

**Central Iowa Housing Trust Fund
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2022 and 2021

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	7
Notes to financial statements	8-10



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Iowa Housing Trust Fund
Des Moines, Iowa

Opinion

We have audited the accompanying financial statements of Central Iowa Housing Trust Fund (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities 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 Central 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. 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 Central 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 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 Central 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.

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 Central 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 Central 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.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
July 31, 2023

**Central Iowa Housing Trust Fund
STATEMENTS OF FINANCIAL POSITION**

	June 30	
	2022	2021
ASSETS		
Cash	\$ 41,921	\$ 123,859
Grant receivable	231,962	-
Accounts receivable	33,952	14,001
Forgivable loans, less accumulated amortization 2022 \$116,355; 2021 \$51,778	<u>278,575</u>	<u>207,116</u>
Total assets	<u>\$ 586,410</u>	<u>\$ 344,976</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ <u>305,359</u>	\$ <u>140,648</u>
Total liabilities	<u>305,359</u>	<u>140,648</u>
NET ASSETS. without donor restrictions	<u>281,051</u>	<u>204,328</u>
Total liabilities and net assets	<u>\$ 586,410</u>	<u>\$ 344,976</u>

See Notes to Financial Statements.

**Central Iowa Housing Trust Fund
STATEMENTS OF ACTIVITIES**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Contributions	\$ 68,961	\$ -	\$ 68,961	\$ 68,209	\$ -	\$ 68,209
Grants	358,760	-	358,760	310,548	-	310,548
Administration service	10,000	-	10,000	20,000	-	20,000
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>(48,000)</u>	<u>-</u>
Total support and revenue	<u>437,721</u>	<u>-</u>	<u>437,721</u>	<u>446,757</u>	<u>(48,000)</u>	<u>398,757</u>
EXPENSES						
Program						
Development grants	291,286	-	291,286	111,781	-	111,781
Management and general administrative service						
Administration	<u>69,712</u>	<u>-</u>	<u>69,712</u>	<u>94,954</u>	<u>-</u>	<u>94,954</u>
Total expenses	<u>360,998</u>	<u>-</u>	<u>360,998</u>	<u>206,735</u>	<u>-</u>	<u>206,735</u>
CHANGE IN NET ASSETS	76,723	-	76,723	240,022	(48,000)	192,022
NET ASSETS, beginning of year	<u>204,328</u>	<u>-</u>	<u>204,328</u>	<u>(35,694)</u>	<u>48,000</u>	<u>12,306</u>
NET ASSETS, end of year	<u>\$ 281,051</u>	<u>\$ -</u>	<u>\$ 281,051</u>	<u>\$ 204,328</u>	<u>\$ -</u>	<u>\$ 204,328</u>

See Notes to Financial Statements.

**Central Iowa Housing Trust Fund
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 76,723	\$ 192,022
Amortization of forgivable loans	64,577	51,778
Change in assets and liabilities		
Accounts receivable	(19,951)	(4,001)
Forgivable loans	(136,036)	(258,894)
Accounts payable	<u>164,711</u>	<u>94,954</u>
Net cash provided by (used in) operating activities	<u>(81,938)</u>	<u>75,859</u>
 CASH		
Beginning	<u>123,859</u>	<u>48,000</u>
Ending	<u>\$ 41,921</u>	<u>\$ 123,859</u>

See Notes to Financial Statements.

**Central Iowa Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Central Iowa Housing Trust Fund (the Organization) is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) formed August 20, 2019. The Organization was formed for the purpose of improving affordable housing in the Iowa counties of Boone, Jasper, Marion, and Warren. The Organization provides financial assistance in the form of loans or grants to for-profit, nonprofit or governmental agencies that use the money to create new, rehabilitate, or support affordable housing in the four county region. Funding sources for the Organization primarily include governmental grants and corporate and individual donations.

Basis of Presentation

The Organization reports 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.

