporting services have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between program and supporting services classifications by management on the basis of salaries, square footage, actual expenses or other factors determined by management.

Tax Exempt Status - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides an income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Internal Revenue Service has determined that the Organization is not a private foundation. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications - Certain comparative prior year amounts in the financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported change in net assets.

Date of Management Review - Management has evaluated subsequent events through February 20, 2026, the date which the financial statements were available to be issued.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 2 - Liquidity and Availability

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

Financial assets at year-end:	2025	2024
Cash and cash equivalents	\$ 1,075,420	492,845
Mortgages receivable	3,965,591	3,770,835
Government grants receivable	325,392	887,997
Rental security deposit, loan reserve and other financial assets	<u>68,301</u>	<u>68,545</u>
Total financial assets	<u>5,434,704</u>	<u>5,220,222</u>
Less those not available to be used for general expenditures within one year:		
Mortgage receivables, long-term portion	3,616,846	3,448,280
Rental security deposit, loan reserve, and other financial assets	<u>68,301</u>	<u>68,545</u>
	<u>3,685,147</u>	<u>3,516,825</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>1,749,557</u>	<u>1,703,397</u>

The Organization also has a line of credit agreement available which allows for maximum borrowings of \$150,000. The Organization has no borrowings on the line of credit as of June 30, 2025 and 2024.

The Organization incurred non construction expenses of \$2,189,964 and \$2,013,873 during the years ended June 30, 2025 and 2024, respectively. While the Organization does not intend to do so, they would be able to halt construction on homes in progress and reduce expenses in situations of financial difficulties.

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization is expected to be able to fund operations for at least one year from the date the financial statements are available to be issued.

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 3 - Mortgage Receivables

Included in mortgage receivables are the following outstanding balances as of June 30:

	<u>2025</u>	<u>2024</u>
Gross mortgage receivables	\$ 7,308,886	6,644,980
Less: Present value discount on mortgage receivables	<u>3,343,295</u>	<u>2,874,145</u>
	<u><u>\$ 3,965,591</u></u>	<u><u>3,770,835</u></u>

The following is a schedule, by year, of maturities of mortgage receivables as of June 30, 2025:

<u>Year</u>	<u>Amount</u>
2026	\$ 348,745
2027	348,745
2028	347,038
2029	342,353
2030	339,421
Thereafter	<u>5,582,584</u>
	<u><u>\$ 7,308,886</u></u>

The following is an age analysis of past due mortgage receivables:

<u>June 30, 2025</u>					
<u>Current</u>	<u>1-29 Days Past Due</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Over 90 Days Past Due</u>	<u>Total Mortgage Receivables</u>
\$ 6,644,259	343,965	99,722	-	220,940	7,308,886

<u>June 30, 2024</u>					
<u>Current</u>	<u>1-29 Days Past Due</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Over 90 Days Past Due</u>	<u>Total Mortgage Receivables</u>
\$ 5,475,475	762,271	12,455	128,396	266,383	6,644,980

Note 4 - Property and Equipment

Property and equipment consists of:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 231,952	198,670
Leasehold improvements	<u>34,456</u>	<u>34,456</u>
	266,408	233,126
Less: Accumulated depreciation and amortization	<u>219,057</u>	<u>221,455</u>
	<u><u>\$ 47,351</u></u>	<u><u>11,671</u></u>

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 5 - Line of Credit and Long-Term Debt

The Organization has a revolving line of credit agreement with a bank under which the Organization can borrow up to \$150,000. Borrowings under this agreement bear interest equal to the lender's prime rate (7.5% as of June 30, 2025). The line of credit is collateralized by all business assets of the Organization and is due on demand. The Organization had no borrowings under this agreement as of June 30, 2025 and 2024.

Long term debt consists of:

	<u>2025</u>	<u>2024</u>
Notes payable - Habitat for Humanity Iowa, Inc., due in monthly installments ranging from \$311 to \$770, including interest at 4.00%. Notes mature on dates ranging from June 2026 to November 2029. Notes are collateralized by all business assets.	\$ 89,877	114,989
Notes payable - Housing Fund for Linn County, due in monthly installments ranging from \$223 to \$1,000. The notes are interest free, maturing on dates ranging from July 2026 to December 2034. Notes are collateralized by all business assets.	201,280	147,689
Note payable - financial institution, due in monthly installments of \$3,222 including interest at 2.00%. The note matures in April 2028 and is collateralized by real estate properties.	106,377	142,491
Note payable - financial institution, due in monthly installments of \$2,037 including interest at 2.00%. The note matures in December 2027 and is collateralized by real estate properties.	67,343	93,373
	<u>\$ 464,877</u>	<u>498,542</u>

The schedule of maturities of long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 123,052
2027	106,697
2028	89,002
2029	49,250
2030	20,500
Thereafter	76,376
	<u>\$ 464,877</u>

Note 6 - Operating Leases

The Organization rents office and warehouse space and certain equipment under operating lease agreements. The Organization classifies these leases as operating leases. Payments due under the lease contracts include fixed payments.

