INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Board of Directors of
Santa Fe Habitat for Humanity
Santa Fe, New Mexico

Opinion

We have audited the accompanying financial statements of Santa Fe Habitat for Humanity (Habitat), 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 Habitat as of June 30, 2025, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (*GAGAS*)*, 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 Habitat and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat'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 Responsibility 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 GAAS and GAGAS 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 GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat'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.

Other Reporting Required by GAGAS

In accordance with GAGAS, we have also issued our report dated June 11, 2026, on our consideration of Habitat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAGAS in considering Habitat's internal control over financial reporting and compliance.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from Habitat's June 30, 2024 financial statements. We have previously audited Habitat's 2024 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated August 19, 2025. 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 financial statements from which it has been derived.

Hinkle + Landers, PC

Hinkle + Landers, PC
Albuquerque, NM
June 11, 2026

SANTA FE HABITAT FOR HUMANITY
STATEMENT OF FINANCIAL POSITION
As of June 30, 2025, With Comparative Totals for 2024

	Notes		2025	2024
ASSETS				
Current Assets				
Cash and Cash Equivalents	C	$	761,293	298,675
Restricted Cash and Cash Equivalents	C		6,569	5,521
Current Portion of Mortgages Receivable, Net	D		298,384	290,280
Neighborhood Revitalization Receivable, Net			5,760	6,370
Contract Receivable			-	22,250
Prepaid Expenses and Other Assets			12,762	10,671
Inventories	I		89,689	87,219
Housing Under Construction	J		1,588,013	2,756,386
Total Current Assets			2,762,470	3,477,372
Non-Current Assets				
Mortgages Receivable, Net of Current Portion & Discount	D		2,101,102	2,152,889
Property and Equipment, Net	G		2,037,172	2,100,223
Investments and Endowments, at Fair Value	E, F		2,294,714	859,093
Right-of-Use Asset, Net - Operating Lease	M		18,267	-
Beneficial Interest in Assets Held by Others	E, F		22,088	16,945
Total Long-Term Assets			6,473,343	5,129,150
TOTAL ASSETS		$	9,235,813	8,606,522
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable		$	96,055	53,279
Accrued Payroll			58,239	76,593
Other Accrued Expenses			35,855	10,998
Escrow Deposits			34,917	-
Sold Mortgages			543,808	-
Lease Liability - Current Portion	M		3,934	-
Long-Term Liabilities - Current Portion	K		111,440	141,098
Total Current Liabilities			884,248	281,968
Non-Current Liabilities				
Long-Term Debt	K		1,409,768	1,499,824
Lease Liability - Long Term	M		14,628	-
Total Liabilities			2,308,644	1,781,792
NET ASSETS				
Net Assets Without Donor Restrictions				
Investment in Property and Equipment, Net			515,964	619,301
Undesignated			5,540,053	5,568,763
Total Net Assets Without Donor Restrictions			6,056,017	6,188,064
Net Assets With Donor Restrictions				
Perpetual Endowment	F		571,152	566,009
Purpose/Time Restricted Net Assets	H		300,000	70,657
Total Net Assets			6,927,169	6,824,730
TOTAL LIABILITIES AND NET ASSETS		$	9,235,813	8,606,522

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

SANTA FE HABITAT FOR HUMANITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025, With Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions		2025 Total	2024 Totals
		Time/Purpose	Perpetual		
Revenues					
Home Sales	$ 1,147,393	-	-	1,147,393	20,000
ReStore Sales	1,009,777	-	-	1,009,777	992,552
Investment Income	83,089	-	5,143	88,232	99,932
Gain on Sale of Receivables	445,623	-	-	445,623	-
Discount Amortization Income	467,248	-	-	467,248	200,062
Other Income	22,669	-	-	22,669	24,742
Total Revenues	3,175,799	-	5,143	3,180,942	1,337,288
Public Support					
Contributions	141,678	736,112	-	877,790	711,523
Donated Materials, Land, Labor and Services	2,945	-	-	2,945	125,169
Private Grants	35,000	-	-	35,000	108,743
Neighborhood Revitalization	271,150	-	-	271,150	105,461
State Grants and Contracts	-	300,000	-	300,000	-
Special Events Revenue, Net	1,823	-	-	1,823	-
Total Support	452,596	1,036,112	-	1,488,708	1,050,896
Satisfaction of Program Restrictions	806,769	(806,769)	-	-	-
Total Revenues and Support	4,435,164	229,343	5,143	4,669,650	2,388,184
Operating Expenses					
Programs:					
Construction	2,099,603	-	-	2,099,603	443,663
Restore	887,600	-	-	887,600	916,759
Repair Program	790,724	-	-	790,724	202,614
Family and Mortgage Services	202,559	-	-	202,559	225,827
Total Programs	3,980,486	-	-	3,980,486	1,788,863
Supporting Services:					
General & Administrative	293,997	-	-	293,997	303,824
Fundraising	292,728	-	-	292,728	294,048
Total Supporting Services	586,725	-	-	586,725	597,872
Total Operating Expenses	4,567,211	-	-	4,567,211	2,386,735
Change in Net Assets	(132,047)	229,343	5,143	102,439	1,449
Net Assets, Beginning of Year	6,188,064	70,657	566,009	6,824,730	6,823,281
Net Assets, End of Year	$ 6,056,017	300,000	571,152	6,927,169	6,824,730

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

SANTA FE HABITAT FOR HUMANITY

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2025, With Comparative Totals for 2024

