



**Habitat**  
**for Humanity<sup>®</sup>**  
**of Wausau**

**Habitat for Humanity of Wausau, Inc.**

**Financial Statements**

**Year Ended June 30, 2024**

**Habitat for Humanity of Wausau, Inc.**

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## **Independent Auditor's Report**

To the Board of Directors:  
Habitat for Humanity of Wausau, Inc. (a nonprofit organization)  
Wausau, WI

### **Opinion**

We have audited the accompanying financial statements of Habitat for Humanity of Wausau, Inc., which comprise the statement of financial position as of June 30, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Wausau, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Habitat for Humanity of Wausau, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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 Habitat for Humanity of Wausau, Inc.'s 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Wausau, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Wausau, 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 audit.

***MBE CPAs, LLP***

Wausau, WI  
May 5, 2025

**Habitat for Humanity of Wausau, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2024**

	<b>2024</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 711,992
Certificates of deposit	545,813
Current portion of mortgage receivables, net	154,000
Inventory- retail	71,574
Construction in progress	192,796
Other current assets	9,541
<b>Total Current Assets</b>	<u>1,685,716</u>
<b>Property and Equipment</b>	
Land	287,400
Building	406,866
Construction equipment	8,865
Office equipment	34,007
Vehicle and trailers	34,027
Less: Accumulated depreciation	<u>(169,786)</u>
<b>Net Property and Equipment</b>	<u>601,379</u>
<b>Other Assets</b>	
Mortgages receivable - long-term	2,340,754
Unamortized discount on mortgages	<u>(1,501,687)</u>
<b>Total Other Assets</b>	<u>839,067</u>
<b>Total Assets</b>	<u><u>\$ 3,126,162</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 26,121
Accrued payroll and vacation	<u>27,534</u>
<b>Total Current Liabilities</b>	<u>53,655</u>
<b>Total Liabilities</b>	53,655
<b>Net Assets</b>	
Net assets with donor restrictions	62,938
Net assets without donor restrictions	<u>3,009,569</u>
<b>Total Net Assets</b>	<u>3,072,507</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,126,162</u></u>

The notes to the financial statements are an integral part of this statement.

**Habitat for Humanity of Wausau, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	<b>2024</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>			
Revenue from contracts with customers:			
Sales to home buyers	\$ 227,924	\$ -	\$ 227,924
Retail store and recycling income	400,349	-	400,349
Contributions and grants:			
Contributions	135,014	75,698	210,712
Sponsorship income	9,500	-	9,500
In-kind contributions	140,430	-	140,430
Other revenue:			
Interest income	21,205	-	21,205
Mortgage discount amortization	97,233	-	97,233
Net assets released from restrictions	12,760	(12,760)	-
<b>Total Revenues and Other Support</b>	<u>1,044,415</u>	<u>62,938</u>	<u>1,107,353</u>
<b>Operating Expenses</b>			
Program services	706,544	-	706,544
Management and general	133,080	-	133,080
Fundraising	29,983	-	29,983
<b>Total Operating Expenses</b>	<u>869,607</u>	<u>-</u>	<u>869,607</u>
<b>Total Increase in Net Assets</b>	174,808	62,938	237,746
<b>Net Assets - Beginning of Year</b>	<u>2,834,761</u>	<u>-</u>	<u>2,834,761</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,009,569</u>	<u>\$ 62,938</u>	<u>\$ 3,072,507</u>

The notes to the financial statements are an integral part of this statement.

**Habitat for Humanity of Wausau, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

<b>2024</b>					
	Program Services	Supporting Services			Total
	Home, Repair, & Store	Management & General	Fundraising	Total Support Services	
<b>Expenses</b>					
Advertising and marketing	\$ 8,154	\$ 3,626	\$ 2,186	\$ 5,812	\$ 13,966
Building and occupancy	12,413	3,139	-	3,139	15,552
Cost of homes transferred	192,098	-	-	-	192,098
Depreciation expense	19,037	4,073	-	4,073	23,110
Employee benefits	10,932	1,552	763	2,315	13,247
Equipment charges	2,598	3,175	-	3,175	5,773
Insurance	18,436	11,854	-	11,854	30,290
Interest expense	-	24	-	24	24
Office expenses	16,775	13,922	4,025	17,947	34,722
Other expenses and bank fees	17,963	161	19	180	18,143
Payroll taxes	27,513	3,447	1,871	5,318	32,831
Postage and shipping	315	178	582	760	1,075
Professional fees	9,071	38,747	-	38,747	47,818
Repairs and maintenance	8,897	361	-	361	9,258
Retail store	38,369	-	-	-	38,369
Telephone and website	3,534	6,956	-	6,956	10,490
Tithing to international home office	14,000	-	-	-	14,000
Vehicle expenses and travel	5,018	-	-	-	5,018
Volunteers and recognition	7,275	93	-	93	7,368
Wages and salaries	294,146	41,772	20,537	62,309	356,455
<b>Total Expenses</b>	<b>\$ 706,544</b>	<b>\$ 133,080</b>	<b>\$ 29,983</b>	<b>\$ 163,063</b>	<b>\$ 869,607</b>

The notes to the financial statements are an integral part of this statement.

