

SOUTHWEST IOWA HOUSING TRUST FUND
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

SOUTHWEST IOWA HOUSING TRUST FUND

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SOUTHWEST IOWA HOUSING TRUST FUND
Officials
June 30, 2022

Board of Directors:

Brad Wright, Chairperson

Mike Wells, Vice-Chairperson

Stephanie Bowden, Secretary-Treasurer

Trent Svendsen

Kelly Mahlberg

Renee Riedel

Debbie Waterbury

Program Administrator:

John McCurdy

Address

Red Oak, Iowa

Hamburg, Iowa

Glenwood, Iowa

Harlan, Iowa

Harlan, Iowa

Clarinda, Iowa

Atlantic, Iowa

Atlantic, Iowa

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southwest Iowa Housing Trust Fund
Atlantic, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southwest Iowa Housing Trust Fund (an Iowa not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Iowa Housing Trust Fund as of June 30, 2022 and 2021, 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 (GAAS). 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 Southwest Iowa Housing Trust Fund 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 these 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 Southwest Iowa Housing Trust Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Southwest Iowa Housing Trust Fund

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Southwest Iowa Housing Trust Fund'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 Southwest Iowa Housing Trust Fund'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.

Demerut, Bill. Thylor & W. P. C.

Atlantic, Iowa
February 6, 2023

SOUTHWEST IOWA HOUSING TRUST FUND
 Statements of Financial Position
 June 30,

ASSETS

	<u>2022</u>	<u>2021</u>
Designated and Restricted Assets	\$ 249,762	\$ 217,024
Total assets	<u>\$ 249,762</u>	<u>\$ 217,024</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Advances from grantors	\$ --	\$ 7,925
Total current liabilities	--	<u>7,925</u>
Net Assets:		
Without donor restrictions	<u>249,762</u>	<u>209,099</u>
Total liabilities and net assets	<u>\$ 249,762</u>	<u>\$ 217,024</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA HOUSING TRUST FUND
 Statements of Activities and Changes in Net Assets
 Year ended June 30,

	2022	2021
Changes in Net Assets Without Donor Restrictions:		
Revenues and Support:		
Revolving Loan Fund	\$ 12,787	\$ 9,270
IFA Home Ownership Assistance	121,323	56,620
IFA Repair Assistance	62,379	64,845
Lead Based Paint Stabilization	392	520
Grant administration	14,878	27,490
Local assistance	35,000	35,000
Total revenues and support	246,759	193,745
Operating Expenses:		
Contracted services	--	3,000
IFA Home Ownership Assistance	121,323	56,620
IFA Repair Assistance	62,379	64,845
IFA Demolition	22,002	32,000
Lead Based Paint Stabilization	392	520
Total expenses	206,096	156,985
Income from Operations and Increase in Net Assets Without Donor Restrictions	40,663	36,760
Net Assets at Beginning of Year	209,099	172,339
Net Assets at End of Year	\$ 249,762	\$ 209,099

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA HOUSING TRUST FUND
 Statements of Cash Flows
 Year ended June 30,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers and agencies	\$ 238,834	\$ 193,745
Cash paid to suppliers and employees	<u>(206,096)</u>	<u>(186,672)</u>
Net cash provided by operating activities	32,738	7,073
Cash flows from investing activities:		
Notes receivable advances	(12,787)	(9,270)
Notes receivable payments received	<u>13,388</u>	<u>17,580</u>
Net cash provided by investing activities	<u>601</u>	<u>8,310</u>
Net increase in cash and cash equivalents	33,339	15,383
Cash and cash equivalents at beginning of year	<u>167,609</u>	<u>152,226</u>
Cash and cash equivalents at end of year	<u>\$ 200,948</u>	<u>\$ 167,609</u>
Reconciliation of cash to the balance sheets:		
Cash in designated and restricted assets	<u>\$ 200,948</u>	<u>\$ 167,609</u>
Total cash and cash equivalents at end of year	<u>\$ 200,948</u>	<u>\$ 167,609</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

1. Nature of Activities

Southwest Iowa Housing Trust Fund was created in 2005 as a not-for-profit corporation under the provisions of the Iowa Non-Profit Corporation Act, Chapter 504A of the Code of Iowa, and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Agency is to provide safe, affordable housing, and expand housing opportunities in the seven county region it serves. The Agency presently serves the seven-county area of Cass, Fremont, Harrison, Mills, Montgomery, Page, and Shelby Counties. The Agency is governed by a nine member board appointed for three year terms. The Agency is required to file a Form 990 annually, to maintain its exempt status.

2. Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

3. Financial Statement Presentation

The Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. However, the Agency has no net assets with donor restrictions as of June 30, 2022 and 2021.

4. Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

Unconditional promises to give cash and other assets to the Agency are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts, which are generally considered non-exchange transactions, are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Agency, unless the donor provides more specific directions about the period of its use.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

8. Investments

Investments are stated at fair value in the statement of financial position. Unrealized gains or losses on securities are recorded through the statement of activities and changes in net assets.

Investment income or loss is reported as part of revenues and support unless the income or loss is restricted by donor or law.