	Program Services					Supporting Services		2025	2024
	Construction	Repair Program	ReStore	Volunteer Family	Programs Total	General & Administrative	Fundraising	Total	Total
Personnel Expenses:									
Salaries and Wages	$ 209,907	52,476	451,297	83,962	797,642	83,962	167,925	1,049,529	1,109,834
Benefits	31,591	7,898	67,920	12,636	120,045	12,636	25,272	157,953	116,080
Payroll Taxes	17,410	4,353	37,433	6,964	66,160	6,964	13,929	87,053	87,859
Total Personnel Expenses	258,908	64,727	556,650	103,562	983,847	103,562	207,126	1,294,535	1,313,773
General Expenses:									
Cost of Homes Sold	1,677,746	-	-	-	1,677,746	-	-	1,677,746	-
Repair and Retrofit Program	-	691,605	-	-	691,605	-	-	691,605	104,799
Professional Services	27,950	9,317	48,912	65,216	151,395	37,266	44,253	232,914	269,557
Cost of Goods Sold - ReStore	-	-	79,501	-	79,501	-	-	79,501	103,704
Insurance	37,270	3,882	17,858	3,882	62,892	10,870	3,882	77,644	62,266
Interest	8,100	4,725	37,125	2,025	51,975	10,800	4,725	67,500	66,389
Utilities	4,159	4,159	33,277	4,159	45,754	9,507	4,159	59,420	55,383
Bank Fees and Credit Card Fees	6,591	4,394	24,715	5,492	41,192	2,746	10,985	54,923	21,688
Dues and Subscriptions	4,747	432	11,653	2,158	18,990	22,011	2,158	43,159	32,558
Volunteer Costs	28,722	-	1,614	968	31,304	323	645	32,272	33,673
Property Taxes	3,064	1,787	14,041	766	19,658	4,085	1,787	25,530	18,090
Repairs and Maintenance	6,207	365	10,409	183	17,164	730	365	18,259	36,131
Office Supplies	1,855	1,855	23,742	3,709	31,161	3,710	2,226	37,097	25,476
Communications and IT	957	1,911	5,573	1,911	10,352	4,619	956	15,927	15,120
Tithe	15,000	-	-	-	15,000	-	-	15,000	19,929
Advertising and Promotion	5,576	697	3,485	2,091	11,849	-	2,091	13,940	16,990
Meals, Lodging, and Transportation	629	252	1,886	1,006	3,773	4,401	4,402	12,576	-
Small Tools and Shop Supplies	2,469	-	4,731	823	8,023	2,263	-	10,286	8,724
Automobile	4,502	-	5,731	-	10,233	1	-	10,234	21,981
Printing	2,297	-	3,477	311	6,085	62	63	6,210	6,493
Board and Staff Development	948	-	892	390	2,230	3,232	111	5,573	36,875
Postage	799	533	533	799	2,664	799	1,864	5,327	14,395
Licenses and Fees	458	42	1,121	208	1,829	2,113	208	4,150	8,220
Miscellaneous	547	-	365	2,735	3,647	-	-	3,647	22,003
Lease Expense	-	-	-	-	-	3,476	-	3,476	-
Equipment Rental	102	41	309	165	617	721	722	2,060	6,760
Total Expenses Before Depreciation	2,099,603	790,724	887,600	202,559	3,980,486	227,297	292,728	4,500,511	2,320,977
Depreciation Expense	-	-	-	-	-	66,700	-	66,700	65,758
Total Expenses Per Statement of Activities	$ 2,099,603	790,724	887,600	202,559	3,980,486	293,997	292,728	4,567,211	2,386,735

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

SANTA FE HABITAT FOR HUMANITY

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2025, With Comparative Totals for 2024

		2025	2024
Change in Net Assets	$	102,439	1,449
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities			
Depreciation Expense		66,700	65,758
Interest Reinvested		(15,829)	-
Amortization of Mortgage Discount		(467,248)	(200,062)
Realized and Unrealized Gains and Other Investment Activity		(88,232)	(99,932)
Adjustment for noncash CIP		-	120,534
Adjustment for noncash PPE		-	36,732
Changes in Operating Assets and Liabilities:			
Mortgage Receivables		43,683	130,508
Revitalization Receivable		610	58,850
ERC Credits Receivable		-	463,396
Contract Receivable		22,250	(22,250)
ReStore Inventory		(2,470)	4,900
Prepaids and Other Assets		(2,091)	(1,877)
Homes Under Construction		1,642,546	(659,407)
Mortgage Deposits		-	15,787
Accounts Payable		42,776	(18,223)
Accrued Liabilities		6,503	8,900
Homeowner Escrow Accounts		34,917	-
Noncash Reduction of Lease Liability		18,562	-
Other Liabilities		543,808	-
Unearned Revenues		-	(500)
Net Cash Provided (Used) by Operating Activities		1,948,924	(95,437)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment		(3,649)	(5,254)
Purchase of Investments		(1,926,026)	-
Proceeds from Sale of Investments		564,131	54,095
Net Cash (Used) Provided by Investing Activities		(1,365,544)	48,841
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on Long-Term Debt		-	110,000
Principal Payments on Notes Payable		(119,714)	(69,481)
Net Cash (Used) Provided by Financing Activities		(119,714)	40,519
Net (Decrease) Increase in Cash		463,666	(6,077)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year		304,196	310,273
Cash, Cash Equivalents, and Restricted Cash, End of Year	$	767,862	304,196
Supplementary Information			
Cash Paid for Interest	$	67,500	66,389
Supplementary Noncash Information			
Donated Merchandise - ReStore	$	-	865,170
Donated Supplies and Materials		2,945	120,534
Donated Cars		-	36,732
Donated Professional Services		-	4,635
Right-of-Use Asset Obtained		21,078	-

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

SANTA FE HABITAT FOR HUMANITY
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2025

NOTE A—NATURE OF OPERATIONS

Santa Fe Habitat for Humanity (Habitat), founded in 1987, is a locally run affiliate of Habitat for Humanity International, a nonprofit, ecumenical Christian housing organization. Habitat promotes affordable homeownership for Santa Fe area residents by constructing simple, adequate, and energy-efficient new homes and repairing or rehabilitating existing homes through the cooperative efforts of partner families, volunteers, donors, and staff. The houses then are sold to those in need at no profit and with no interest charged. Habitat offers these homes to low-income families who are financially stable yet are unable to improve their living situation in today's housing market. Although Habitat for Humanity International assists with resources such as information, training, publications, and prayer support, Habitat is primarily and directly responsible for its own operations, which are located in Santa Fe County. Habitat receives the majority of its funding through grants and contributions.

