

**Polk County Housing Trust Fund
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Polk County Housing Trust Fund
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Polk County Housing Trust Fund (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, 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 Polk County Housing Trust Fund as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Polk County Housing Trust Fund 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.

Report on Summarized Comparative Information

We have previously audited Polk County Housing Trust Fund's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter - Restatement

As discussed in Note 12 to the financial statements, Polk County Housing Trust Fund has restated its financial statements as of and for the year ended June 30, 2024, in order to properly reclassify certain amounts previously reported as awards and grants to mortgage loans and notes receivable and forgivable loans based on the terms of the underlying agreements. Our opinion is not modified with respect to this matter.

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 the Polk County 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 and *Government 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.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Polk County 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 Polk County 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of Polk County Housing Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Polk County Housing Trust Fund's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk County Housing Trust Fund's internal control over financial reporting and compliance.

The logo for Denman CPA LLP features the name 'Denman CPA LLP' in a stylized, cursive script font. Below the script, the words 'Denman CPA LLP' are written in a clean, sans-serif font.

West Des Moines, Iowa
December 3, 2025

Polk County Housing Trust Fund
STATEMENT OF FINANCIAL POSITION
June 30, 2025, with comparative totals for 2024

	Totals	
	2025	2024
		(restated)
ASSETS		
Cash and cash equivalents	\$ 576,388	\$ 293,372
Investments	2,754,791	1,911,894
Investments, restricted	2,500,000	5,059,290
Interest receivable	14,489	14,799
Contributions receivable	105,500	5,300
Grants receivable	1,495,054	1,262,343
Mortgage loans and notes receivable, less unamortized discount 2025 \$5,732,800 and loan loss reserve 2025 \$62,909	4,072,061	3,284,596
Forgivable loans, less accumulated amortization 2025 \$2,326,327	2,534,152	2,989,622
Prepaid expense	13,228	9,062
Office equipment, at cost less accumulated depreciation 2025 \$27,012	7,732	7,862
Operating lease right-of-use asset	107,884	165,599
Total assets	\$ 14,181,279	\$ 15,003,739
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 11,498	\$ 9,379
Accrued compensation and payroll withholdings	52,990	44,966
Grants payable	2,446,934	1,691,077
Lease liability	107,884	165,599
Total liabilities	2,619,306	1,911,021
NET ASSETS		
Net assets without donor restrictions		
Undesignated	6,311,311	5,027,296
Board designated for forgivable loans	2,734,152	2,989,622
Total net assets without donor restrictions	9,045,463	8,016,918
Net assets with donor restrictions	2,516,510	5,075,800
Total net assets	11,561,973	13,092,718
Total liabilities and net assets	\$ 14,181,279	\$ 15,003,739

See Notes to Financial Statements.

Polk County Housing Trust Fund
STATEMENT OF ACTIVITIES
Year ended June 30, 2025, with comparative totals for 2024

	Without donor restrictions	With donor restrictions	Totals	
			2025	2024 (restated)
SUPPORT AND REVENUE				
Contributions and grants	\$ 3,357,329	\$ —	\$ 3,357,329	\$ 2,916,968
Investment income	326,464	—	326,464	409,654
Interest on mortgage loans and notes	165,086	—	165,086	145,000
Forgivable loan repayments	—	—	—	3,626
Miscellaneous income	—	—	—	35,521
	<u>3,848,879</u>	<u>—</u>	<u>3,848,879</u>	<u>3,510,769</u>
Net assets released from restrictions				
Expiration of time restriction	<u>2,559,290</u>	<u>(2,559,290)</u>	<u>—</u>	<u>—</u>
Total support and revenue	<u>6,408,169</u>	<u>(2,559,290)</u>	<u>3,848,879</u>	<u>3,510,769</u>
EXPENSES				
Program services				
Affordable housing	4,743,353	—	4,743,353	7,318,050
Supporting services				
Management and general	459,036	—	459,036	368,311
Fundraising	177,235	—	177,235	118,365
Total expenses	<u>5,379,624</u>	<u>—</u>	<u>5,379,624</u>	<u>7,804,726</u>
CHANGE IN NET ASSETS	1,028,545	(2,559,290)	(1,530,745)	(4,293,957)
NET ASSETS , beginning of year	<u>8,016,918</u>	<u>5,075,800</u>	<u>13,092,718</u>	<u>17,386,675</u>
NET ASSETS , end of year	<u>\$ 9,045,463</u>	<u>\$ 2,516,510</u>	<u>\$ 11,561,973</u>	<u>\$ 13,092,718</u>

See Notes to Financial Statements.

