

**Joplin Area Habitat for Humanity, Inc  
Joplin, Missouri**

**Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2023 and 2022**

Joplin Area Habitat for Humanity, Inc  
Joplin, Missouri  
June 30, 2023 and 2022

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
of Joplin Area Habitat for Humanity, Inc

### Opinion

We have audited the accompanying financial statements of Joplin Area Habitat for Humanity, Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows 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 Joplin Area Habitat for Humanity, Inc as of June 30, 2023 and 2022, 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 of America

### Basis for Opinion

We conducted our audits 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 Joplin Area Habitat for Humanity, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Joplin Area Habitat for Humanity, 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.



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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 Joplin Area 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Joplin Area 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 audit

*Hardy, Wrestler and Associates*

Hardy, Wrestler & Associates, CPA's, PC  
Joplin, Missouri  
October 30, 2023

Joplin Area Habitat for Humanity, Inc  
 Statements of Financial Position  
 June 30, 2023 and 2022

Assets

	2023	2022
Current assets		
Cash	\$ 1,231,782	\$ 1,095,047
Accounts receivable	21,501	11,920
Prepaid insurance	18,336	19,430
Inventory	278,448	303,654
Construction in process	699,057	480,378
Land for construction	297,102	253,957
Current portion of mortgage receivables	374,854	388,740
Total current assets	2,921,080	2,553,126
Property and equipment, net	1,257,384	1,238,752
Mortgage receivables, net	3,695,629	4,137,767
Total assets	\$ 7,874,093	\$ 7,929,645

Liabilities and net assets

Current liabilities		
Accounts payable	\$ 35,380	\$ 52,380
Accrued payroll and payroll liabilities	22,381	3,614
Homeowners escrow deposits	12,418	3,782
Current portion of note payable	48,006	60,714
Total current liabilities	118,185	120,490
Notes payable, net	-	-
Total liabilities	118,185	120,490
Net assets		
Without donor restrictions	7,755,908	7,809,155
Total net assets	7,755,908	7,809,155
Total liabilities and net assets	\$ 7,874,093	\$ 7,929,645

See accompanying independent auditors' report and notes to financial statements

Joplin Area Habitat for Humanity, Inc  
 Statements of Activities  
 Years Ended June 30, 2023 and 2022

	2023	2022
Change in net assets without donor restrictions		
Revenue and support		
Sale of houses	\$ 601,000	\$ 758,225
Sale of houses - JEHD	826,000	365,765
Contributions	27,750	38,142
Contributions - JEHD	1,000	73,025
ReStore sales	1,103,328	974,420
Mortgage discount amortization	234,076	225,736
Mortgage discount amortization - JEHD	15,657	7,153
Rental	32,600	29,000
Critical home repair	47,941	22,066
Miscellaneous income	16,040	2,523
Interest income	4,995	1,672
Interest income - JEHD	55	62
Employee Retention Credit	119,962	-
Gain (Loss) on Sale of Asset	(153,176)	5,800
	2,877,228	2,503,589
Total revenue and support		
Net assets released from donor restrictions	1,261,652	987,865
Total unrestricted revenues	4,138,880	3,491,454
Expenses		
Program services	3,707,216	2,804,942
Supporting services	484,911	580,835
	4,192,127	3,385,777
Total expenses		
Increase in net assets without donor restrictions	(53,247)	105,677
Change in net assets with donor restrictions		
Contributions	-	-
Grants	615,063	853,553
Grants - JEHD	587,000	166,064
Land and material donations	59,589	(31,752)
	1,261,652	987,865
Total revenue and support		
Net assets released from donor restrictions	(1,261,652)	(987,865)
Increase in net assets with donor restrictions	-	-
Increase in net assets	(53,247)	105,677
Net assets beginning of year		
Without donor restrictions	7,809,155	7,703,478
Net assets at end of year		
Without donor restrictions	\$ 7,755,908	\$ 7,809,155

See accompanying independent auditors' report and notes to financial statements

Joplin Area Habitat for Humanity, Inc  
 Statements of Functional Expenses  
 Year Ended June 30, 2023