Program services provided by Habitat are as follows:

- *Construction* – This program constructs or rehabilitates modest housing for sale to low-income residents.

- *Repair Program* – This program offers home repair services to homeowners so they can continue to live in safe and decent homes for years to come. Home repair work includes painting, landscaping, weatherization, roof repair/replacement, and minor repair services to preserve home exteriors and revitalize neighborhoods.

- *ReStore* – This program sells donated and salvaged building materials to the general public at below market prices, with net proceeds going towards the support of Habitat's mission. ReStore provides an environmentally and socially responsible way to keep good, reusable materials out of landfills and offers a source of discounted construction materials to all homeowners. Habitat also uses materials from the ReStore, thereby reducing the cost of construction.

- *Volunteer Family* – This program recruits and selects eligible homeowners, and recruits and trains volunteers who provide family support and services. Additionally, it provides access to affordable mortgage financing for low-income residents.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Habitat is presented to assist in understanding Habitat's financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit entities.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities.* Under ASC 958, Habitat is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions as defined below:

Net Assets With Donor Restrictions—Temporary in Nature—Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of Habitat pursuant to those stipulations 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. See Net Assets With Donor Restrictions, Note H.

Net Assets With Donor Restrictions—Perpetual in Nature—Net assets with perpetual donor restrictions result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of Habitat. See Net Assets With Donor Restrictions, Note H.

Net Assets Without Donor Restrictions—Amounts without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control. Habitat's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the Statement of Cash Flows, cash, cash equivalents, and restricted cash consist of cash on hand, cash held in money market accounts, undeposited funds, and cash held in checking accounts.

Restricted cash represents escrow deposits collected from current and future homeowners. See Note C for details of cash accounts.

Mortgages Receivable

Habitat provides non-interest-bearing mortgage loans, payable in monthly installments, to qualified low-income individuals in the Santa Fe area. Habitat has adopted the policy of Habitat for Humanity International and does not charge interest on its mortgages. All loans are secured by real property with fair values estimated to exceed mortgage balances. Because interest is not charged, Habitat discounts each note using applicable market interest rates for the year of origination. These rates are determined by Habitat for Humanity International at the end of each fiscal year based upon low-income housing credits published by the Federal Government.

The mortgages' original amounts have been discounted at rates which are based on prevailing market rates for low-income housing at the inception of the mortgages. The terms of duration and historical prevailing interest rates are as follows:

Original Maturity of Mortgages	Discount Rates for Mortgages
15 Years - 30 Years	7.23%-8.18%

Receivables related to the mortgages are considered past-due or delinquent by Habitat when they are 30 days late. Habitat evaluates mortgage receivables for expected credit losses and considers delinquency status, collateral values, foreclosure rights, historical collection experience, and current and supportable forecast information in determining whether an allowance is required.

At June 30, discounted mortgages receivable by aging consisted of the following:

		2025	2024
Current	$	3,569,347	4,766,214
0-30 Days		-	1,237
31-60 Days		331,619	3,662
61-90 Days		233,138	1,917
90-120 Days		-	-
120 Days +		321,359	20,678
Mortgage Discount		(2,055,976)	(2,350,539)
	$	2,399,486	2,443,169

There were no homes in the process of foreclosure as of June 30, 2025. A loan is defined as impaired when, based on current information and events, it is probable that Habitat will not be able to collect all amounts due under the contractual terms of the loan agreement. All loans are evaluated for impairment on an individual basis.

Mortgages Receivable Sold

At times, Habitat sells receivable residential mortgage loans to financial institutions. Gain or loss on sale of the receivables depends in part on both the previous carrying amount of the financial assets involved in the transfer and the proceeds received. According to the sale agreements, Habitat may be required to repurchase the loans or replace them with similar mortgages in case of default.

Habitat sold sixteen mortgage receivables with recourse during the year ended June 30, 2025 and none during the year ended June 30, 2024.

At June 30, the total mortgages sold with recourse, which may be assumed upon mortgagee default, were as follows:

Mortgages Sold With Recourse		2025	2024
Unpaid Balance as of June 30,	$	901,223	670,558

In addition, during the year ended June 30, 2025, Habitat sold three mortgages to the New Mexico Mortgage Finance Authority (MFA) without recourse. Under the terms of the agreement, Habitat does not service these mortgages and, based on MFA's mission and history of resolving

delinquencies through means other than repurchase, management considers the likelihood of any repurchase obligation to be remote. Accordingly, no liability has been recorded.

During the year ended June 30, 2025, Habitat created a sold mortgages account that covers the mortgages present value in the event that Habitat must take the mortgages back onto their books. The liability account as of June 30, 2025 had a balance of $543,808, which is the current present value of the sixteen loans sold with recourse during the year ended June 30, 2025.

