Habitat for Humanity of Colorado, Inc.

Financial Statements

June 30, 2020 and 2019

WIPFLI

WIPFLI

Independent Auditor's Report

To the Board of Directors
Habitat for Humanity of Colorado, Inc.
Lakewood, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity of Colorado, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

WIPFLI

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2020, on our consideration of Habitat for Humanity of Colorado, Inc.'s 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 Habitat for Humanity of Colorado, Inc.'s 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 Habitat for Humanity of Colorado, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

December 9, 2020
Denver, Colorado

Habitat for Humanity of Colorado, Inc.

Statements of Financial Position

June 30, 2020 and 2019

ASSETS	2020	2019
Current Assets:		
Cash	$ 600,846	$ 453,521
Board Designated Reserve Cash	294,132	261,350
Total Cash	894,978	714,871
Receivables:		
Accounts Receivable	183,912	173,303
Government Grants Receivable	15,745	35,452
Notes Receivable - Due Within One Year	237,427	10,000
Total Receivables	437,084	218,755
Inventory	76,827	83,361
Prepaid Expenses	15,836	6,236
Total Current Assets	1,424,725	1,023,223
Property and Equipment - At Cost:		
Vehicles	101,800	101,800
Machinery and Equipment	46,535	46,535
Office Furniture and Equipment	19,862	19,862
Leasehold Improvements	12,669	12,669
	180,866	180,866
Less: Accumulated Depreciation	132,385	109,263
Property and Equipment - Net	48,481	71,603
Notes Receivable - Due After One Year	153,839	-
TOTAL ASSETS	$ 1,627,045	$ 1,094,826

See accompanying notes to financial statements.

Habitat for Humanity of Colorado, Inc.

Statements of Financial Position (Continued)

June 30, 2020 and 2019

LIABILITIES AND NET ASSETS	2020	2019
Current Liabilities:		
Accounts Payable	$ 127,671	$ 111,838
Deferred Event Revenue	26,031	-
Other Liabilities	34,181	23,383
Notes Payable - Due Within One Year	26,740	-
Total Current Liabilities	214,623	135,221
Long-Term Liabilities:		
Notes Payable - Due After One Year	365,560	-
Total Liabilities	580,183	135,221
Net Assets:		
Without Donor Restrictions:		
Undesignated	752,730	698,255
Board Designated	294,132	261,350
Total Net Assets	1,046,862	959,605
TOTAL LIABILITIES AND NET ASSETS	$ 1,627,045	$ 1,094,826

See accompanying notes to financial statements.

Habitat for Humanity of Colorado, Inc.

Statement of Activities

For the Year Ended June 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Proceeds Received from Sales of Affiliate Loans	$ 4,392,707	$ -	$ 4,392,707
Less: Amounts Remitted to Affiliates	4,290,000	-	4,290,000
Net Proceeds from Sales of Affiliate Mortgage Loans	102,707	-	102,707
Government Grants	1,740,297	-	1,740,297
Contributions and Grants - Non-Governmental	591,234	81,662	672,896
Processing Fees	118,196	-	118,196
WeBuild Program Income	895,525	-	895,525
Other Income	3,183	-	3,183
Net Assets Released from Restriction	81,662	(81,662)	-
Total Support and Revenue	3,532,804	-	3,532,804
Expenses:			
Program Services:			
Affiliate Support	2,427,958	-	2,427,958
WeBuild	853,384	-	853,384
Total Program Services	3,281,342	-	3,281,342
Support Services:			
General and Administrative	85,444	-	85,444
Fundraising	78,761	-	78,761
Total Expenses	3,445,547	-	3,445,547
Change in Net Assets	87,257	-	87,257
Net Assets - Beginning of Year	959,605	-	959,605
NET ASSETS - END OF YEAR	$ 1,046,862	$ -	$ 1,046,862

See accompanying notes to financial statements.

Habitat for Humanity of Colorado, Inc.