Polk County Housing Trust Fund
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2025, with comparative totals for 2024

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>	
	<u>Affordable Housing</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2025</u>	<u>2024</u> (restated)
Salaries	\$ 297,261	\$ 235,812	\$ 135,768	\$ 668,841	\$ 644,803
Payroll taxes	23,201	18,405	10,597	52,203	49,231
Employee benefits	39,054	30,375	17,357	86,786	82,210
Total salaries and related expenses	<u>359,516</u>	<u>284,592</u>	<u>163,722</u>	<u>807,830</u>	<u>776,244</u>
Professional fees					
Accounting and legal	–	42,400	–	42,400	41,800
Technical services/support	3,136	–	–	3,136	16,364
Other contract services	–	–	–	–	44,460
Supplies	2,524	540	13,513	16,577	18,290
Telephone	5,194	2,226	–	7,420	5,913
Postage and shipping	–	259	–	259	403
Rent	43,869	18,801	–	62,670	64,881
Equipment maintenance	–	68,597	–	68,597	31,015
Printing and publications	372	159	–	531	1,237
Conferences and meetings	25,502	10,929	–	36,431	41,664
Awards and grants					
Development	1,784,264	–	–	1,784,264	1,287,107
Operating	400,000	–	–	400,000	844,528
Housing initiatives	2,046,669	–	–	2,046,669	4,502,710
Other	8,238	–	–	8,238	–
Insurance	–	13,430	–	13,430	12,826
Advertising	35,477	–	–	35,477	24,153
Advocacy	–	4,850	–	4,850	1,500
Miscellaneous	26,271	11,259	–	37,530	86,935
Total expenses before depreciation	<u>4,741,032</u>	<u>458,042</u>	<u>177,235</u>	<u>5,376,309</u>	<u>7,802,030</u>
Depreciation	<u>2,321</u>	<u>994</u>	<u>–</u>	<u>3,315</u>	<u>2,696</u>
Total expenses	<u>\$ 4,743,353</u>	<u>\$ 459,036</u>	<u>\$ 177,235</u>	<u>\$ 5,379,624</u>	<u>\$ 7,804,726</u>

See Notes to Financial Statements.

Polk County Housing Trust Fund
STATEMENT OF CASH FLOWS
Year ended June 30, 2025, with comparative totals for 2024

	Totals	
	2025	2024
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,530,745)	\$ (4,293,957)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,315	2,696
Realized and unrealized (gains) losses on investments	(26,147)	55,813
Amortization of forgivable loans	447,845	422,166
Change in assets and liabilities		
Interest receivable	310	8,461
Contributions receivable	(100,200)	18,150
Grant receivable	(232,711)	(604,613)
Mortgage loans and notes receivable	(787,465)	(240,634)
Forgivable loans	7,625	(523,284)
Prepaid expense	(4,166)	(3,873)
Accounts payable and accrued expenses	2,119	(1,292)
Accrued compensation and payroll withholdings	8,024	(2,872)
Grants payable	755,857	(69,981)
Net cash flows from operating activities	(1,456,339)	(5,233,220)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	(3,185)	(2,340)
Proceeds from sale or maturity of investments	2,003,278	5,360,385
Purchase of investments	(260,738)	(413,033)
Net cash flows from investing activities	1,739,355	4,945,012
NET CHANGE IN CASH AND CASH EQUIVALENTS	283,016	(288,208)
CASH AND CASH EQUIVALENTS		
Beginning	293,372	581,580
Ending	\$ 576,388	\$ 293,372

See Notes to Financial Statements.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Polk County Housing Trust Fund (the Organization) is an Iowa nonprofit corporation. The Organization's mission is to create and support opportunities to collaboratively develop resources and to facilitate effective solutions to make housing affordable. 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 Polk County, Iowa. The risk of loss on the loans is the difference between the market value of the property and the amount owed at the time of default.

Funding sources primarily include governmental grants and corporate and individual donations with approximately 45 percent of the Organization's contributions and grants for the year ended June 30, 2025 coming from Polk County.