Interest Income (Mortgages Discount Amortization)

Interest income (mortgage discount amortization) is recorded using the effective interest method over the lives of the mortgages. Habitat imputes interest on its mortgage receivables which carry a 0% stated interest rate. For purposes of calculating loan present values, interest rates are determined based on the market rates for a similar type of loan on the date of closing and Habitat records and accounts for mortgage loans receivable based on the present value of the loan using rates from Habitat for Humanity International.

Allowance for Uncollectible Mortgages Receivables

Management considers the mortgages to be fully collectible and, therefore, has not established an allowance for doubtful accounts.

Mortgages are issued based upon the value of the home and the buyer's qualifications. These usually include a "silent second" mortgage or a forgiveness portion, which represents amounts forgiven when first is paid in full. This is used as an incentive for the buyer to remain in the home for a specified period of time and to keep current on mortgage payments. Habitat usually charges a $15 fee on past due payments. Mortgages are considered delinquent in 30 days, and foreclosure can be initiated after 90 days of non-payment.

Through its Homeowner Services program, Habitat works with delinquent homeowners to identify opportunities for financial budgeting improvement. Habitat has historically experienced great success in educating delinquent homeowners, and structuring payment plans to cure delinquencies within a minimal amount of time. It is reasonably possible that Habitat's estimate of the allowance for loan losses will change in future years.

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, restricted cash, receivables, prepaids, other assets, payables, and accrued expenses approximate fair value due to the short maturity periods

of these instruments. The carrying value of long-term debt approximates fair value as the stated interest rates are consistent with current market rates.

Lease Policy

Habitat determines if an arrangement is a lease at inception. Habitat's operating lease is included in Right-of-Use Assets, net – Operating Lease and the Lease Liability on the Statement of Financial Position. The ROU assets represent Habitat's right-of-use of an underlying asset for the lease terms, and the lease liability represents Habitat's obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. The 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 Habitat will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Habitat's lease agreement does not contain material residual value guarantees or material restrictive covenants.

Habitat has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for the lease as the implicit rate is not readily determinable. See Note M for additional information.

Property, Equipment and Depreciation

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with donor restrictions. Depreciation is computed using the straight-line method. Habitat capitalizes all expenditures for property and equipment with a cost of $1,000 or more and with an estimated useful life of greater than one year. Items with a cost of less than $1,000 are expensed in the year of acquisition. Repairs and maintenance are charged to operations when incurred and major betterments and replacements are capitalized. Depreciation expense for the years ended June 30, 2025 and 2024 was $66,700 and $65,758, respectively.

The major classifications of property and equipment and their related depreciable lives are as follows:

Type	Estimated Useful Lives
Buildings	39 Years
Building Improvements	5-39 Years
Office Equipment and Furniture	3-5 Years
Construction Equipment	5 Years
Vehicles	5 Years

Construction in Progress

The costs associated with the construction of a home, including direct labor, are recognized as construction in progress (CIP). Upon completion of a home, the home's CIP balance is reclassified to the completed homes account until such time as title transfers to the homeowners. Management reviews CIP for impairment, based primarily on the expected sales price of each home, whenever circumstances arise which could impact Habitat's ability to recover its costs. Management believes that no such impairments have occurred for the years ended June 30, 2025 and 2024.

Impairment of Long-Lived Assets

Habitat accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators were present as of June 30, 2025 or 2024.

Liquidity and Availability of Financial Resources

Habitat regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, and external limitations imposed by donors or contracts with others. Because a donor's restriction requires resources to be used in a particular manner or in a future

period, Habitat must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of Habitat's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Habitat can invest cash in excess of daily requirements in short-term investments. Occasionally, the Board of Directors may designate a portion of any operating surplus to its liquidity reserve. No amounts were designated as of June 30, 2025 or 2024.

Financial Assets, at Year-End		2025	2024
Cash and Cash Equivalents	$	761,293	298,675
Restricted Cash		6,569	5,521
Neighborhood Revitalization Receivable, Net		5,760	6,370
Contract Receivable		-	22,250
Current Portion of Mortgages Receivable, Net		298,384	290,280
Available Line of Credit		400,000	400,000
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year		1,472,006	1,023,096
Less Amounts Not Available to Be Used within One Year:			
Net Assets with Purpose and Time Restrictions to Be Met in Future Years		(300,000)	(70,657)
Restricted Cash		(6,569)	(5,521)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$	1,165,437	946,918

Investments

Investments are carried at fair value. Fair value is 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. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Quoted market prices, when available, are used to value investments. Purchases and sales of securities are recorded on a trade-date basis. Changes in fair value that occur during the fiscal year are recognized as investment income on the Statement of Activities. Realized and unrealized gains and losses, as well as investment expenses, are reflected within the investment return, net, in the Statement of Activities. Net investment returns (losses) restricted by donors are reported as increases (decreases) in net assets with donor restrictions until the donor-imposed restriction(s) have been met. Investments are classified based on their original maturity dates.

Investments are exposed to various risks such as significant world events, interest rates, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Summary of Fair Value Measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1

Quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3

Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

Inventory

The ReStore inventory includes donated household building materials, appliances, and furniture that are sold at the Habitat ReStore at a reduced prices to the general public. The fair value of the donated ReStore inventory is estimated at the date of contribution based on available valuation inputs. The fair value of inventory is based on average sales during the year. Inventory at year-end equals one month of average sales.

Habitat's purchased inventories are stated at the lower of cost or net realizable value, which is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Housing Under Construction and Land Held for Development

Project costs such as land held for development, housing under construction and interest costs associated with debt acquired for construction are capitalized as incurred. Capitalized land costs are assigned to specific homes built. Once the project is complete, all costs are expensed to cost of homes sold at the time of sale. Completed homes are stated at the lower of cost (specific identification) and net realizable value.

