

HABITAT FOR HUMANITY OF BROWARD, INC. AND AFFILIATES

Consolidated Financial Statements

As of and for the Year Ended June 30, 2025
(With Summarized Comparative Financial Information
As of and for the Year Ended June 30, 2024)

Habitat for Humanity of Broward, Inc. and Affiliates

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Independent Auditor's Report

The Board of Directors
Habitat for Humanity of Broward, Inc. and Affiliates
Fort Lauderdale, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Habitat for Humanity of Broward, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2025, and the consolidated changes in 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 (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.



Responsibilities of Management for the Consolidated Financial Statements (cont.)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 *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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Matter – Prior Year Financial Statements

The consolidated financial statements of the Organization for the year ended June 30, 2024, were audited by Hancock Askew & Co., LLP (HAC). Effective February 1, 2025, the partners and professional staff involved in the 2024 engagement joined Veridian CPAs PLLC. HAC expressed an unmodified opinion on those consolidated statements in their report dated November 6, 2024.

Report on Summarized Comparative Information

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 consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026 on our consideration of the Organization'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 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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Veridian CPAs PLLC

Miami, Florida
January 5, 2026

Habitat for Humanity of Broward, Inc. and Affiliates

Consolidated Statements of Financial Position

<i>June 30,</i>		2025		2024
ASSETS				
Current assets				
Cash and cash equivalents	\$	21,896,648	\$	23,197,976
Restricted cash		925,447		859,594
Receivables				
Mortgages receivable, net (Note 3)		1,389,785		1,319,932
Contributions receivable, net (Note 4)		4,173,362		1,900,647
Prepaid expenses and other current assets		445,918		261,886
Total current assets		28,831,160		27,540,035
Property and equipment, net		1,492,603		1,501,717
Other non-current assets				
Receivables				
Mortgages receivable, net (Note 3)		12,224,362		11,805,460
Contributions receivable, net (Note 4)		-		200,000
Single family homes under construction (Note 6)		12,262,805		9,362,792
Investment in joint ventures (NMTC Program) (Note 7)		6,315,438		6,315,438
Total other non-current assets		30,802,605		27,683,690
Total assets	\$	61,126,368	\$	56,725,442
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$	1,377,370	\$	470,292
Other liabilities		108,599		111,499
Total current liabilities		1,485,969		581,791
Long-term liabilities				
Notes payable - HFHI NMTC, net (Note 8)		8,403,233		8,322,269
Loan from City of Fort Lauderdale (Note 9)		482,000		-
Total liabilities		10,371,202		8,904,060
Net assets				
Without donor restriction		45,040,232		39,726,362
With donor restriction		5,714,934		8,095,020
Total net assets		50,755,166		47,821,382
Total liabilities and net assets	\$	61,126,368	\$	56,725,442

The accompanying notes are an integral part of these consolidated financial statements.

Habitat for Humanity of Broward, Inc. and Affiliates

Consolidated Statements of Activities and Changes in Net Assets

(With Summarized Comparative Financial Information for the Year Ended June 30, 2024)

For the years ended June 30,				2025		2024	
	Without Donor Restriction		With Donor Restriction	Total		Comparative Totals	
Public support and revenue							
Home sales, net	\$ 4,565,917	\$	-	\$ 4,565,917	\$	1,629,616	
Contributions and grants	7,725,364		1,411,020	9,136,384		6,583,666	
Sales - ReStore	2,290,267		-	2,290,267		2,598,563	
Mortgage interest income	3,165,052		-	3,165,052		1,576,015	
Donated goods and services	1,432,044		-	1,432,044		163,788	
Special events revenue	-		-	-		150,155	
Interest income	730,194		-	730,194		816,879	
Other	111,799		-	111,799		105,076	
Total public support and revenue before net assets released from restrictions	20,020,637		1,411,020	21,431,657		13,623,758	
Net assets released from restrictions	3,791,106		(3,791,106)	-		-	
Total public support and revenue after net assets released from restrictions	23,811,743		(2,380,086)	21,431,657		13,623,758	
Expenses							
Program services	16,585,002		-	16,585,002		8,998,942	
Supporting services							
Management and general	683,428		-	683,428		504,920	
Development, public relations, and fund-raising	1,229,443		-	1,229,443		1,032,237	
Total expenses	18,497,873		-	18,497,873		10,536,099	
Changes in net assets	5,313,870		(2,380,086)	2,933,784		3,087,659	
Net assets - beginning of year	39,726,362		8,095,020	47,821,382		44,733,723	
Net assets - end of year	\$ 45,040,232	\$	5,714,934	\$ 50,755,166	\$	47,821,382	