**Habitat for Humanity of Wausau, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

	<b>2024</b>
<b>Cash Flows from Operating Activities:</b>	
Increase (Decrease) in Net Assets	\$ 237,746
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	23,110
Mortgage discount amortization	(97,233)
(Increase) decrease in assets:	
Inventory- retail	(51,574)
Construction in progress	(55,778)
Other current assets	(3,898)
Increase (decrease) in liabilities:	
Accounts payable	(45,567)
Accrued payroll and vacation	11,984
<b>Net Cash Provided by Operating Activities</b>	<b>18,790</b>
<b>Cash Flows from Investing Activities:</b>	
Issued certificates of deposit	(545,813)
Purchase of property and equipment	(7,104)
Collections on mortgages	165,151
<b>Net Cash Used in Investing Activities</b>	<b>(387,766)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(368,976)</b>
<b>Cash - Beginning of Year</b>	<b>1,080,968</b>
<b>Cash - End of Year</b>	<b>\$ 711,992</b>
<b>Supplemental Cash Flow Information:</b>	
Cash payments made for interest	\$ 24

The notes to the financial statements are an integral part of this statement.



**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies**

This summary of significant accounting policies of Habitat for Humanity of Wausau, Inc. (the Organization), are presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Organization is a non-profit corporation and was incorporated on September 20, 1989. The Organization is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"), a nondenominational Christian non-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, the Organization is primarily and directly responsible for its own operations.

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

The retail store is a nonprofit home improvement store and donation center that sells new and donated furniture, appliances, home accessories, building materials, and more to the public at a fraction of the retail price. The retail store provides funding for the Organization's mission, offers affordable home improvement items to the general public, and diverts waste from landfills. Donated items that are not able to be sold are recycled whenever possible.

Basis of Accounting

The Organization uses the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and reflect all significant receivables, payables, and other liabilities, accordingly.

Classification of Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets.

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- 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, where-by the donor has stipulated the funds be maintained in perpetuity.

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Use of Estimates

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

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include demand deposit and money market accounts, and certificate of deposits with an original maturity of three months or less from the date of acquisition.

Certificates of Deposit

Certificates of Deposit consist of those instruments with original maturities greater than three months from the date of acquisition intended to be held to maturity. Certificates of deposits are reported at cost adjusted for interest accrual.

Inventory

Items held for resale inventory includes items purchased by and donated to the retail store. At the end of its fiscal year, the Organization estimates the value of donated retail store goods on hand based on its estimated retail value. Inventory purchased by the retail store is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Land held for development inventory is valued at cost. Donated land is recorded at its estimated market value when received using independent appraisals, or if unavailable, comparative market analysis or the tax appraisal values. Subsequent to the acquisition date, the Organization reviews these properties for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. There were two parcels of land held for development at June 30, 2024.

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies (continued)**

Inventory (continued)

Construction in progress is stated at cost and includes all direct material, labor, and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tools. Home construction in progress inventory represents costs incurred to build single- family homes for the eventual sale to partner families. In the event a development is no longer deemed to be viable, the costs previously capitalized are expensed. Since the purpose of the Organization is to build affordable housing for families, the Organization does not generally write down the value to estimated sales value because any excess cost over sales value is a component of program services. Projects are classified as construction in progress until the project is completed and ownership transferred to partner families. The cost of homes sold to partner families is included in program services expense in the statement of activities and changes in net assets. Cost of homes sold also includes the excess cost of home repairs.

The following is a summary of new home building activity:

	<u>2024</u>
Homes under construction, beginning of year	1
New homes started during the year	2
Homes sold during the year	1
Homes under construction, end of year	2

Property and Equipment

Purchases of property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of donation. The Organization capitalizes all expenditures and all donations of property and equipment of \$2,500 or more. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets ranging from 3 – 40 years. Depreciation expense for the year ended June 30, 2024 totaled \$23,110.

Ordinary maintenance and repairs of property and equipment are charged to operations when incurred. Upon retirement, sale or other disposition of property and equipment, the cost and related accumulated depreciation is eliminated from the accounts and any resulting gain or loss is included in operations.

Impairment of Long-Lived Assets

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

Contributions Received

Contributions are recorded in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions as shown in the statement of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions received were \$75,698 for the year ended June 30, 2024. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies (continued)**

Contributed Nonfinancial Assets

The Organization maintains records of donated materials, use of facilities, and services. Contributions of tangible assets and materials are recognized at fair value at the time the donation is received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by a like amount included in assets or expenses. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed use of facilities is recognized as revenues and expenses for the fair market value of the donated use of facilities.