Donated materials and professional services are recognized at estimated fair value at time of donation.

When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the Statement of Activities as program services.

Revenue Recognition

The following summarizes the revenue recognition policies for major classifications of revenue:

- Sales of Homes—Home sales revenue is recorded upon closing, and when ownership has transferred from Habitat to the new homeowner (customer) at appraised value unless, grantor restrictions require different sales prices. The resulting non-interest-bearing mortgages are discounted based upon annual market rates for affordable housing as determined annually by Habitat for Humanity International and amortized over the term of the mortgages. The buyer must go through a qualifying process to be eligible to purchase the home. The transaction price is established by Habitat and the buyer per the agreement. No allocation of the transaction price of goods and services is necessary.

- Contributions—Contributions received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor stipulations that are met in the same year in which the contributions are received are classified as revenue and net assets without donor restrictions. Gifts of securities are recorded at their fair value when received.

- Government Grants—Government grants are typically recorded on a reimbursement basis. Specifically, when qualifying expenses are incurred by Habitat, both the receivable from the government granting agency and the related grant revenue are recorded.

- ReStore Sales—Habitat's ReStore receives and records donations of merchandise as in-kind contributions and inventory. Once the merchandise is sold, the sales and cost of sales are recorded as exchange transactions. The sale of merchandise is recognized as revenue at a single point in time based on the price stated on each item for sale. The transaction takes place when the goods transfer to the customer.

- Contributed (Donated) Assets—Habitat may receive contributions of noncash assets other than those received by the ReStore for resale. Donated marketable securities and other noncash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, Habitat reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Habitat reclassifies net assets with donor restrictions to net assets without donor restrictions at that time unless the donor has restricted the donated asset to a specific purpose.

Contributed (Donated) Services and Materials

Habitat pays for most services requiring specific expertise. Contributions of services are recognized

in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services are received:

- Enhance or create non-financial assets,
- Require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The table below summarizes donated services and materials for the years ended June 30:

Donated Goods and Services	2025	2024	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Restore Donations	$ -	865,170	ReStore	None	2
Construction Materials	-	120,534	Construction	Construction of homes	3
Advertising	-	3,780	Fundraising	None	4
Legal Services	-	855	General and Administrative	None	1
Grant Writing Services	500		General and Administrative	None	1
Internet Services	2,445	-	General and Administrative	None	1
Total in-Kind Contributions	$ 2,945	990,339			

* Legend for Fair Value Techniques

1- Estimated based on third party fair valuation or fair value of comparative properties in the area
2- Estimated based on actual sales
3- Estimated based on current prices for similar materials
4- Estimated based on current rates of similar services provided by the firm

Also, a substantial number of volunteers donated significant amounts of their time to Habitat's programs and its fund-raising campaigns, which were not recognized in the financial statements because they did not meet the criteria for recognition.

The community service volunteer hours and estimated value were as follows at June 30:

	2025			
	# of Volunteers	Hours	Rate	Amount
Community Service Volunteers	878	5,737	$ 33.49	$ 192,132

	2024			
	# of Volunteers	Hours	Rate	Amount
Community Service Volunteers	550	13,212	$ 24.32	$ 321,316

Compensated Absences

Employees qualify for personal time off based on the number of years of service and monthly hours worked. Employees may carry unused leave forward into the subsequent calendar year, not to exceed 120 hours. Habitat's policy is to compensate for unused annual leave balances upon termination of employment. Employees are not compensated for unused sick leave balances upon termination.

The annual leave and accrued salaries balance as of June 30 was as follows:

	2025	2024
Accrued Wages and Related Taxes	$ 24,864	19,874
Compensated Absences	33,375	56,719
Other Accrued Expenses	35,855	-
	$ 94,094	76,593

Advertising

Habitat expenses advertising costs as incurred. Advertising costs are as follows:

	2025	2024
Advertising and Promotion	$ 13,940	16,990

Retirement Benefits

Habitat offers a simple IRA plan for eligible employees. Employees become eligible to participate after 90 days of employment. Participants can elect to defer a percentage of their salary to the plan up to allowable limits as established by the Internal Revenue Service. Habitat matches up to 3% of eligible salary deferrals, which vest immediately.

Employers' contributions for the years ended June 30 were as follows:

SIMPLE IRA		2025	2024
Habitat's Contributions	$	19,248	19,041

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by Habitat. Expenses and supporting services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded in the functional classification to which the expense relates. All other expenses require allocation on a reasonable basis that is consistently applied.

Significant Types of Expenses
Cost of Homes Sold, Salaries and Wages, Repair and Retrofit Program, Professional Services, Benefits, Cost of Goods Sold - ReStore, Insurance, Interest, Utilities, and Others

Basis for Allocation of Expenses

- Direct to Program or Supporting Service
- Appropriate Allocation Based on Time and Effort

The functional expense allocation ratios for the years ended June 30 are as follows:

Expense Allocation	2025	2024
Program	87%	74%
General & Administrative	6%	13%
Fundraising	7%	13%
	100%	100%

Concentrations of Credit, Market and Business Risk

Habitat discloses certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Economic Dependency

Habitat receives a significant portion of its revenue in the form of home sales, ReStore sales, and contributions. Habitat expects these sources of revenue to continue into the foreseeable future. If, however, a significant portion of these funds are not received, Habitat's ability to continue all programs would be significantly diminished.