The accompanying notes are an integral part of these consolidated financial statements.

Habitat for Humanity of Broward, Inc. and Affiliates

Consolidated Statements of Functional Expenses

(With Summarized Comparative Financial Information for the Year Ended June 30, 2024)

For the year ended June 30, 2025

	Program Services				Supporting Services			Total 2025	Comparative Totals 2024
	Home Constructions	ReStore	Family Services and Others	Total Program Services	Management and General	Development, Public Relations, and Fund-Raising	Total Supporting Services		
Salaries and wages	\$ 763,510	\$ 829,483	\$ 436,600	\$ 2,029,593	\$ 225,738	\$ 633,690	\$ 859,428	\$ 2,889,021	\$ 2,940,123
Payroll taxes	62,875	68,308	35,954	167,137	18,589	52,184	70,773	237,910	244,005
Benefits	84,263	91,544	48,184	223,991	24,913	69,935	94,848	318,839	378,353
Cost of homes sold	10,304,549	-	-	10,304,549	-	-	-	10,304,549	3,424,852
Affiliate dues and tithing	194,985	-	-	194,985	-	-	-	194,985	186,500
Home repairs	2,333,996	-	-	2,333,996	-	-	-	2,333,996	1,133,631
Property taxes	-	4,825	-	4,825	-	-	-	4,825	4,363
Cost of purchased ReStore inventory sold	-	86,256	-	86,256	-	-	-	86,256	114,731
Contract labor	35,595	21,251	7,345	64,191	-	-	-	64,191	30,485
Telephone and utilities	45,692	81,456	12,214	139,362	8,590	9,076	17,666	157,028	184,964
Vehicle and machinery expenses	44,014	101,809	-	145,823	106	-	106	145,929	147,459
Insurance	59,350	64,887	8,104	132,341	21,274	12,156	33,430	165,771	196,406
Professional fees	16,895	17,742	71,906	106,543	298,631	225,625	524,256	630,799	527,256
Bank and credit card fees	181	16,867	-	17,048	5,481	20,744	26,225	43,273	50,793
Rent	48,806	-	46,957	95,763	29,579	22,184	51,763	147,526	144,105
Repairs and maintenance	20,192	26,893	4,538	51,623	4,538	9,075	13,613	65,236	84,780
Office supplies and expenses	9,710	13,876	3,695	27,281	4,921	4,987	9,908	37,189	32,569
Office equipment and software	31,760	-	30,557	62,317	19,249	14,436	33,685	96,002	65,295
Advertising	11,695	81,158	-	92,853	4,970	73,334	78,304	171,157	183,427
Depreciation and amortization expense	-	73,259	-	73,259	13,350	-	13,350	86,609	82,750
Bad debt expense	4,000	-	-	4,000	3,499	-	3,499	7,499	20,949
Interest expense	80,977	-	-	80,977	-	-	-	80,977	80,977
Other	97,890	13,793	34,606	146,289	-	82,017	82,017	228,306	277,326
Total expenses	\$ 14,250,935	\$ 1,593,407	\$ 740,660	\$ 16,585,002	\$ 683,428	\$ 1,229,443	\$ 1,912,871	\$ 18,497,873	\$ 10,536,099

The accompanying notes are an integral part of these consolidated financial statements.