Statement of Activities

For the Year Ended June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Proceeds Received from Sales of Affiliate Loans	$ 2,068,176	$ -	$ 2,068,176
Less: Amounts Remitted to Affiliates	2,041,176	-	2,041,176
Net Proceeds from Sales of Affiliate Mortgage Loans	27,000	-	27,000
Government Grants	724,041	-	724,041
Contributions and Grants - Non-Governmental	497,434	24,537	521,971
Processing Fees	80,218	-	80,218
WeBuild Program Income	1,035,526	-	1,035,526
Other Income	1,325	-	1,325
Net Assets Released from Restriction	24,537	(24,537)	-
Total Support and Revenue	2,390,081	-	2,390,081
Expenses:			
Program Services:			
Affiliate Support	1,195,905	-	1,195,905
WeBuild	983,503	-	983,503
Total Program Services	2,179,408	-	2,179,408
Support Services:			
General and Administrative	107,561	-	107,561
Fundraising	53,851	-	53,851
Total Expenses	2,340,820	-	2,340,820
Change in Net Assets	49,261	-	49,261
Net Assets - Beginning of Year	910,344	-	910,344
NET ASSETS - END OF YEAR	$ 959,605	$ -	$ 959,605

See accompanying notes to financial statements.

Habitat for Humanity of Colorado, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Affiliate Support	WeBuild	General and Administrative	Fundraising	Total
Direct Affiliate Services	$ 147,106	$ -	$ -	$ -	$ 147,106
Pass-Through Grants	1,883,131	-	-	-	1,883,131
Materials and Supplies	-	594,001	-	-	594,001
Payroll Expenses and Taxes	233,031	58,725	36,283	46,008	374,047
WeBuild Program - Direct Expenses	-	52,780	-	-	52,780
Employee Benefits	44,647	11,251	6,952	8,815	71,665
Postage	1,040	262	162	205	1,669
Telephone and Utilities	3,294	830	513	650	5,287
Bank Charges	-	-	2,593	-	2,593
Bad Debts	20,363	-	-	-	20,363
Insurance	1,714	432	267	338	2,751
Repairs and Maintenance	-	12,340	-	-	12,340
Small Tools	-	16,958	-	-	16,958
Vehicle Fuel and Maintenance	-	89,332	-	-	89,332
Outside Services	22,610	-	20,380	-	42,990
Marketing	9,095	-	-	-	9,095
Rent Expense	12,502	3,150	1,946	2,468	20,066
Office Expense	3,758	947	585	742	6,032
Dues and Subscriptions	2,199	-	-	-	2,199
Travel	7,497	-	932	1,182	9,611
Depreciation	7,084	12,376	3,662	-	23,122
Miscellaneous	28,887	-	11,169	18,353	58,409
Total	$ 2,427,958	$ 853,384	$ 85,444	$ 78,761	$ 3,445,547

See accompanying notes to financial statements.

Habitat for Humanity of Colorado, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2019

	Affiliate Support	WeBuild	General and Administrative	Fundraising	Total
Direct Affiliate Services	$ 77,274	$ -	$ -	$ -	$ 77,274
Pass-Through Grants	764,862	-	-	-	764,862
Rebuild Colorado	466	-	-	-	466
Conference Expenses	44	-	-	-	44
Materials and Supplies	-	741,414	-	-	741,414
Payroll Expenses and Taxes	189,432	54,170	46,291	38,412	328,305
WeBuild Program - Direct Expenses	-	62,607	-	-	62,607
Employee Benefits	25,659	7,337	6,270	5,203	44,469
Postage	1,207	345	295	245	2,092
Telephone and Utilities	4,094	1,171	1,001	830	7,096
Bank Charges	-	-	2,102	-	2,102
Insurance	2,101	601	513	426	3,641
Repairs and Maintenance	-	15,680	-	-	15,680
Small Tools	-	19,539	-	-	19,539
Vehicle Fuel and Maintenance	-	60,986	-	-	60,986
Outside Services	22,610	-	31,829	-	54,439
Marketing	74,227	-	-	-	74,227
Rent Expense	10,422	2,980	2,547	2,113	18,062
Office Expense	2,452	701	599	497	4,249
Dues and Subscriptions	1,216	-	-	-	1,216
Travel	12,579	-	2,390	1,983	16,952
Depreciation	7,260	15,972	3,703	-	26,935
Miscellaneous	-	-	10,021	4,142	14,163
Total	$ 1,195,905	$ 983,503	$ 107,561	$ 53,851	$ 2,340,820

See accompanying notes to financial statements.