9. Accounts Receivable and Notes Receivable

The Agency considers accounts receivable and notes receivable (included in designated and restricted assets on the statements of financial position) to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

10. Grant Revenue

Grant proceeds for operating activities are recorded in income as they are earned and are reported as a part of revenues and support. Capital grants are recorded as other revenue. Grant proceeds received but not expended are shown as advances from grantors on the statement of financial position.

NOTE B - RESTRICTED ASSETS

Temporarily restricted assets are available for the purposes indicated below:

	2022	2021
Temporarily Restricted Assets:		
For various grant purposes	\$ --	\$ 7,925

Restricted assets were released from grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by grantors:

	2022	2021
Purpose of Restrictions Accomplished:		
For various grant purposes	\$ 218,883	\$ 158,745

NOTE C - DESIGNATED AND RESTRICTED ASSETS

Restricted assets are restricted for the purposes listed in Note B. Designated assets have been designated by the Agency's Board of Directors for purposes indicated in the following schedule. These assets remain under the control of the Board of Directors, which may, at its discretion, later use the funds for other purposes.

	2022	2021
Designated Assets:		
Revolving loan fund	\$ 249,762	\$ 217,024
Due to restricted assets	--	(7,925)
	249,762	209,099
Restricted Assets:		
Due from designated assets	--	7,925
Total Designated and Restricted Assets	\$ 249,762	\$ 217,024

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE C - DESIGNATED AND RESTRICTED ASSETS - Continued

The composition of designated and restricted assets is as follows:

	2022	2021
Cash and cash equivalents	\$ 200,948	\$ 167,609
Notes receivable - revolving loan fund	48,814	49,415
	\$ 249,762	\$ 217,024

NOTE D - FAIR VALUE MEASUREMENTS

The Agency's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 1 or 2 inputs were available to the Agency, therefore, Level 3 inputs were used to value all investments at June 30, 2022 and 2021.

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Level 3 Fair Value Measurements

The notes receivable are not actively traded and significant other observable inputs are not available. Thus, the fair value of the notes receivable is based on contract value. Management believes these values approximate current fair value.

The following tables set forth, by level within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2022 and 2021:

<u>June 30, 2022</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using: Significant Unobservable Inputs (Level 3)</u>
Notes receivable	\$ 48,814	\$ 48,814
 <u>June 30, 2021</u>		
Notes receivable	\$ 49,415	\$ 49,415

The following tables reconcile the beginning and ending balances of fair value measurements for the Agency's Level 3 assets using unobservable inputs for the years ended June 30, 2022 and 2021:

June 30, 2022

Beginning balance	\$ 49,415
Notes receivable advanced	12,787
Collections on notes receivable - revolving loan fund	<u>(13,388)</u>
Ending balance	<u>\$ 48,814</u>

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE D - FAIR VALUE MEASUREMENTS - Continued

June 30, 2021

Beginning balance	\$ 57,725
Notes receivable advanced	9,270
Collections on notes receivable - revolving loan fund	<u>(17,580)</u>
Ending balance	<u>\$ 49,415</u>

NOTE E - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash in designated assets available for operations	<u>\$ 200,948</u>	<u>\$ 167,609</u>
Total financial assets available within one year	<u>\$ 200,948</u>	<u>\$ 167,609</u>

Most of the Agency's grant awards reimburse expenditures as they are incurred to meet liquidity needs.

NOTE F - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Agency. Those expenses include contracted services and supplies and other expenses which are allocated based on estimates of time and effort.

Expenses by function classification for the year ended June 30, 2022 consist of the following:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Supplies and other	<u>\$ 206,096</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 206,096</u>
	<u>\$ 206,096</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 206,096</u>

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE F - FUNCTIONAL EXPENSES - Continued

Expenses by function classification for the year ended June 30, 2021 consist of the following:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contracted services	\$ --	\$ 2,700	\$ 300	\$ 3,000
Supplies and other	<u>153,985</u>	<u>--</u>	<u>--</u>	<u>153,985</u>
	<u>\$ 153,985</u>	<u>\$ 2,700</u>	<u>\$ 300</u>	<u>\$ 156,985</u>

NOTE G - CONCENTRATION OF CREDIT RISK

The Agency grants credit without collateral to its clients, most of whom are area residents and state and local governments and agencies. The mix of accounts, grants and notes receivable at June 30 was as follows:

	<u>2022</u>	<u>2021</u>
Individuals	100%	100%
State Agencies	<u>--</u>	<u>--</u>
	<u>100%</u>	<u>100%</u>

NOTE H - SUPPORT ORGANIZATION

The Agency has administrative support provided by Southwest Iowa Planning Council (SWIPCO). Support provided by SWIPCO includes providing contracted administrative personnel, collecting revenue and paying expenses of the Agency, and maintaining the accounting records for the Agency.

NOTE I - CONTINGENCIES

Risk Management

The Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage during the past two years.

Subsequent Events

The Agency has evaluated all subsequent events through February 6, 2023, the date the financial statements were available to be issued.

SOUTHWEST IOWA HOUSING TRUST FUND
Notes to Financial Statements
June 30, 2022 and 2021

NOTE J - MATTERS AFFECTING CURRENT AND SUBSEQUENT YEARS OPERATIONS

On March 11, 2020 the World Health Organization declared the Novel Coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Agency cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Agency's financial position, results of operations or cash flows in 2023 and beyond.

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