Habitat for Humanity of Broward, Inc. and Affiliates

Consolidated Statements of Cash Flows

(With Summarized Comparative Financial Information for the Year Ended June 30, 2024)

For the years ended June 30,	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 2,933,784	\$ 3,087,659
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization expense	86,609	82,750
Bad debt expense	7,499	20,949
Gain on sale of property and equipment	(15,000)	-
Non-cash contributions capitalized	(1,309,606)	(8,651)
Imputed interest on non-interest bearing notes	(3,165,052)	(1,576,015)
Discount of mortgages on new home sales	4,138,650	495,856
Amortization of debt issuance costs included in interest expense	80,964	80,964
(Increase) decrease in assets		
Mortgages receivable, net	(1,462,353)	455,558
Contributions receivable, net	(2,080,214)	1,189,782
Prepaid expenses and other assets	(184,032)	(40,788)
Single family homes under construction, net	(1,590,407)	(3,773,996)
(Decrease) increase in liabilities		
Accounts payable and accrued expenses	907,078	(152,691)
Other liabilities	(2,900)	63,468
Net cash used in operating activities	(1,654,980)	(75,155)
Cash flows from investing activities		
Purchase of property and equipment	(77,495)	(6,820)
Proceeds from sale of property and equipment	15,000	-
Net cash used in investing activities	(62,495)	(6,820)
Cash flows from financing activity		
Loan from City of Fort Lauderdale	482,000	-
Net cash provided by financing activity	482,000	-
Net decrease in cash, cash equivalents, and restricted cash	(1,235,475)	(81,975)
Cash, cash equivalents, and restricted cash, beginning of year	24,057,570	24,139,545
Cash, cash equivalents, and restricted cash, end of year	\$ 22,822,095	\$ 24,057,570

The accompanying notes are an integral part of these consolidated financial statements.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Habitat for Humanity of Broward, Inc. and Affiliates (collectively the Organization) is composed of Habitat for Humanity of Broward, Inc., Capital Good for Humanity, Inc., and Broward County Habitat Community Housing Development Corp.

Habitat for Humanity of Broward, Inc. (Habitat Broward) was incorporated in June of 1983 and is an affiliate of Habitat for Humanity International, Inc. (HFHI). HFHI and its affiliates (collectively, Habitat) are tax-exempt, not-for-profit ecumenical ministries whose mission is to provide low-income families with decent, affordable housing.

In fulfilling its mission, Habitat Broward builds single family homes in Broward County, Florida, sells them to low-income families (homeowners) and holds non-interest-bearing mortgage receivables with payments commensurate with the family's ability to pay. Habitat Broward also provides prospective homeowners in its program with counseling and training to prepare them for home ownership and its responsibilities. Homeowners are required to pledge a minimum of four hundred hours of service to the building of their home or the homes of other Habitat homeowners.

Habitat Broward receives support from the local community by enlisting volunteer labor when practical and soliciting donations of land, building materials, and cash necessary in its building efforts. These donations and the cash from the collection of mortgages receivable are used to continue building houses for those in need.

Habitat Broward operates a resale store (ReStore) as a supporting service to raise funds. The resale store primarily sells construction related materials and household furnishings and receives a majority of its merchandise from donations.

Capital Good for Humanity, Inc. (Capital Good) was formed in September of 2021 in the state of Florida. Capital Good was organized as a not-for-profit organization to promote affordable housing through training, lending, development, and building activities.

Broward County Habitat Community Housing Development Corp. (CHDO) was formed in November of 2020 in the state of Florida as a not-for-profit organization. CHDO is a community housing development organization sanctioned by the U.S. Department of Housing and Urban Development (HUD), whose purpose is to assist in developing community low-income housing in Broward County, Florida.

Principles of Consolidation

The consolidated financial statements of the Organization include the accounts of Habitat Broward, Capital Good, and CHDO. All inter-company balances and transactions have been eliminated in consolidation.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Basis of Accounting and Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time. In addition, net assets whose donor restrictions are met in the same reporting period are also considered to be net assets without donor restrictions.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

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

Cash, Cash Equivalents, and Restricted Cash

All highly liquid cash investments with original maturities of three months or less are considered to be cash equivalents.