Year Ended June 30, 2023

	Program Services			Supporting Services	Total
	Construction	ReStore	JEHDI		
Cost of houses sold	\$ 523,890	\$ -	\$ 786,494	\$ -	\$ 1,310,384
Critical home repair program	607,612	-	-	-	607,612
Mortgage discount	366,704	-	423,075	-	789,779
Mortgage assistance	830	-	-	-	830
Payroll	26,526	313,324	10,229	270,446	620,525
Building	1,174	3,765	-	1,267	6,206
Taxes	-	-	120	2,965	3,085
Bank fees	-	16,882	-	3,125	20,007
Supplies	6,236	4,291	199	5,743	16,469
Utilities	2,783	30,632	-	4,100	37,515
Postage	-	23	-	1,139	1,162
Printing	50	182	-	1,237	1,469
Telephone	2,764	5,337	2,435	5,470	16,006
Depreciation	-	51,936	-	14,313	66,249
Insurance	35,038	59,477	14,433	66,137	175,085
Travel	94	31,266	452	7,308	39,120
Miscellaneous	6,620	1,271	1,839	18,383	28,113
ReStore	-	322,851	-	-	322,851
Contributions	-	160	-	35,503	35,663
Dues	-	99	-	1,258	1,357
Advertising	667	24,557	-	2,828	28,052
Entertainment	-	237	144	4,516	4,897
Interest	-	225	-	205	430
Legal and accounting	-	16,936	3,357	38,968	59,261
<b>Total</b>	<b>\$ 1,580,988</b>	<b>\$ 883,451</b>	<b>\$ 1,242,777</b>	<b>\$ 484,911</b>	<b>\$ 4,192,127</b>

See accompanying independent auditors' report and notes to financial statements

Joplin Area Habitat for Humanity, Inc  
Statements of Functional Expenses  
Year Ended June 30, 2022

Year Ended June 30, 2022

	Program Services			Supporting Services	Total
	Construction	ReStore	JEHDI		
Cost of houses sold	\$ 826,557	\$ -	\$ 373,235	\$ -	\$ 1,199,792
Critical home repair program	414,648	-	-	-	414,648
Mortgage discount	257,062	-	116,291	-	373,353
Mortgage assistance	-	-	-	132,480	132,480
Payroll	13,591	270,787	9,618	234,593	528,589
Building	-	7,929	-	270	8,199
Taxes	38	-	887	3,538	4,463
Bank fees	-	13,273	-	2,920	16,193
Supplies	1,029	6,257	191	9,203	16,680
Utilities	2,154	20,707	-	2,784	25,645
Postage	-	-	-	1,029	1,029
Printing	-	-	-	145	145
Telephone	278	6,214	232	4,984	11,708
Depreciation	-	53,856	-	7,815	61,671
Insurance	22,355	64,714	9,641	54,947	151,657
Travel	552	19,285	-	12,620	32,457
Miscellaneous	1,846	1,650	289	8,545	12,330
ReStore	-	245,730	-	-	245,730
Contributions	-	-	-	34,263	34,263
Dues	-	30	-	1,635	1,665
Advertising	925	30,941	-	9,705	41,571
Entertainment	157	260	172	2,628	3,217
Interest	-	4,183	-	464	4,647
Legal and accounting	1,834	2,352	3,192	56,267	63,645
<b>Total</b>	<b>\$ 1,543,026</b>	<b>\$ 748,168</b>	<b>\$ 513,748</b>	<b>\$ 580,835</b>	<b>\$ 3,385,777</b>

See accompanying independent auditor's report and notes to financial statements



Joplin Area Habitat for Humanity, Inc  
Statement of Cash Flows  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase in net assets	\$ (53,247)	\$ 105,677
Depreciation	66,249	61,671
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in		
Accounts receivable	(9,581)	(2,661)
Prepaid insurance	1,094	(1,350)
Inventory	25,206	(101,446)
Construction in process	(218,679)	96,607
Land for construction	(43,145)	(91,459)
Mortgage receivable	456,024	(501,300)
Increase (decrease) in		
Accounts payable	(17,000)	37,092
Accrued expenses	18,767	(12,020)
Homeowners escrow deposits	8,636	(6,213)
Net cash provided by operating activities	<u>234,324</u>	<u>(415,402)</u>
Cash flows from investing activities		
Basis of property sold	-	-
Purchase of property and equipment	<u>(84,881)</u>	<u>(25,152)</u>
Net cash used in investing activities	<u>(84,881)</u>	<u>(25,152)</u>
Cash flows from financing activities		
Principal payments on mortgage payable	<u>(12,708)</u>	<u>(63,983)</u>
Net cash provided by (used in) investing activities	<u>(12,708)</u>	<u>(63,983)</u>
Net increase in cash and cash equivalents	136,735	(504,537)
Cash and cash equivalents at beginning of year	<u>1,095,047</u>	<u>1,599,584</u>
Cash and cash equivalents at end of year	\$ <u><u>1,231,782</u></u>	\$ <u><u>1,095,047</u></u>
Supplementary schedule of interest paid	\$ 430	\$ 4,647

See accompanying independent auditors' report and notes to financial statements

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

The Joplin Area Habitat for Humanity, Inc (the Organization) was established to provide housing to low-income families in the Joplin area. It is the result of cooperative effort of the Habitat, surrounding technological schools, and area contractors to locate and build these houses.