Program

The Organization has determined that for purposes of recording expenses without donor restrictions in the statement of activities, its primary function or program is:

Affordable housing—consisting of: (1) loans and grants to housing developers, both nonprofit and for-profit, and governmental agencies to acquire, rehabilitate, or newly construct housing that is affordable to families living in Polk County; (2) fund the operating and supportive services programs of nonprofit housing developers; and (3) provide grants and technical support for activities that will lead to development or support of low-income housing.

Fundraising

Fundraising expenses incurred during the year ended June 30, 2025, are related primarily to raising funds for the Operating and Housing Supportive Services, which is an annual campaign.

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. The Organization's Board of Directors has earmarked portions of its net assets without donor restrictions as board designated for various purposes.

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.

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.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

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

Contributions and Grants Receivable

Unconditional contributions and grants receivable are recognized as receivables and support in the period received. Conditional contributions and grants receivable are recognized only when the conditions on which they depend are substantially met. An allowance for uncollectible amounts is provided based upon management's judgment, including such factors as prior collection history, type of contribution or grant, and nature of fundraising activity. The Organization considers all contributions and grants receivable fully collectible due to minimal write-offs in prior years, and, therefore, an allowance for uncollectible amounts has not been recorded.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Office Equipment and Depreciation

Office equipment is recorded at cost. Depreciation of equipment is provided on a straight-line basis over the estimated useful lives of the assets. The applicable accounts are relieved of cost and accumulated depreciation when such items are sold, abandoned, or otherwise disposed of. Equipment is depreciated over 5-10 years. The Organization follows the practice of capitalizing expenditures for equipment in excess of \$500.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the statement of financial position. Finance leases are included in office equipment and finance lease liabilities on the statement of financial position. The Organization had no finance leases at June 30, 2025.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization has elected to use a risk-free discount rate, as measured by the applicable U.S. Treasury instrument at the date of commencement. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments that are not determinable at lease commencement are not included in the measurement of the operating lease ROU asset and lease liability. These variable payments are recognized as expenses in the period in which the obligation for the related payment is incurred. Short-term leases (leases with a term of 12 months or less) are recognized as expenses on the straight-line basis over the lease term.

Contributions and Grants Received

The Organization distinguishes between contributions and grants received with donor restrictions and those without donor restrictions. Contributions and grants 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 or grant was received. In those cases, the contribution or grant, 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.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

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

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 and communicated to the recipients.

Contributed Property and Services

Noncash contributions are recorded in the financial statements at the estimated fair value at the date of the gift. For contributions that are material to the financial statements, fair market value has been determined by independent appraisal. The Organization does not recognize any support, revenue or expense from services contributed by volunteers.

Comparative Amounts

The amounts shown for 2024 in the accompanying financial statements are included to provide a basis for comparison with 2025 and are not intended to present all information necessary for a fair presentation of the 2024 financial statements in conformity with generally accepted accounting principles.

Investments

The Organization has investments in certificates of deposit and money market funds as of June 30, 2025. Investments are recorded at fair value. Fair value is determined by the quoted market value of the securities.

Investments, Restricted

The Organization has investments in a money market fund as of June 30, 2025, that are restricted for use in specific housing initiatives under grants received through Polk County, Iowa. Investments are recorded at fair value. Fair value is determined by the quoted market value of the securities. The earnings on these investments are not restricted.

Mortgage Loans and Notes Receivable

Mortgage loans and notes receivable are interest bearing and recorded at cost, or present value if the interest rate charged is below the market rate. Amortization of the imputed interest discount is included in interest on mortgage loans and notes. Discounts on newly issued loans are included in awards and grants for development.

Allocation of Functional Expenses

The expenditures for salaries and reimbursable program expenses are allocated to a specific program or supporting services based on estimates of time spent or directly based on supporting documentation.

Income Tax Status

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3), Internal Revenue Code, and annually files a federal information return as an exempt organization.