<u>Lease Cost</u>	<u>Classification</u>	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>
Operating lease cost	Rent expense	\$ 225,374	222,213

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2025 and 2024

Note 6 - Operating Leases (Continued)

The following is a schedule by year of minimum lease payments required under the leases as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2026	\$ 207,336
2027	207,336
2028	111,660
2029	43,320
2030	43,320
Total lease payments	612,972
Less: Interest	79,667
Present value of lease liabilities	<u>\$ 533,305</u>

The following table presents the weighted average remaining lease term and discount rate as of June 30, 2025 and 2024:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Weighted average remaining lease term (years):		
Operating leases	3.39 years	0.62 years
Weighted average discount rate:		
Operating leases	8.68%	4.08%

Note 7 – Related Party Transactions

Habitat International - With respect for and in support of Habitat International, the Organization voluntarily remits a tithe of the undesignated public support it received in the prior year. This is used by the international organization to provide housing for the poor around the world. Tithe expense remitted for the years ended June 30, 2025 and 2024 was \$35,800 and \$25,000, respectively.

Habitat of Iowa – The Organization has contracted with Habitat for Humanity of Iowa for developer fees related to administering government grants and construction of homes under the grants. Total expenses paid to the Habitat for Humanity of Iowa totaled \$113,062 and \$10,282 for the years ended June 30, 2025 and 2024, respectively.

**CEDAR VALLEY HABITAT
FOR HUMANITY, INC.**

Supplementary Information

June 30, 2025

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<u>Federal Grantor/Program or Cluster Title</u>		<u>Federal Assistance Listing Number</u>	<u>Name of Grant - Grant ID</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Passed through the City of Walker:				
Community Development Block Grants		14.218	B-21-D2-19-0001	\$ 126,072
Passed through the City of Cedar Rapids:				
Home Investment Partnerships Program		14.239		<u>76,099</u>
				<u>202,171</u>
U.S. Department of the Treasury:				
Passed through Linn County Public Health:				
CV State and Local Fiscal Recovery Funds	COVID-19	21.027	Safe Home Prog.	72,681
Passed through the Iowa Finance Authority:				
CV State and Local Fiscal Recovery Funds	COVID-19	21.027	22-IHG-1160-2	56,801
CV State and Local Fiscal Recovery Funds	COVID-19	21.027	22-IHG-1160-3	58,795
CV State and Local Fiscal Recovery Funds	COVID-19	21.027	22-IHG-1160-4	217,904
CV State and Local Fiscal Recovery Funds	COVID-19	21.027	22-IHG-1160-5	218,835
CV State and Local Fiscal Recovery Funds	COVID-19	21.027	22-IHG-1160-6	<u>195,904</u>
				<u>820,920</u>
Total Expenditures of Federal Awards				<u>\$ 1,023,091</u>

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Cedar Valley Habitat for Humanity, Inc. under programs of the federal government 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cedar Valley Habitat for Humanity, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cedar Valley Habitat for Humanity, Inc.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

Cedar Valley Habitat for Humanity, Inc. has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Subrecipients

There were no awards passed through to subrecipients.



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FINANCIAL & MANAGEMENT CONSULTING

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Directors of
Cedar Valley Habitat for Humanity, Inc.
Cedar Rapids, Iowa

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 Cedar Valley Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cedar Valley Habitat for Humanity, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Organization's financial statements are free of 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 determination of financial statement amounts. 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
February 20, 2026



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

To the Board of Directors of
Cedar Valley Habitat for Humanity, Inc.
Cedar Rapids, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cedar Valley Habitat for Humanity, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Cedar Valley Habitat for Humanity, Inc.'s major federal program for the year ended June 30, 2025. Cedar Valley Habitat for Humanity, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cedar Valley Habitat for Humanity, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cedar Valley Habitat for Humanity, Inc., and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cedar Valley Habitat for Humanity, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cedar Valley Habitat for Humanity, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 Cedar Valley Habitat for Humanity, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Cedar Valley Habitat for Humanity, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cedar Valley Habitat for Humanity, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cedar Valley Habitat for Humanity, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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. Accordingly, this report is not suitable for any other purpose.

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
February 20, 2026

CEDAR VALLEY HABITAT FOR HUMANITY, INC.
Schedule of Findings and Questioned Costs and Prior Audit Findings
Year Ended June 30, 2025

Part I: Summary of independent auditors' results:

1. An unmodified opinion was issued on the financial statements.
2. The audit of the financial statements uncovered no material weakness in internal control over financial reporting. Additional material weaknesses or significant deficiencies may exist that have not been discovered.
3. The audit did not disclose any non-compliance that is material to the financial statements.
4. There were no significant deficiencies or material weaknesses disclosed during the audit of compliance over major programs.
5. Auditor issued an unmodified opinion on compliance of major programs.
6. There were no reported audit findings relative to the major federal award programs.
7. The following program was considered to be a major program:
 - a. Coronavirus State and Local Fiscal Recovery Funds, CFDA 21.027
8. The threshold between a Type A and Type B program was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

Part II: Finding(s) related to the financial statements in accordance with generally accepted government auditing standards:

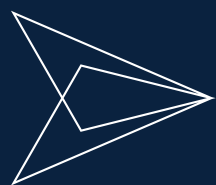
None

Part III: Finding(s) and questioned costs for Federal awards:

None

Summary Schedule of Prior Audit Findings

Findings	Status
2024-001	Corrected



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