Net assets without donor restrictions are those assets which represent the portion of expendable assets available for support of the Organization's operations, along with net assets with donor restrictions whose restrictions have been satisfied.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The Organization did not have net assets with donor restrictions for the years ended June 30, 2022 and 2021.

Functional Expenses

The costs of providing activities of the Organization have been summarized on a functional basis in the statements of activities. Expenses have been classified based on actual direct expenditures.

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.

Contributions Received

The Organization distinguishes between contributions received with donor restrictions and those without donor restrictions. Contributions with donor restrictions are reported as restricted support unless the Organization meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases, the contribution, to the extent the restrictions have been met, are reported as support without donor restrictions. Receipts of unconditional promises to give with payments due in future periods are reported as support with donor restrictions unless it is clear that the donor intended the gift to be used to support activities in the current period. Gifts of long-lived assets received without donor restrictions are considered support without donor restrictions.

Contributions Made/Awards and Grants

The Organization records contributions made for awards and grants as liabilities when agreements are approved by the Board of Directors, communicated to the recipients, and when conditions of the agreements are substantially met.

**Central Iowa Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Organization is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and does not pay income tax on exempt-purpose income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. Based on the formation date of the Organization, all periods are subject to tax examinations by tax authorities.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	June 30	
	2022	2021
Cash	\$ 41,921	\$ 123,859
Grant receivable	231,962	-
Accounts receivable	33,952	14,001
 Total	 \$ 307,835	 \$ 137,860

As part of 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.

NOTE 3 GRANT PROGRAMS

The Organization has entered into a grant agreement with the Iowa Finance Authority in conjunction with the State Housing Trust Fund for the Local Housing Trust Fund Program. Grant funds are recognized when reimbursable expenses are incurred and conditions of the grants have been substantially met. Total grant funds recognized for this program totaled \$358,760 and \$310,548 for the years ended June 30, 2022 and 2021, respectively. The Organization had \$327,051 and \$289,084 in awarded grant funds for which conditions of the grants had not been substantially met and therefore not recognized at June 30, 2022 and 2021, respectively.

NOTE 4 FORGIVABLE LOANS

The Organization provides subsidies to entities to assist them in affordable housing projects. All subsidies are evidenced by a signed note and recorded mortgage. The Organization had issued 6 loans as of June 30, 2022. Loans awarded will be forgiven and amortized using the straight-line method over the life of the loan. Amortization of \$64,557 and \$51,778 is included in development grants expense on the statements of activities for the years ended June 30, 2022 and 2021, respectively. The remaining balance on forgivable loans as of June 30, 2022 and 2021 was \$278,575 and \$207,116, respectively.

**Central Iowa Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 CONTRACTS

The Organization entered into an agreement with Des Moines Area Metropolitan Planning Organization (MPO) effective January 1, 2020. The purpose of the agreement is for MPO to provide certain administrative services to the Organization. The payment for services performed is determined on a calendar basis at a rate of 25 percent of the annual Iowa Finance Authority (IFA) grant received by the Organization. As of June 30, 2022 and 2021, administrative services owed to MPO in the amounts of \$98,972 and \$110,648, respectively, have been included within accounts payable on the statements of financial position.

The Organization entered into an agreement with Story County Housing Trust effective January 1, 2020 through December 31, 2021. The purpose of the agreement was for the Organization to provide certain administrative services to Story County Housing Trust. The amount received by the Organization is passed through to MPO as the Organization does not employ staff. The payment schedule for the services performed is summarized as follows:

January 1, 2020 to June 30, 2020	\$ 10,000
July 1, 2020 to June 30, 2021	20,000
July 1, 2021 to December 31, 2021	<u>10,000</u>
	<u>\$ 40,000</u>

As of June 30, 2022, \$40,000 in payments for administrative services were received by the Organization. No fees for administrative services were paid to MPO and the amounts of \$40,000 and \$30,000 have been included within accounts payable on the June 30, 2022 and 2021 statements of financial position.

NOTE 6 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 31, 2023, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.