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. Management believes the Organization is no longer subject to income tax examinations for years prior to 2021.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS, INVESTMENTS, RESTRICTED AND FAIR VALUE MEASUREMENTS

Investments at June 30, 2025 consist of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized appreciation (depreciation)</u>
Certificates of deposit	\$ 891,133	\$ 891,133	\$ –
Money market funds	1,863,658	1,863,658	–
Total investments	<u>\$ 2,754,791</u>	<u>\$ 2,754,791</u>	<u>\$ –</u>

Investments, restricted at June 30, 2025 consist of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized appreciation (depreciation)</u>
Money market fund	\$ 2,500,000	\$ 2,500,000	\$ –
Total investments, restricted	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ –</u>

Investment income for the year ended June 30, 2025 consisted of the following:

Interest and dividends, net of fees	\$ 300,317
Realized and unrealized (losses)	<u>26,147</u>
Investment income	<u>\$ 326,464</u>

The Organization follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities, Level 1, and the lowest priority to unobservable inputs, Level 3. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on the management's own assumptions on how knowledgeable parties would price assets or liabilities and are developed using the best information available in the circumstances. The Organization holds no Level 2 or Level 3 investments.

Following is a description of the valuation methodologies used for the Organization's investments measured at fair value:

Certificates of deposit – Certificates of deposit are valued at cost which approximates fair value.

Money market funds – Money market funds are valued at the daily closing price as reported by the fund. These funds are deemed to be actively traded.

The following table sets forth by level within the fair value hierarchy the Organization's investments at fair value as of June 30, 2025. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 891,133	\$ –	\$ –	\$ 891,133
Money market funds	<u>4,363,658</u>	<u>–</u>	<u>–</u>	<u>4,363,658</u>
Total investments and investments, restricted at fair value	<u>\$5,254,791</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$5,254,791</u>

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 MORTGAGE LOANS AND NOTES RECEIVABLE

Mortgage loans and notes receivable at June 30, 2025 are summarized as follows:

	<u>Face value outstanding</u>	<u>Unamortized discount</u>	<u>Carrying value</u>
Vine Street Limited Partnership, (interest rate of 0%) secured by real estate mortgage subordinated to U.S. Department of Housing and Urban Development, Neighborhood Finance Corporation, and the City of Des Moines. Principal due at maturity of June 30, 2045 (less unamortized discount based on imputed interest of 4.68%).	\$ 250,000	\$ (151,773)	\$ 98,227
East Village Square, L.P., (interest rate of 0%) secured by real estate mortgage. Principal due at maturity of January 1, 2037 (less unamortized discount based on imputed interest of 6.40%).	200,000	(107,022)	92,978
Walden Point Limited Partnership, secured by real estate mortgage, annual payments of \$5,425 including interest at 1%, due January 10, 2036 (less unamortized discount based on imputed interest of 6.40%).	56,242	(17,749)	38,493
Anawim Housing, Inc., (interest rate of 1%) secured by real estate mortgage. Principal and interest due at maturity of December 1, 2026 (less unamortized discount based on imputed interest of 6.41%).	1,016,010	(103,452)	912,558
Harrington I. Limited Partnership, secured by real estate mortgage, annual payments of \$9,687 including interest at 1%, due August 10, 2046 (less unamortized discount based on imputed interest of 6.36%).	190,451	(169,800)	20,651
CHI, Inc., (interest rate of 1%) secured by real estate mortgage. Principal and interest due at maturity of April 11, 2038 (less unamortized discount based on imputed interest of 6.36%).	296,076	(168,833)	127,243
South View Senior Apartments II, LLP (interest rate of 0%), secured by real estate mortgage, annual principal payments of \$3,333. Principal due at maturity of September 1, 2040 (less unamortized discount based on imputed interest of 4.68%).	53,333	(14,636)	38,697
Fort Des Moines Senior Housing, LLP (interest rate of 1%), secured by real estate mortgage. Principal due at maturity of March 9, 2041 (less unamortized discount based on imputed interest of 4.68%).	100,000	(66,800)	33,200
Christ the King, Senior Housing, LLP (interest rate of 1%), secured by real estate mortgage. Principal due at maturity of May 5, 2041 (less unamortized discount based on imputed interest of 4.68%).	100,000	(62,639)	37,361
Forest & Fields LLP (interest rate of 0%), secured by real estate mortgage. Principal due at maturity of January 1, 2042 (less unamortized discount based on imputed interest of 3.72%).	150,000	(70,224)	79,776

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 MORTGAGE LOANS AND NOTES RECEIVABLE (continued)