Habitat for Humanity of Colorado, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in Net Assets	$ 87,257	$ 49,261
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	23,122	26,935
Change in Operating Assets and Liabilities:		
Accounts Receivable	(10,609)	(66,095)
Government Grants Receivable	19,707	74,025
Inventory	6,534	11,074
Prepaid Expenses	(9,600)	(5,816)
Accounts Payable	15,833	(60,709)
Deferred Event Revenue	26,031	-
Other Liabilities	10,798	(1,372)
Net Cash Flows From Operating Activities	169,073	27,303
Cash Flows From Investing Activities:		
Issuance of Notes Receivable	(423,227)	(10,000)
Collections of Notes Receivable	41,961	-
(Purchase of) Property and Equipment	-	(2,916)
Net Cash Flows From Investing Activities	(381,266)	(12,916)
Cash Flows From Financing Activities:		
Repayment of Notes Payable	-	(30,391)
Proceeds from Notes Payable	392,300	-
Net Cash Flows From Financing Activities	392,300	(30,391)
Net Change in Cash	180,107	(16,004)
Cash at Beginning of Year	714,871	730,875
Cash at End of Year	$ 894,978	$ 714,871

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Organization

Habitat for Humanity of Colorado, Inc.'s (the "Organization") mission statement reads, "Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope."

The Organization was founded by local Habitat for Humanity affiliates in November 1992 to provide statewide support through collaborative fundraising, advocacy, strategic partnerships, training, technical assistance, and the development of resources.

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; accordingly, a provision for income taxes has not been made. The Internal Revenue Service has determined the Organization is not a private foundation.

Habitat for Humanity of Colorado's WeBuild partnership at Crowley County Correctional Facility builds opportunity for incarcerated men to learn a professional construction trade and be positive contributors to the community by building affordable and essential components for Habitat for Humanity homes. The Organization is the owner/operator of the program and provides oversight, administrative support, and financial management for the program. WeBuild supplies hundreds of Habitat for Humanity homes across Colorado with their handiwork at cost, saving thousands annually, and contributing toward the affordability of those homes for hard-working Colorado families.

Method of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP) and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization's financial instruments include cash, receivables, accounts payable, and short-term borrowings. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

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

> *Net assets without donor restrictions*: Net assets available for use in general operations and not subject to donor restrictions. The governing Board has designated, from net assets without donor restrictions, board-designated cash reserves.
>
> *Net assets with donor restrictions*: Net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Receivables

Receivables consist primarily of amounts due from local affiliates, amounts due from government grants, and other miscellaneous amounts. Management continually evaluates the need for an allowance for uncollectible accounts. The allowance is management's best estimate of uncollectible amounts based on historical collections that are tracked by the Organization on an ongoing basis. Management reviewed the receivable balances as of June 30, 2020 and 2019, and recorded an allowance of $9,563 at June 30, 2020. No allowance was necessary at June 30, 2019.

Inventory - WeBuild

Inventories are stated at the lower of cost of net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonable predictable cost of completion, disposal, and transportation.

Property and Equipment

Property and equipment is carried at cost or fair market value at date of contribution. Property and equipment acquired with an estimated useful life in excess of one year is capitalized and depreciated using the straight-line method over the estimated useful lives of the assets.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Recognition of Support and Revenue

Processing Fees: The Organization receives a processing fee based on a fixed charge or a percentage of the proceeds remitted to the affiliate. The revenue from processing fees is recognized at the time the remittance is made to the affiliate, at a point in time.