The following is a summary of concentrations from contributions and grants as of June 30:

	2025		2024	
Concentration of Funding Sources	Amount	%	Amount	%
ReStore Sales	1,009,777	22%	992,552	42%
Home Sales	1,147,393	25%	20,000	1%
Contributions (Including Donated Services and Merchandise)	$ 880,735	19%	836,692	35%
Neighborhood Revitalization	271,150	6%	105,461	4%
State Grants and Contracts	300,000	6%	-	0%
Private Grants	35,000	1%	108,743	5%
	$ 3,644,055	78%	2,083,448	86%
Total Revenue and Support	$ 4,669,650		2,388,184	

Concentration of Organization Risk

A vast majority of Habitat's revenue related to home sales, programmatic revenues and other funding sources and receivables are from individuals and organizations in the Santa Fe area.

Concentration of Custodial Credit Risk—Uninsured Cash Balances

Habitat maintains cash funds in several financial institutions. Periodically throughout the year ended June 30,2025, Habitat's cash balances in its bank accounts may have exceeded the insured limits allowed under the Federal Deposit Insurance Corporation (FDIC). Currently, the FDIC insures bank balances up to $250,000 per depositor, per insured institution, per account ownership category. As of June 30, 2025, Habitat's bank balances exceeded the insured limit by $56,448.

In addition, investment accounts are held with a brokerage firm and are protected by the Securities Investor Protection Corporation (SIPC) up to $500,000, including $250,000 for cash balances. At times, Habitat's balances may exceed these limits. Habitat has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant near-term changes and could have a material effect on the financial statements include:

- Allocation of expenses by function to programs, general and administrative, and fundraising.
- Depreciation is based on estimated useful lives of property and equipment.
- Compensated absences payable (considered an estimate) at year end.
- In-kind donations are based on fair value techniques selected by management.
- Mortgage discounts are based on rates determined by Habitat for Humanity International at the end of each fiscal year based upon low-income housing credits published by the Federal Government.

Income Tax Status

Habitat is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation. This exemption is also recognized by the State of New Mexico. Habitat accounts for income taxes under ASC 740 and evaluate whether it has unrelated business taxable income. For the years ended June 30, 2025 and 2024, Habitat did not generate unrelated business taxable income. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Habitat files the required annual Federal Form 990 tax return with the Internal Revenue Service and returns with the State of New Mexico.

Comparative Financial Statements

The financial statements include prior-year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications

Certain reclassifications may have been made to 2024 amounts to conform to 2025 presentation.

Legal Matters

Habitat, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

Evaluation of Subsequent Events

Habitat evaluated subsequent events through May XX, 2026, the date the financial statements were available to be issued. Events providing additional evidence of conditions existing as of June 30, 2025, have been recognized in these financial statements. Events arising after that date did not exist as of year-end and have not been recognized.

Subsequent to year-end, Habitat purchased land for future homes for approximately $1.4 million. The purchase was financed through a new promissory note payable in the amount of $1,086,090, bearing interest at 6% and requiring monthly payments of $5,430 through July 1, 2026 at which time a balloon principal payment shall be due in full. Management believes this transaction is material to the understanding of Habitat's financial position and future operations; however, because the transaction occurred subsequent to year-end, no adjustment has been made to the accompanying financial statements.

NOTE C—CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash, cash equivalents, and restricted cash consisted of the following at June 30:

		2025	2024
Unrestricted			
Operations	$	533,315	119,046
Money Market		-	161,031
ReStore Operations		165,207	10,478
Undeposited Funds		47,166	-
Mortgage Payments		15,005	7,520
Petty Cash		600	600
Total Unrestricted Cash		761,293	298,675
Restricted			
Escrow		6,569	5,521
Total Restricted Cash		6,569	5,521
Total Cash, Restricted Cash, and Cash Equivalents	$	767,862	304,196

NOTE D—MORTGAGES RECEIVABLE

Mortgages receivable consist of the following at June 30:

		2025	2024
First Mortgages (Including Homeowner Receivab	$	4,455,462	4,760,678
Mortgages Receivable with MFA		-	33,030
Less: Unamortized Discounts on Mortgages		(2,055,976)	(2,350,539)
	$	2,399,486	2,443,169
Second (Silent) Mortgages Receivable	$	2,866,939	2,466,435
Less: Allowance For Uncollectible Amounts		(2,866,939)	(2,466,435)
	$	-	-

Undiscounted future annual mortgage receipts for mortgages receivable are as follows for the years ending June 30:

2026	$	298,384
2027		294,110
2028		274,337
2029		255,323
2030		234,250
Thereafter		3,099,058
	$	4,455,462

NOTE E—INVESTMENTS (ENDOWMENTS)

Habitat has investments and two endowments, which hold investments as follows:

Type		2025	2024	Hierarchy
Cash Equivalents	$	253,760	150,797	Level 1
Certificates of Deposit		131,006	-	Level 1
Equity Exchange-Traded Products (ETPs)		960,649	-	Level 1
Total Investments		1,345,415	150,797	
Money Market		-	9,884	Level 1
Cash Equivalents		16,875	-	Level 1
Stock Equities and Mutual Funds		856,462	402,029	Level 1
Equity Exchange-Traded Products (ETPs)		-	436,650	Level 1
Fixed Income		75,962	10,530	Level 1
Total Elinor P. Hempelmann Endowment		949,299	859,093	
Agency Endowment Held with Santa Fe Community Foundation		22,088	16,945	Level 3
Total Endowments		971,387	876,038	
Total Investments and Endowments	$	2,316,802	1,026,835	

Changes in Level 1 Investments are as follows:

Investments		2025	2024
Beginning Balance	$	150,797	150,797
Contributions		1,700,000	-
Withdrawals		(525,000)	-
Unrealized/Realized Gain (Loss) on Investments		19,618	-
Ending Balance	$	1,345,415	150,797

Elinor P. Hempelmann Endowment		2025	2024
Beginning Balance	$	859,093	772,130
Contributions		70,086	815,338
Withdrawals		(39,067)	(826,637)
Investment Fees		-	(3,390)
Interest and Dividend Income on Investments		15,829	17,012
Unrealized/Realized Gain (Loss) on Investments		43,358	84,640
Ending Balance	$	949,299	859,093

Stock equities and mutual funds are valued at the quoted market prices of the shares held by Habitat at the end of the year.