	<u>Face value outstanding</u>	<u>Unamortized discount</u>	<u>Carrying value</u>
Bloomsbury Village Apartments, LLC (interest rate of 0%), secured by real estate mortgage. Principal due at maturity of April 1, 2032 (less unamortized discount based on imputed interest of 4.27%).	150,000	(38,695)	111,305
Southern Meadows Home LP (interest rate of 1%), secured by real estate mortgage. Principal and interest due at maturity of December 26, 2027 (less unamortized discount based on imputed interest of 4.27%).	111,000	(19,086)	91,914
Christ the King Senior Housing, LLP (interest rate of 1%), secured by real estate mortgage. Interest only payments are due annually with principal due July 6, 2035 (less unamortized discount based on imputed interest of 3.60%).	200,000	(77,299)	122,701
MLK Crossing Senior Apartments (interest rate of 0%), secured by real estate mortgage. Principal due annually, beginning in second year after fully leased, at a rate of \$8,333 per year through December 1, 2047 (less unamortized discount based on imputed interest of 3.60%).	212,483	(63,584)	148,899
Villas at Meadow Springs (interest rate of 2%), secured by real estate mortgage. Interest only payments due annually with principal due at maturity of November 1, 2037 (less unamortized discount based on imputed interest of 4.11%).	390,000	(164,431)	225,569
Southridge Senior Lofts (interest rate of 0%), secured by real estate mortgage. Principal due annually, beginning in second year after fully leased, at a rate of \$8,333 per year through July 1, 2048 (less unamortized discount based on imputed interest of 4.11%).	191,669	(70,139)	121,530
Christ the King, Senior Housing, LLP (interest rate of 0%), secured by real estate mortgage. Monthly payments of \$750 due beginning May 1, 2018 through August 1, 2026 (less unamortized discount based on imputed interest of 4.11%).	59,250	(6,968)	52,282
Sixth Avenue Brickstones, LLC (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity of July 1, 2048 (less unamortized discount based on imputed interest of 4.11%).	130,000	(85,910)	44,090
Melbourne Apartments (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity 20 years later (less unamortized discount based on imputed interest of 4.11%).	100,000	(50,195)	49,805
Hilltop II LP (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, with principal due at maturity of February 10, 2041 (less unamortized discount based on imputed interest of 3.88%).	250,000	(122,674)	127,326

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 MORTGAGE LOANS AND NOTES RECEIVABLE (continued)

	<u>Face value outstanding</u>	<u>Unamortized discount</u>	<u>Carrying value</u>
Urban Crossing Apartments (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity 20 years later (less unamortized discount based on imputed interest of 3.88%).	100,000	(49,239)	50,761
Lillis Lofts (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity 30 years later (less unamortized discount based on imputed interest of 3.16%).	242,818	(145,834)	96,984
Ankeny Apartment Partners (interest rate of 3%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity 30 years later (less unamortized discount based on imputed interest of 3.16%).	231,457	(132,734)	98,723
Reagan Partners LLC (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity 25 years later (less unamortized discount based on imputed interest of 3.16%).	200,000	(102,114)	97,886
The Flats on 6th (interest rate of 0%), secured by real estate mortgage. Principal due at maturity of 30 years after the property is placed in service (less unamortized discount based on imputed interest of 3.16%).	200,000	(114,694)	85,306
Tree House Partners (interest rate of 1%), secured by real estate mortgage. Interest only payments due annually, beginning in second year after fully leased, with principal due at maturity 30 years later (less unamortized discount based on imputed interest of 3.16%).	153,750	(88,172)	65,578
The Crossing Development, LLC (interest rate of 0%), secured by real estate mortgage. Principal due at loan maturity of August 31, 2058 (less unamortized discount based on imputed interest of 7.07%).	1,500,000	(1,355,219)	144,781
Woodland Avenue Partners, L.P. (interest rate of 0%), secured by real estate mortgage. Principal due at loan maturity of September 1, 2032 (less unamortized discount based on imputed interest of 6.54%).	234,231	(95,223)	139,008
Johnston Crossing II Limited Partnership (interest rate of 0%), secured by real estate mortgage. Principal due at loan maturity of July 1, 2067 (less unamortized discount based on imputed interest of 6.33%).	940,000	(877,752)	62,248
59th Avenue Senior Lofts LLC (interest rate of 0%), secured by real estate mortgage. Principal due at loan maturity of July 25, 2052 (less unamortized discount based on imputed interest of 5.30%).	200,000	(154,506)	45,494