Financial Statement Presentation

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

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U S generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**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, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. At the end of the year, the Organization did not have any restricted cash and cash equivalents.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed the limit insured by the Federal Deposit Insurance Corporation (FDIC). The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. At June 30, 2023 and 2022, the Organization had funds that are not covered by the insurance provided by the FDIC of \$663,348 and \$791,336, respectively.

**Inventory**

Inventory of merchandise and supplies are recorded at cost if purchased or donated value if donated. Materials purchased for use on houses are expensed at the time of sale.

**Property and Equipment**

Property and equipment are stated at cost at the date of purchase or for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is computed by the straight-line method over estimated useful lives of three to fifty. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restrictions and reported in the results of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions, otherwise, the contributions are recorded as net assets without donor restrictions.

**In-Kind Support**

The Organization receives donations from a variety of sources for services and materials in the furtherance of its objectives. The in-kind support consists principally of services of professionals, building materials, and land. In-kind support is recorded at its fair value on the date of donation. The value of items received for the years ended June 30, 2023 and 2022 was \$32,000 and \$13,900 respectively.

Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

**Program Services**

Program services provided by the Organization include activities associated with completing homes, providing mortgage loans to program participants, ReStore operations, Joplin Economic Housing Development Initiative (JEHDI) and creating community awareness and participation.

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among instructional services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Advertising Cost

Advertising costs are expensed as incurred.

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 2 - Availability and Liquidity**

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

Financial assets		
Cash and cash equivalents	\$ 1,231,782	
Accounts receivable	21,501	
Current portion of mortgage receivables	374,854	
Total financial assets	<u>1,628,137</u>	
Less amounts not available to be used within one year		
Board-designated funds for future use	10,050	
	<u>10,050</u>	
Financial assets available to meet general expenditures over the next twelve months		<u>\$ 1,618,087</u>

As part of its liquidity plan, excess cash is invested in short-term investments, including money market and other interest-bearing accounts

**Note 3 – Property and Equipment**

The following is a summary of land, building and improvements, furniture and equipment, and auto and trucks as of June 30

	2023	2022
Land	\$ 5,000	\$ 5,000
Building and improvements	1,567,662	1,482,781
Furniture and equipment	130,380	130,380
Auto and trucks	142,170	142,170
	<u>1,845,212</u>	<u>1,760,331</u>
Less accumulated depreciation	<u>(587,828)</u>	<u>(521,579)</u>
Property and equipment, net	<u>\$ 1,257,384</u>	<u>\$ 1,238,752</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$66,249 and \$61,671, respectively

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 4 – Mortgage Discount Amortization**

The Habitat for Humanity International requires all mortgages to charge a zero percent interest rate to their homeowners. The interest is recognized in the accounting records through the mortgage discounting process. The value of the house given in exchange for the mortgage note is deemed to be the present value of all future mortgage principal payments using an imputed rate of interest. The difference between the face amount of the note and its present value is accounted for as a discount, recorded on the statement of financial position as a contra account to mortgage receivable, and amortized over the life of the note by the interest method. For the years ended June 30, 2023 and 2022, the mortgage discounts expense was \$789,779 and \$373,353, respectively, and the mortgage discount amortization were \$249,733 and \$232,889, respectively.

The following summarizes mortgages receivable at June 30

	2023	2022
Mortgage receivable	\$ 7,115,561	\$ 7,055,423
Unamortized mortgage discount	(3,045,078)	(2,528,916)
Current portion of mortgage receivable	(374,854)	(388,740)
Mortgage receivable – net	\$ 3,695,629	\$ 4,137,767

**Note 5 – Sale of Houses**

For the years ended June 30, 2023 and 2022, the Organization sold 9 and 9 houses, respectively.

Joplin Area Habitat for Humanity, Inc  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note 6 – Line of Credit**

On March 2, 2023, the Organization received a line of credit with a borrowing limit of \$90,000 with Southwest Missouri Bank. The note has monthly interest only payments bearing interest at the annual rate of 7.75%. At June 30, 2023 and 2022, the outstanding balance was \$48,006 and \$0, respectively. The maturity date of the line of credit is March 2, 2024.

**Note 7 – Net Assets**

Net assets without donor restriction at the end of the year were \$7,755,908.

Net assets released from net assets with donor restrictions are as follows for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions		
Home Construction	<u>\$1,261,652</u>	<u>\$987,865</u>
	<u>\$1,261,652</u>	<u>\$987,865</u>

**Note 8 – Subsequent Events**

The management has evaluated subsequent events through October 30, 2023, the date which the financial statements were available to be issued.