Level 3—Investments

Changes in Level 3 Investments are as follows:

Agency Endowment Held with SFCF		2025	2024
Balance, Beginning of Year	$	16,945	15,275
Contributions		5,143	-
Investment Returns		-	1,893
Investment Fees		-	(223)
Balance, End of Year	$	22,088	16,945

The SFCF Endowment is valued at fair value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly.

The methods described above may produce a fair value measurement that may not be reflective

of future fair values. Furthermore, while 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.

NOTE F—ENDOWMENT INVESTMENT AND SPENDING POLICY

Hempelmann Endowment

In accordance with a donor's instructions, Habitat established a permanent endowment fund to receive the distributions from an estate. Any principal added to the Hempelmann endowment fund shall become part of the principal thereof. Distributions from the endowment earnings will be in accordance with Habitat's spending policy.

Agency Endowment Held with SFCF

Habitat has an agreement with Santa Fe Community Foundation (SFCF) to create a permanent endowment fund. Habitat is the recipient of authorized distributions from this endowment.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides industry guidance to organizations similar to Habitat. The State of New Mexico adopted UPMIFA effective July 1, 2009. Habitat's Board of Directors has determined that some of Habitat's net assets meet the definition of endowment funds under UPMIFA.

Endowment Investment and Spending Policies

Habitat's investment policy goal is for investment returns to produce a rate of total return which will permit maximum support for the general operating fund of Habitat to the extent that is consistent with the following: prudent management of investments, preservation of principal and potential for long term asset growth. The spending policy is as follows: The income and/or gain earned by the endowment fund is considered unrestricted revenue and may be distributed to Habitat as general support for its programs. At no time shall the permanently restricted original contributions to the endowment be invaded. An amount no greater than 10% of the market value of the endowment fund may be distributed in a given calendar year.

Volatility and risk will be mitigated by maintaining a diversified portfolio of equity securities, fixed income securities, short-term investments, and foreign securities within defined parameters. In order to achieve a prudent level portfolio diversification, the securities of any one company should

not represent more than 10% of the total portfolio.

The finance committee, subject to the overall responsibility and direction of the Board of Directors, will supervise the investment of the various funds of Habitat and report to the Board of Directors. The finance committee will develop investment objectives and communicate such investment objectives and appropriate guidelines to the investment financial advisors and managers engaged by Habitat.

Endowment net assets composition by type of fund is as follows at June 30, 2025 and 2024, respectively.

2025	Without Donor Restrictions	With Donor Restrictions (Perpetual)	Total
Elinor P. Hempelmann Endowment	$ 400,235	549,064	949,299
Santa Fe Community Foundation	-	22,088	22,088
	$ 400,235	571,152	971,387

2024	Without Donor Restrictions	With Donor Restrictions (Perpetual)	Total
Elinor P. Hempelmann Endowment	$ 310,029	549,064	859,093
Santa Fe Community Foundation	-	16,945	16,945
	$ 310,029	566,009	876,038

Changes in endowment net assets for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions (Perpetual)	Total
Endowment Net Assets, June 30, 2023	$ 223,066	564,339	787,405
Net Investment Activity	86,963	1,670	88,633
Endowment Net Assets, June 30, 2024	310,029	566,009	876,038
Net Investment Activity	90,206	5,143	95,349
Endowment Net Assets, June 30, 2025	$ 400,235	571,152	971,387

Funds with Deficiencies

From time to time, the fair value associated with individual donor restricted endowment funds may fall below the level that the donor requires Habitat to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2025 and 2024.

Agency Endowment Held With Santa Fe Community Foundation (SFCF)

Habitat has an agreement with SFCF to manage permanent endowment funds to support its mission. The value of this endowment at year-end has been recorded as a beneficial interest in assets held by others in the accompanying financial statements. Currently, the accumulated interest and gains are reinvested and added to the principal of the fund. With the approval of the Board of Directors, Habitat is entitled to annual distributions equal to 5% of the fair value of the fund based on a rolling 12-quarter average.

NOTE G—PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment consisted of the following at June 30:

Type		2024	Additions	Deletions	2025
Land	$	513,824	-	-	513,824
Buildings and Building Improvements		2,022,328	-	-	2,022,328
Construction Equipment		61,203	3,649	-	64,852
Office Equipment and Furniture		42,459	-	-	42,459
Vehicles		75,783	-	-	75,783
Subtotal		2,715,597	3,649	-	2,719,246
Less: Accumulated Depreciation		(615,374)	(66,700)	-	(682,074)
Total Property and Equipment, Net	$	2,100,223	(63,051)	-	2,037,172

Depreciation expense for the years ended June 30, 2025 and 2024 was $66,700 and $65,758, respectively.

NOTE H—NET ASSETS WITH DONOR RESTRICTIONS (PURPOSE RESTRICTED)

Habitat maintains donor restricted funds for specific purposes. Donor restricted funds are as follows:

Grantor or Purpose	2024	Restricted Contributions	Released	2025	Purpose
Contributions Individuals - MFA	$ 70,657	672,444	(743,101)	-	Home Construction
Contributions Businesses - MFA	-	3,000	(3,000)	-	Home Construction
Contributions Individuals	-	35,668	(35,668)	-	Home Construction
Community Developed Financial Institution (CDFI) Grant	-	300,000	-	300,000	Home Ownership
Contributions Businesses	-	25,000	(25,000)	-	Downpayment Assist
	$ 70,657	1,036,112	(806,769)	300,000	

Net assets were released during the year by incurring expenses satisfying the purpose specified by donors.