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 MORTGAGE LOANS AND NOTES RECEIVABLE (continued)

	Face value outstanding	Unamortized discount	Carrying value
Ntontan, LLC (interest rate of 1%), secured by real estate mortgage. Principal due at loan maturity of February 1, 2059 (less unamortized discount based on imputed interest of 6.00%).	700,000	(608,659)	91,341
Goldfinch Apartments, LP (interest rate of 0%), secured by real estate mortgage. Principal due at loan maturity of June 1, 2045 (less unamortized discount based on imputed interest of 6.00%).	459,000	(320,338)	138,662
Greater Des Moines Habitat for Humanity revolving loan (interest rate of 3%), secured by real estate mortgage. Principal due at loan maturity of March 27, 2027 (less unamortized discount based on imputed interest of 6.00%).	500,000	(56,407)	443,593
	<u>\$ 9,867,770</u>	<u>\$ (5,732,800)</u>	4,134,970
Less loan loss reserve			(62,909)
Net receivable			\$ 4,072,061

Following is a schedule of future maturities of the receivables:

Year ending June 30

2026	\$ 48,926
2027	1,565,135
2028	81,577
2029	151,531
2030	40,737
Thereafter	7,979,864
Total	\$ 9,867,770

NOTE 4 FORGIVABLE LOANS

The Organization provides subsidies to low and moderate-income individuals to assist them in acquiring affordable housing. Eligible individuals may be awarded forgivable loans of up to \$25,000. All subsidies take the form of a junior lien to primary mortgagors and are evidenced by a signed note and recorded mortgages. Loans awarded will be forgiven and amortized using the straight-line method over the life of the loan, generally 5 to 10 years. Current year amortization of \$447,845 is included in awards and grants for development in the statement of functional expenses. The remaining balance of forgivable loans as of June 30, 2025 is \$2,534,152.

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 LEASES

The Organization has entered into a lease agreement for the lease of office space with a remaining lease term of approximately two years at June 30, 2025. There are no renewal options for this lease.

The components of lease expense for the year ended June 30, 2025 were as follows:

Operating lease cost	\$ 59,556
Short-term lease cost	3,114
Total lease cost	<u>\$ 62,670</u>

Lease cost is included in rent on the statement of functional expenses for the year ended June 30, 2025.

Supplemental cash flow information related to leases for the year ended June 30, 2025 was as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	<u>\$ 59,556</u>

Supplemental statement of financial position information related to leases as of June 30, 2025 was as follows:

Operating leases	
Operating lease right-of-use assets	<u>\$ 107,884</u>
Lease liabilities, current portion	\$ 58,510
Lease liabilities, noncurrent portion	49,374
Total lease liabilities	<u>\$ 107,884</u>

Weighted Average Remaining Lease Term

Operating leases	1.83 years
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Weighted Average Discount Rate

Operating leases	1.37%
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The following table outlines maturities of the Organization's lease liability as of June 30, 2025:

<u>Year ending June 30</u>	
2026	\$ 59,556
2027	49,630
Total lease payments	109,186
Less present value discount	(1,302)
Total lease liability	<u>\$ 107,884</u>

NOTE 6 GRANTS PAYABLE

The Organization issues grant agreements for periods which can cover up to a period of two years. Operating and Housing Supportive Services grants and Repair and Maintenance grants typically cover one year. Development grants typically cover a two-year period. Grants beyond two years are based on available funding of the Organization.

Grants and loans payable by the Organization as of June 30, 2025 consist of the following:

<u>Amounts to be paid in</u>	
One year or less	\$ 1,749,738
Two years or less	697,196
Total	<u>\$ 2,446,934</u>

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 LINE OF CREDIT

The Organization has available a \$500,000 line of credit with a bank. No amounts were advanced or repaid during the year ended June 30, 2025. There was no outstanding balance as of June 30, 2025. The interest rate on the agreement is 5.55%. This line has a maturity date of November 7, 2025. The agreement is collateralized by a certificate of deposit.