For the year ended June 30, contributed nonfinancial assets recognized within the financial statements of activities included:

Category:	<b>2024</b>
Home goods and materials	\$ 113,808
Professional services	26,622
Total	<u>\$ 140,430</u>

The Organization recognized contributed nonfinancial assets within revenue, including, furniture, appliances, home accessories, and building materials. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. In valuing the contributed assets, the Organization estimated the fair value on the basis of comparable items in the consumer market. Contributed materials are used for program activities.

Contributed services recognized comprise of professional services received for mortgage servicing, plumbing, electrical, surveying, and other professional services during home construction. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar professional services. Contributed services are used for program activities.

The Organization received 10,201 hours of donated service time from 418 volunteers in 2024 which is not recognized in the statements of activities, because such services do not involve specialized skills.

Mortgages Receivable

Mortgages receivable consist of non-interest bearing residential home loans made to qualified buyers, secured by real estate, payable in monthly installments over the term of the note, generally ranging from 20 to 30 years. These non-interest-bearing notes have been discounted based on the prevailing rates for low- income housing at the inception date of each mortgage as established by Habitat International ranging from 7.15% to 8.48%. Discounts are amortized to mortgage discount amortization revenue over the life of the mortgage using the effective interest method.

Mortgages receivable at June 30, 2024 are scheduled for collection as follows:

	<b>2024</b>
First Twelve Months	\$ 154,000
Second Twelve Months	152,000
Third Twelve Months	147,000
Fourth Twelve Months	143,000
Fifth Twelve Months	141,000
Thereafter	<u>1,757,754</u>
Total mortgages receivables	2,494,754
Unamortized discount on mortgages receivable at rates between 7.15% and 8.48%	<u>(1,501,687)</u>
Present value of mortgages receivables	<u>\$ 993,067</u>

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies (continued)**

Mortgages Receivable (continued)

The Organization reviews the payment history of each mortgage to determine which collection policies need to be enacted to ensure collectability. A mortgage is considered uncollectible after all other collection attempts have failed. All of the mortgages receivable are considered in the home mortgage loan class for evaluation purposes. The Organization's only class of mortgages is the home mortgage class, which is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not. The Organization had one loan with a past due balance as of June 30, 2024, in the amount of \$1,341. There were no mortgages written off for the year ended June 30, 2024. The Organization records these mortgages at zero interest therefore there is no need to place them on nonaccrual status. The Organization has not had to grant any concessions to borrowers as troubled debt restructuring due to financial difficulties and has not individually evaluated loans for impairment. The Organization has right of first refusal to purchase homes from the partner families in the case they request to sell.

In addition to the non-interest-bearing mortgage received from the sale of each home, the Organization can receive a contingent second mortgage. The second mortgage represents the excess of the market value over the original loan amount of each home sold. The second mortgage only becomes due in the event the property is sold or otherwise transferred, refinanced or otherwise encumbered by the borrower, or if the borrower is in default under the conditions of the mortgage prior to the expiration of its term. For the year ended June 30, 2024, the Organization recognized \$0 in contingent second mortgage income. As of June 30, 2024, the second mortgage payoff totaled \$810,994, but is considered less than probable or remote and therefore no receivable has been recorded in the financial statements.

Allowance for Credit Losses

Effective July 2023, the Organization adopted ASC 326, Financial Instruments—Credit Losses, using a modified retrospective approach for its financial assets in the scope of ASC 326. ASC 326 requires measurement and recognition of expected credit losses for financial assets held. Estimating credit losses based on risk characteristics requires significant judgment by the Organization. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Organization's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Organization reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business, and the estimated life of its financial assets.

Under ASC 326, the Organization changed its policy for assessing credit losses to include consideration of a broader range of information to estimate credit losses over the life of its financial assets. The Organization uses the probability of default method to estimate its expected credit losses on receivables. Management has evaluated credit losses and believes that the fair value of underlying mortgaged property exceeds the carrying value of the associated outstanding mortgage debt. Therefore, no allowance for uncollectible mortgages receivable is recorded.

The following table illustrates the impact of the Organization's adoption of ASC 326:

	Prior to ASC 326 Adoption	Impact of ASC 326 Adoption	As Reported Under ASC 326
Assets:			
Allowance for credit losses on receivables	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization recorded a net decrease (increase) of \$0 to total equity as of June 30, 2023, for the cumulative effect of adopting ASC 326.

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies (continued)**

Revenue Recognition

The Organization's principal business activities are the construction of homes and operation of a retail store for the general Wausau area. The Organization recognizes substantially all contract revenue for financial statement reporting purposes at a point in time for the year ended June 30, 2024. Contract assets are recorded as Mortgages receivable on the balance sheet.