WeBuild Program Income: The Organization's WeBuild partnership with the Crowley County Correctional Facility manufactures cabinets, trusses, and other home related products for sale to affiliates and others. The Organization recognizes revenues from the program when the products are delivered, persuasive evidence of an arrangement exists, the price is fixed and collection is reasonably assured. The Organization generally delivers the product to its destination using its own transportation equipment and charges an additional fee for these delivery services.

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

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

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

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

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

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

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Event Revenue

Deferred event revenue represents funding received for events that will take place in a future period.

Donated Services

Donated services are recognized as contributions in accordance with GAAP for not-for-profit organizations if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided assistance with specific programs and fund-raising events throughout the year that were not recognized as contributions in the financial statements because the recognition criteria under GAAP was not met. For the years ended June 30, 2020 and 2019, the Organization did not receive any donated services that met the criteria for recognition.

Income Taxes

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii), and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires an organization to disclose any material uncertain tax positions that management believes does not meet a "more-likely-than-not" standard of being sustained under an income tax audit, and to record a liability for any such taxes including penalty and interest. Management of the Organization has not identified any uncertain tax positions that require the recording of a liability mentioned above or further disclosure.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expense by function. Certain costs have been allocated among the program, general and administrative, and fundraising categories based on estimates of time spent by personnel and other methods.

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 Revenue From Contracts with Customers (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of July 1, 2019. The adoption of this guidance had no effect on the Organization's recognition of revenues from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and in determining whether a contribution transaction is conditional. The Organization adopted this guidance as of July 1, 2019, with no effect on its recognition of contributions and grants received.

Recently Issued Accounting Pronouncements

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

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the financial statements through December 9, 2020, which is the date the financial statements were available to be issued.

While the Organization has appreciated the value of the WeBuild program for affiliates and Crowley County Correctional Facility (CCCF) inmates over its 20+ year history, the Organization's Board of Directors elected on September 11, 2020, pursuant to Section 4.1 of its agreement with CCCF, to terminate the program as of December 31, 2020. CoreCivic, one of the largest prison operators in the U.S., will contine the operation of the WeBuild program through a new non-profit organization subsequent to December 31, 2020.

Note 2: Liquidity and Availability of Financial Resources

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

As of June 30,	2020	2019
Cash	$ 894,978	$ 714,871
Accounts Receivable	183,912	173,303
Government Grants Receivable	15,745	35,452
Notes Receivable - Due Within One Year	237,427	10,000
Total Financial Assets	1,332,062	933,626
Less: Board Designations	294,132	261,350
Total Financial Assets Available for General Expenditure	$ 1,037,930	$ 672,276

The Organization has board-designated funds totaling $294,132 and $261,350 for reserve cash as of June 30, 2020 and 2019, respectively. Although the Organization does not intend to spend from these board-designated funds other than for the designated purpose, these amounts could made available if necessary.

The Organization has financial planning and budgeting policies requiring the current operating reserve to be at least equal to three months of operating expenses, excluding the WeBuild or other passthrough program expenditures. The Board of Directors shall be notified and provided a plan of action, should the reserve fall below the established three month level.

Note 3: Concentration of Credit Risk

Since the Organization places cash in individual financial institutions in excess of FDIC insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash.

As of June 30, 2020 and 2019, approximately 10% and 18%, respectively, of the Organization's receivables were concentrated with one customer. Additionally, for the years ended June 30, 2020 and 2019, 22% and 26%, respectively, of the Organization's revenue was derived from pass-through grants with the U.S. Department of Housing and Urban Development.

Note 4: Notes Receivable

The following is a summary of the notes receivable.