NOTE 8 EMPLOYEE BENEFIT PLAN

The Organization provides retirement benefits for all full-time employees of the Organization. Benefits are provided through a group deferred tax sheltered annuity policy in accordance with Internal Revenue Code Section 403(b). The Organization will contribute to the plan a matching contribution of up to 5 percent of salary. Employee benefits paid under the plan for the year ended June 30, 2025 were \$40,343.

NOTE 9 NET ASSETS

Board Designated

The Board of Directors approves commitments to for-profit and nonprofit organizations for the funding of subsidies of forgivable loans to low-income and moderate-income individuals. These commitments are conditional and are reflected as designated funds until such time as they are disbursed to the entities. As of June 30, 2025, \$2,734,152 had been designated for this purpose.

With Donor Restrictions

Net assets with donor restrictions as of June 30, 2025 consists of \$2,500,000 of operating grants which are restricted for use in specific housing initiatives under grants received through Polk County, Iowa, and \$16,510 of operating contributions which are restricted for the purpose of housing development programs in Ankeny, Iowa.

NOTE 10 GRANT PROGRAMS

The Organization has entered into an agreement with Polk County, Iowa, the purpose of which is to provide support for affordable housing strategies for Polk County residents. Polk County will contribute \$1,500,000 annually to fund this program.

The Organization has also 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. Total grant funds for this program totaled \$1,170,802 for the year ended June 30, 2025.

NOTE 11 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date of June 30, 2025 for general expenditures are as follows:

Cash and cash equivalents	\$ 576,388
Investments	2,754,791
Interest receivable	14,489
Contributions receivable	<u>105,500</u>
Total	<u>\$ 3,451,168</u>

**Polk County Housing Trust Fund
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 LIQUIDITY AND AVAILABILITY (continued)

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. The Organization invests cash in excess of immediate requirements in certificates of deposit. Although not anticipated, these certificates of deposit would be available to the Organization to meet liquidity needs should they arise.

In addition, the Organization has a line of credit of up to \$500,000 available to draw upon in the event of an unanticipated liquidity need.

NOTE 12 CORRECTION OF A PRIOR YEAR ERROR

The prior year financial statements have been restated to reclassify certain amounts previously reported as awards and grants to mortgage loans and notes receivable and forgivable loans based on the terms of the underlying agreements. The effect of this restatement on the 2024 financial statements is summarized as follows:

	<u>Previously reported</u>	<u>Correction</u>	<u>As restated</u>
<u>Statement of Financial Position, June 30, 2024</u>			
Assets			
Mortgage loans and notes receivable, less unamortized discount and loan loss reserve	\$ 3,052,774	\$ 231,822	\$ 3,284,596
Forgivable loans, less accumulated amortization	3,001,289	(11,667)	2,989,622
All other assets	8,729,521	-	8,729,521
Total assets	<u>\$ 14,783,584</u>	<u>\$ 220,155</u>	<u>\$ 15,003,739</u>
Liabilities and Net Assets			
Total liabilities	\$ 1,911,021	\$ -	\$ 1,911,021
Total net assets without donor restrictions	7,796,763	220,155	8,016,918
Total net assets with donor restrictions	5,075,800	-	5,075,800
Total net assets	<u>12,872,563</u>	<u>220,155</u>	<u>13,092,718</u>
Total liabilities and net assets	<u>\$ 14,783,584</u>	<u>\$ 220,155</u>	<u>\$ 15,003,739</u>
<u>Statement of Activities, year ended June 30, 2024</u>			
Total support and revenue	\$ 3,498,311	\$ 12,458	\$ 3,510,769
Total expenses	7,792,268	12,458	7,804,726
Change in net assets	(4,293,957)	-	(4,293,957)
Net assets, beginning of year	17,166,520	220,155	17,386,675
Net assets, end of year	<u>\$ 12,872,563</u>	<u>\$ 220,155</u>	<u>\$ 13,092,718</u>

NOTE 13 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 3, 2025, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

SUPPLEMENTARY INFORMATION

Polk County Housing Trust Fund
SCHEDULE OF FINANCIAL POSITION BY FUNDING SOURCES
June 30, 2025