The Organization's contracts typically have one performance obligation, which is either providing the product being purchased within the retail store by the customer directly or at the transfer date of a constructed home. Retail store sales are paid at the time of transfer. The payment terms and conditions of contracts with homebuyers are generally outlined within the mortgage agreements with each homebuyer, typically 20 to 30 years.

Each contract has a specific fixed dollar amount based on the scope of the construction contract or the individual product purchased from the retail store. The Organization does not offer rebates, volume discounts, incentives, price protection, price concessions, performance bonuses, milestone payments, or royalties that would be considered variable consideration.

The Organization recognizes income from sales to homebuyers when the title and risk transfer to homebuyers. Income is recorded at the gross sales amount less the discount for the non-interest bearing mortgage as discussed in the Mortgages Receivable policy. Sales from the retail store are recognized immediately with no warranty obligation.

For the year ended June 30, 2024, beginning contracts receivable related to contract revenue was \$2,659,905. Ending contracts receivable related to contract revenue was \$2,494,754.

Compensated Absences

Employees of the Organization are entitled to paid time off depending on length of service and other factors. Accrued paid time off is carried over from year to year. Accrued paid time off as of June 30, 2024 totaled \$19,963.

Income Taxes

The Organization is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private Organization.

Accounting for Uncertainty in Income Taxes

The Organization has evaluated for uncertain tax positions. Management has determined there are no uncertain tax positions as of June 30, 2024. Both Federal and State information returns remain open for examination by tax jurisdictions through their respective statutes of limitations.

Presentation of Sales Tax

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

Advertising

Advertising costs are charged to operations as paid. For the year ended June 30, 2024 advertising expenses were \$13,966.

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note A – Summary of Significant Accounting Policies (continued)**

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting services classifications based on a cost allocation program approved by the Organization's Board of Directors.

Date of Management's Review

Management has evaluated subsequent events through May 5, 2025, the date on which the financial statements were available to be issued.

**Note B – Uninsured Cash**

The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. The Organization may, from time to time during the year, have balances in excess of the FDIC insured limits. At June 30, 2024, the balances in excess of the FDIC insured limits were \$467,515.

**Note C – Concentrations**

The Organization receives a substantial amount of its revenue from four individual donors which comprised 45% of total contributions received during 2024.

**Note D – Liquidity and Availability of Resources**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date. Amounts not available represent long term assets and funds restricted by donors.

<b>Financial assets at year end:</b>	<b><u>2024</u></b>
Cash and cash equivalents	\$ 711,992
Certificates of deposit	545,813
<b>Total financial assets</b>	<u>1,257,805</u>
 <b>Less those unavailable for general expenditures within one year:</b>	
Net assets restricted by donor for Rock the Block program	22,459
Net assets restricted by donor for Ramp Up program	14,479
Net assets restricted by donor for Women Build program	1,000
Net assets restricted by donor for Strategic Planning program	25,000
Net assets designated by Board of Directors for reserves	<u>25,000</u>
<b>Total unavailable for general expenditures within one year:</b>	<u>87,938</u>
 <b>Financial assets available to meet cash needs for general expenditures within one year</b>	 <u>\$ 1,169,867</u>

The Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the case of liquidity needs, the Organization would look to borrow funds from an outside source.

**Habitat for Humanity of Wausau, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note E – Related Party Transactions**

The Organization is an affiliate organization of Habitat for Humanity International (Habitat International). The Organization remits a portion of its contributions (excluding in-kind contributions and contributions designated by donors to be used locally) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2024, the Organization contributed \$14,000 to Habitat International which is included in program services expense in the statement of activities and changes in net assets.

**Note F – Net Assets**

Net assets with donor restrictions are restricted for the following purposes:

<b>Restriction Purpose:</b>	<b><u>2024</u></b>
Rock the Block program	\$ 22,459
Ramp Up program	14,479
Women Build program	1,000
Strategic Planning program	25,000
<b>Total Net Assets with Donor Restriction</b>	<b><u>\$ 62,938</u></b>

The Organization has additional funds that are designated by the board for future use. The amount of those funds as of June 30, 2024, was \$25,000.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors was \$12,760 for the year ended June 30, 2024.

**Note G – Retirement Plan**

The Organization adopted a 401(k) group retirement plan which took effect January 1, 2023. The Plan covers all employees with 6 months of consecutive services with the Organization. Under the plan, the Organization makes matching contributions of up to 3% of the employees' gross wages. For the year ended June 30, 2024, the employer match was \$7,092.

**Note H – Change in Accounting Principle**

The Organization adopted ASC 326, Financial Instruments--Credit Losses, as of July 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and noncurrent receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of July 2023, and change in the allowance for credit losses during the year June 30, 2024, was not material to the financial statements.