As of June 30,	2020	2019
Note receivable from an affiliate; interest at 3.25%; due on September 1, 2020; secured by a deed of trust on real property. The note was repaid in full in August 2020. Colorado Revolving loan fund note.	$ 171,515	$ -
Note receivable from an affiliate; interest at 3.25%; interest only payments until maturity on October 1, 2021; secured by a deed of trust on real property. The note was repaid in full in August 2020. Colorado Revolving loan fund note.	153,839	-
Unsecured notes with two affiliates. The notes are non-interest bearing and due on demand or within six months.	76,712	10,000
	402,066	-
Less: Reserve for Uncollectible Amounts	(10,800)	-
Less: Amounts Due Within One Year	(237,427)	(10,000)
Note Receivable - Due After One Year	$ 153,839	$ -

Note 5: Notes Payable

The following is a summary of the notes payable.

As of June 30,	2020	2019
Note payable to the Colorado Housing and Finance Authority (CHFA). Revolving working capital loan; $1,000,000 available; funding to be used for the Colorado Revolving loan fund; interest at 2%; interest only payments due quarterly; matures on March 1, 2025. The loan is unsecured.	$ 331,500	$ -
Loan received through the Small Business Administration (SBA) Paycheck Protection Program (PPP). The loan accrues interest at 1% with principal and interest payments due on the date the SBA remits the loan forgiveness amount to the lender. There are provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain requirements.	60,800	-
	392,300	-
Less: Amounts Due Within One Year	(26,740)	-
Notes Payable - Due After One Year	$ 365,560	$ -

Note 5: Notes Payable (Continued)

The following are future maturites of the notes payable for the years ending June 30:

2021	$	26,740
2022		34,060
2023		-
2024		-
2025		331,500
Total	$	392,300

Note 6: Board Designated Net Assets

As of June 30, 2020 and 2019, board designated net assets consisted of $294,132 and $261,350, respectively, of cash reserves established based upon resolution from the Board of Directors.

Note 7: Employee Benefit Plan

The Organization provides a Simple IRA plan covering all employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code, and the Organization will match 100% of employee contributions up to 3% of eligible compensation. Matching contributions were $7,412 and $8,929, respectively, for the years ended June 30, 2020 and 2019.

Note 8: Operating Leases

The Organization leases office space under a non-cancelable operating lease. The minimum future lease payments for the years ending June 30, are as follows:

2021	$	17,210
2022		17,210
Thereafter		1,435
Total	$	35,855

For the years ended June 30, 2020 and 2019, Rent Expense was $20,066 and $18,062, respectively.

Note 9: Mortgage Loan Purchase Agreement

The Organization entered into a three year Letter of Loan Commitment with FirstBank in which the Organization acts as an intermediary to facilitate the sale of the mortgage loans originated and owned by local affiliates to FirstBank. Under the terms of the commitment, FirstBank agreed to purchase up to $30,000,000 of loans over the term of the commitment. The purchase price for each mortgage loan will be based upon a discount rate generally guided by the prevailing 20-year Constant Maturity Treasury (CMT) rate as published by the U.S. Department of Treasury, plus 75 basis points. The Organization generally receives a processing fee equal to $1,500 for each loan processed. The FirstBank Loan Commitment expires in January 2023.

On June 1, 2019, the Organization entered into a Mortgage Loan Purchase Agreement with the Colorado Housing and Finance Authority (CHFA) to facilitate the sale of the mortgage loans and related servicing rights of loans originated and owned by local affiliates to CHFA. Under the terms of the agreement, CHFA will purchase up to $2,000,000 of loans during the period June 1, 2019 to February 28, 2020, as amended. The purchase price for each mortgage loan is the outstanding principal balance, net of the escrow balance and any administrative fees, as set forth in the agreement. The Organization receives a processing fee equal to 5% for each loan sold.

For the years ended June 30, 2020 and 2019, the Organization received proceeds from the sale of affiliate mortgage loans in the amount of $4,392,707 and $2,068,176, respectively, and remitted $4,290,000 and $2,041,176, respectively, to local affiliates and collected processing fees of $118,196 and $80,218, respectively, pursuant to these agreements.