NOTE I—INVENTORIES

Habitat's inventory as of June 30 was as follows:

		2025	2024
ReStore Inventory	$	72,744	70,274
Construction Inventory		16,945	16,945
Total Inventory	$	89,689	87,219

Donated construction inventory is recorded in housing under construction at June 30, 2025 and 2024.

NOTE J—LAND AND CONSTRUCTION IN PROGRESS

At June 30, 2025, Habitat had construction in progress and property available for sale as follows:

		Land Purchased	Land in-kind	In-kind Services and Materials	Construction in Progress	Finished Houses	Total
Beginning Balance	$	167,886	1,680,817	163,432	447,325	296,926	2,756,386
Additions		-	-	28,546	328,871	-	357,417
Closed Jobs		(58,155)	(510,000)	(173,206)	(487,503)	(296,926)	(1,525,790)
Ending Balance	$	109,731	1,170,817	18,772	288,693	-	1,588,013

At June 30, 2024, Habitat had construction in progress and property available for sale as follows:

		Land Purchased	Land in-kind	In-kind Services and Materials	Construction in Progress	Finished Houses	Total
Beginning Balance	$	-	1,680,817	42,898	76,338	296,926	2,096,979
Additions		167,886	-	120,534	370,987	-	659,407
Closed Jobs		-	-	-	-	-	-
Ending Balance	$	167,886	1,680,817	163,432	447,325	296,926	2,756,386

NOTE K—NOTES PAYABLE

Notes payable consist of the following:

	Balance 2024	Increases	Decreases	Balance 2025	Amount Due Within One Year
Mortgage	$ 1,480,922	-	(82,214)	1,398,708	31,440
Note Payable - Burton D. Anderson	110,000	-	(37,500)	72,500	30,000
Note Payable - Private Party	50,000	-	-	50,000	50,000
	$ 1,640,922	-	(119,714)	1,521,208	111,440

Interest expense on notes payable for the years ended June 30 was as follows:

	2025	2024
Interest Expense	$ 67,500	66,389

Maturities of notes payable for each of the succeeding years ending June 30 are as follows:

2026	$ 111,440
2027	52,904
2028	39,260
2029	28,581
2030	30,526
Thereafter	1,258,497
	$ 1,521,208

NOTE L—COMMITMENTS AND CONTINGENCIES

Habitat maintains a line-of-credit agreement with a local financial institution, allowing for maximum borrowings of up to $400,000. The line bears interest at a variable rate equal to the index rate plus 1% and is set to mature on July 1, 2030. Under the terms of the agreement, Habitat is required to comply with certain financial reporting covenants. Management is not aware of any covenant violations as of June 30, 2025 and 2024, and there was no outstanding balance on the line of credit. The line is secured by specific loans receivable.

Annual Tithe

As a local affiliate, Habitat has committed to pay an annual tithe to Habitat for Humanity International. The minimum required tithe is ten percent of unrestricted contributions, as defined in the affiliation agreement, received by Habitat each year. Tithes for the years ended June 30 were as follows:

	2025	2024
Tithes	$ 15,000	19,929

NOTE M—LEASES

Habitat has entered into a 5-year operating lease for office equipment. Habitat is required to make monthly fixed payments of $397.76.

Right-of-Use Leased Assets and Amortization

The right-of-use asset and accumulated amortization related to the operating lease are as follows as of June 30:

Right-of-Use Asset - Operating Lease	2024	Additions	Reductions	2025
Copier	$ -	21,078	-	21,078
Total Right-of-Use-Asset- Operating Lease	-	21,078	-	21,078
Less Accumulated Amortization:				
Copier	-	(2,811)	-	(2,811)
Total Accumulated Amortization - Operating Lease	-	(2,811)	-	(2,811)
Net Right-of-Use Assets-Operating Lease	$ -	18,267	-	18,267

ROU amortization expense was $2,811 for the year ended June 30, 2025.

Lease Liabilities

Lease Liability - Operating Lease	2024	Additions	Reductions	2025
Copier	$ -	(21,078)	2,516	(18,562)
Total Lease Liability - Operating Lease	$ -	(21,078)	2,516	(18,562)

Weighted average remaining lease term is 4.33 years and the weighted average discount rate is 5% as of June 30, 2025.

Cash paid for amounts included in operating lease liabilities were approximately $3,182 for 2025.

During the year, Habitat did not recognize any variable lease payments. The future minimum lease obligations are as follows:

Year Ending June 30,	Present Value of Lease Liability	Imputed Interest	Total Undiscounted Lease Payments
2026	$ 3,934	839	4,773
2027	4,136	637	4,773
2028	4,347	426	4,773
2029	4,570	203	4,773
2030	1,575	16	1,591
	$ 18,562	2,121	20,683

Lease Costs

Lease costs related to the ROU asset and related lease liability for the year ended June 30, 2025 was $3,476.

Habitat has elected the short-term lease recognition exemption under ASC 842 for leases with an initial non-cancellable term of 12 months or less. Accordingly, short-term leases are not recognized on the Statement of Financial Position. Related payments are recognized as expense on a straight-line basis over the lease term. Short-term leases generally renew month-to-month and do not include purchase options, residual value guarantees, or material variable consideration. Habitat had no short-term lease costs for the years ended June 30, 2025 or 2024.