Restricted cash represents deposits made by future homeowners for the purchase of homes and escrow payments made by current homeowners for property taxes and insurance.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Cash, Cash Equivalents, and Restricted Cash (cont.)

Total cash, cash equivalents, and restricted cash reported in the consolidated statements of cash flows are as follows as of June 30:

	2025	2024
Cash and cash equivalents	\$ 21,896,648	\$ 23,197,976
Restricted cash	925,447	859,594
Total cash, cash equivalents, and restricted cash	\$ 22,822,095	\$ 24,057,570

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents (deposit and money market accounts) and mortgages. The Organization maintains cash and cash equivalents in what it believes to be high quality financial institutions, which it believes limits its risk. A significant amount of cash equivalents is invested in sweep investment accounts with a financial institution, which are fully insured accounts. As of June 30, 2025 and 2024, the Organization had approximately \$14,392,000 and \$3,529,000, respectively, of balances in excess of insurance limits covered by the Federal Deposit Insurance Corporation (FDIC). Mortgages receivables are secured by real property.

Concentrations of Contributions Receivables, and Support and Revenue

Concentrations of risk exist with respect to contributions and pledges made to the Organization during the years ended June 30, 2025 and 2024. Contributions totaling approximately \$1,415,000 from one donor and \$1,000,000 from one donor were received during the years ended June 30, 2025 and 2024, respectively. This accounts for approximately 15% and 20% of total contributions and grants revenue during the years ended June 30, 2025 and 2024, respectively.

Grants

In the normal course of business, the Organization has received grants which are subject to audit by agents of the relevant funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management of the Organization believes that all of the grant expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be significant.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Mortgages Receivable

The Organization's mortgages consist of amounts due from homeowners. The Organization performs extensive credit and work history evaluations before the sale of a home. The Organization also has a perfected security interest in all homes they sell. Mortgage receivable balances are stated net of discount and if applicable, net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the homeowners, past payment experience, and other relevant factors. As of June 30, 2025 and 2024, management determined that no allowance for mortgage receivables was necessary.

From time to time, Habitat Broward sells mortgages receivable with recourse to financial institutions. Habitat has guaranteed payment of the mortgage loans and in the event of any loan default, Habitat Broward will replace the nonperforming loan with a performing loan or will buy back the nonperforming loan at par. As of June 30, 2025 and 2024, the uncollected balances remaining on the mortgages sold totaled approximately \$10,146,000 and \$6,773,000, respectively.

Contributions Receivable, Net

Contributions receivable are promises to give from donors that are considered unconditional. Contributions receivable are presented net of the allowance for doubtful accounts and present value discount. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. The discount will be recognized as contribution revenue in future years as the discount is amortized over the duration of the contributions.

The Organization carries contributions receivable net of an estimated allowance for doubtful accounts. The Organization provides for losses on contributions receivable using the allowance method. The allowance is based on the Organization's experience with third-party contracts and other circumstances which may affect the ability of clients to meet their obligations. Receivables are considered impaired if payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible contributions receivable against the allowance when management determines the receivable will not be collected. Allowance for doubtful accounts as of June 30, 2025 and 2024 was \$32,688 and \$29,189, respectively. Bad debt expense for the years ended June 30, 2025 and 2024 amounted to \$7,499 and \$20,949, respectively.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction.

For transactions that represent nonreciprocal transfers and do not represent the sale of goods or services, the Organization applies Financial Account Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Under ASU 2018-08, revenue is recognized upon notification of the contribution and satisfaction of all conditions, if applicable.

Management has determined that contributions and grants are non-reciprocal transactions. The Organization receives both unconditional and conditional contributions and grants. Unconditional contributions are recognized when received. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

The Organization generates revenue from special events. ASU 2018-08 notes that the exchange of assets or performance of services in exchange for assets of substantially lower value may be deemed to be a partial contribution. Such contribution would be measured at the difference between the fair value of the products provided or services performed, and the consideration received. Management concludes that the benefit to donors related to special events is immaterial in comparison to the consideration received from the donor as typically all that is received are insignificant amounts of food and beverages during the events. As such, consideration received through the conducting of special events is considered a contribution transaction.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Revenue Recognition (cont.)