Note 10: Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

COVID-19 will impact various segments of the Organization’s fiscal 2021 operations and financial results. Management believes that the Organization is taking appropriate actions to mitigate the possible negative impact, although to-date the Organization has not felt irreparable harm including reducing operations. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

The Organization receives certain revenues from various governmental agencies. The disbursement of funds received under these agreements generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the governmental agency. The amount of charges to these agreements that may be disallowed, if any, by such audits cannot be presently determined and no provison for any liability that may result has been made in the financial statements. However, management believes the Organization is in compliance with its requirements, and no liability has arisen in the past or is currently expected.

Note 11: Affiliate Transactions

Local Affiliate Support

The Organization has been awarded various federal, state, and/or private grants in which most of the funding received under these grants is remitted to local Habitat for Humanity affiliates within Colorado ("local affiliates"). Additionally, as discussed in Note 9, the Organization entered into agreements with FirstBank and CHFA to facilitate the sale of mortgage loans held by the local affiliates to FirstBank or CHFA. The Organization collects a processing fee for administering the grants and loan sale programs. The Organization provided funding to local affiliates under these grants/programs as follows:

Year Ended June 30,	2020	2019
Grant Funding:		
Federal Pass-Through Grant	$ 1,572,000	$ 612,825
Other Local Affiliate Funding	311,131	152,037
	1,883,131	764,862
Mortgage Loan Purchase Program:		
Sales of Local Affiliate Mortgage Loans	4,290,000	2,041,176
Total Amount Remitted to Local Affiliates	$ 6,173,131	$ 2,806,038

Habitat for Humanity International

For the years ended June 30, 2020 and 2019, the Organization tithed $15,000 and $7,421, respectively, to Habitat for Humanity International.

Supplementary Information

Habitat for Humanity of Colorado, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
CDBG - Disaster Recovery Grants Cluster				
Pass-through from State of Colorado				
Department of Local Affairs				
Community Development Block Grant Disaster Recovery**	14.269	H9CDR19038	$ 1,100,000	$ 1,072,500
U.S. Department of Housing and Urban Development				
Pass-through from State of Colorado -				
Department of Local Affairs				
Home Investment Partnerships	14.239	H8HOM18032	378,000	360,000
Home Investment Partnerships	14.239	H0HOM19049	148,500	139,500
			526,500	499,500
Total U.S. Department of Housing and Urban Development			1,626,500	1,572,000
U.S. Department of Agriculture				
Rural Community Development Initiative	10.446	N/A	33,525	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,660,025	$ 1,572,000

** Denotes major program.

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Habitat for Humanity of Colorado, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with requirements of the 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 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: Basis of Accounting

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. The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

WIPFLI

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

To the Board of Directors
Habitat for Humanity of Colorado, Inc.
Lakewood, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity of Colorado, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat for Humanity of Colorado, Inc.'s 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 the Habitat for Humanity of Colorado, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat for Humanity of Colorado, Inc.'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 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.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity of Colorado, Inc.'s 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*.

WIPFLI

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 Habitat for Humanity of Colorado, Inc.'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 Habitat for Humanity of Colorado, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

December 9, 2020
Denver, Colorado

WIPFLI

Independent Auditor's Report on Compliance for The Major Federal Program and on Internal Control Over Compliance

To the Board of Directors
Habitat for Humanity of Colorado, Inc.
Lakewood, Colorado

Report on Compliance for the Major Federal Program
We have audited Habitat for Humanity of Colorado, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal programs.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on the Major Federal Program
In our opinion, the Organization 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Wipfli LLP

Wipfli LLP

December 9, 2020
Denver, Colorado

Habitat for Humanity of Colorado, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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 _x_ no
Significant deficiency(ies) identified?	___ yes _x_ no
Noncompliance material to financial statements noted?	___ yes _x_ no

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified?	___ yes _x_ no
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 Uniform Guidance [2 CFR 200.516(a)]?	___ yes _x_ no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.269	Community Development Block Grant Disaster Recovery

Dollar threshold used to distinguish between Type A and Type B programs:	$750.000
Auditee qualified as low-risk auditee?	___ yes _x_ no

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None