	All other funds	State Housing Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 576,388	\$ —	\$ 576,388
Investments	2,754,791	—	2,754,791
Investments, restricted	2,500,000	—	2,500,000
Interest receivable	14,489	—	14,489
Contributions receivable	105,500	—	105,500
Grants receivable	—	1,495,054	1,495,054
Mortgage loans and notes receivable, less unamortized discount and loan loss reserve	4,072,061	—	4,072,061
Forgivable loans, less accumulated amortization	2,534,152	—	2,534,152
Prepaid expense	13,228	—	13,228
Office equipment, at cost less accumulated depreciation	7,732	—	7,732
Operating lease right-of-use asset	107,884	—	107,884
Total assets	\$ 12,686,225	\$ 1,495,054	\$ 14,181,279
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 11,498	\$ —	\$ 11,498
Accrued compensation and payroll withholdings	52,990	—	52,990
Grants payable	951,880	1,495,054	2,446,934
Lease liability	107,884	—	107,884
Total liabilities	1,124,252	1,495,054	2,619,306
NET ASSETS			
Net assets without donor restrictions			
Undesignated	6,311,311	—	6,311,311
Board designated for forgivable loans	2,734,152	—	2,734,152
Net assets with donor restrictions	2,516,510	—	2,516,510
Total net assets	11,561,973	—	11,561,973
Total liabilities and net assets	\$ 12,686,225	\$ 1,495,054	\$ 14,181,279

Polk County Housing Trust Fund
SCHEDULE OF ACTIVITIES BY FUNDING SOURCES
Year ended June 30, 2025

	All other funds	State Housing Trust Fund	Total
SUPPORT AND REVENUE			
Contributions	\$ 2,186,527	\$ 1,170,802	\$ 3,357,329
Investment income	326,464	-	326,464
Interest on mortgage loans and notes	165,086	-	165,086
Forgivable loan repayments	-	-	-
Miscellaneous income	-	-	-
Total support and revenue	2,678,077	1,170,802	3,848,879
EXPENSES			
Program services			
Affordable housing	3,690,531	1,052,822	4,743,353
Supporting services			
Management and general	341,056	117,980	459,036
Fundraising	177,235	-	177,235
Total expenses	4,208,822	1,170,802	5,379,624
CHANGE IN NET ASSETS	(1,530,745)	-	(1,530,745)
NET ASSETS , beginning of year	13,092,718	-	13,092,718
NET ASSETS , end of year	\$ 11,561,973	\$ -	\$ 11,561,973

Polk County Housing Trust Fund
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal grantor/pass-through grantor/pass-through grant description and identifying number</u>	<u>Assistance Listing number</u>	<u>Agency or pass-through number</u>	<u>Federal expenditures</u>
United States Department of the Treasury			
<i>Passed through Polk County, Iowa</i>			
Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	\$ 2,559,290
Total United States Department of the Treasury			<u>2,559,290</u>
Total expenditures of federal awards			<u>\$ 2,559,290</u>

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Polk County Housing Trust Fund under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Polk County Housing Trust Fund, it is not intended to and does not present the financial position, changes in net assets or cash flows of Polk County Housing Trust Fund.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Allocation Rate

Polk County Housing Trust Fund has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Polk County Housing Trust Fund
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Polk County Housing Trust Fund (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Polk County Housing Trust Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Polk County Housing Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Polk County Housing Trust Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk County Housing Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Polk County Housing Trust Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk County Housing Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Denman CPA LLP

West Des Moines, Iowa
December 3, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Polk County Housing Trust Fund
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Polk County Housing Trust Fund's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Polk County Housing Trust Fund's major federal programs for the year ended June 30, 2025. Polk County Housing Trust Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Polk County Housing Trust Fund complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Polk County Housing Trust Fund and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Polk County Housing Trust Fund's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Polk County Housing Trust Fund's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Polk County Housing Trust Fund's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Polk County Housing Trust Fund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Polk County Housing Trust Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Polk County Housing Trust Fund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Polk County Housing Trust Fund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
December 3, 2025

Polk County Housing Trust Fund
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025

SECTION 1 – SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes **X** No
- Significant deficiency(ies) identified? Yes **X** None reported

Noncompliance material to financial statements noted? Yes **X** No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes **X** No
- Significant deficiency(ies) identified? Yes **X** None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified opinion

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes **X** No

Identification of major federal programs: Assistance Listing Number 21.027 -
Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **X** Yes No

**Polk County Housing Trust Fund
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2025**

SECTION II – FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.