The Organization accounts for revenue from exchange transactions from contracts with customers under a single five-step model under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Organization's main revenue streams accounted for as exchange transactions derive from home sales and ReStore sales.

The Organization generates revenue through the sales of homes to program participants and financing the sale through a mortgage agreement with 0% interest. The Organization has identified two performance obligations associated with the sales of homes: 1) to transfer the title of the home to the homeowner, and 2) to finance the purchase price of the home. The transaction price for the property is identified and stated on the closing agreement and is consistent with the gross amount of revenue recorded at the time of an executed closing agreement. With respect to home sales, the Organization is the principal in the arrangement as the Organization maintains control of the property up until the time at which the property is sold to the homeowner. As the mortgages are at 0% interest, the Organization imputes interest on the mortgage by discounting the transaction price to present value based on a discount rate set by HFHI at the end of each fiscal year. The present value of the transaction price is allocated to the first performance obligation, with development costs of homes included as construction hard costs. The imputed interest or "discount" is allocated to the second performance obligation.

Revenue allocated to the first performance obligation is recorded at the point in time when control of the property transfers. This is the point in time at which the Organization has satisfied its first performance obligation to transfer control of the property to the homeowner as evidenced by an executed closing statement. Revenue allocated to the second performance obligation is recognized over the mortgage term as payments are collected. Contract liabilities relate mainly to homeowner deposits in escrow.

Revenue related to the ReStore sales is recognized at the time of sale. The income derived from ReStore sales are exempt from unrelated business income tax because substantially all sales consist of merchandise that the Organization received as gifts or contributions.

The Organization's other revenue streams include interest income, rent income, late-fee income, and other income which are not included within the scope of Topic 606.

Home Sales

Homes are sold to qualified buyers, and the mortgage terms are based on the amount the purchaser is able to pay. Consideration received is mortgages receivable which are non-interest bearing. Home sales are recorded at the discounted value of payments to be received over the lives of the mortgages. Non-interest bearing mortgages have been discounted at 8.01% and 8.02% for the years ended June 30, 2025 and 2024, respectively, based upon prevailing market rates for low-income housing at inception of the mortgages. Discounts are amortized using the effective interest method over the lives of the mortgages with rates ranging from 7.23% to 9.00% and is recorded as interest income in the accompanying consolidated statements of activities and changes in net assets. During the years ended June 30, 2025 and 2024, 23 homes and 11 homes, respectively, were sold.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Sales - ReStore

Revenue related to the ReStore sales are recognized at the time of the sale. The value for the purchased inventory of the ReStore is included in other assets within the consolidated statements of financial position. Habitat ReStore inventory includes donated and purchased household building materials, appliances, and furniture that are sold at the Habitat ReStore. Donated merchandise is recorded at fair market value where objectively measurable. Purchased merchandise is recorded at lower of cost or market, with cost being determined by the first-in, first-out method.

As of June 30, 2025 and 2024, the Organization had \$41,056 and \$38,972, respectively, of purchased inventory and is included within prepaid expenses and other current assets in the accompanying consolidated statements of financial position.

Donated Goods and Services

Donated services (in-kind donations) are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Code (ASC) Topic 958, *Not-for-Profit Entities*, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of unpaid volunteers have made contributions of their time by providing construction, administrative and fund-raising services to the Organization, the value of these amounts are not recorded because they do not require specialized skills. Donations of construction materials are received and used in the construction of homes. U.S. GAAP requires contributions (including donated materials) to be recorded at fair value at the date of receipt.

Property and Equipment, Net

Property and equipment are capitalized when the cost is in excess of \$5,000 and with a useful life over one year. Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. The estimated useful lives of each asset group are as follows:

Asset Group	Years
Buildings	50
Leasehold improvements	10
Office furniture and equipment	3
Computer equipment and software	3
Automobiles	5

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Single Family Homes Under Construction

Vacant land and construction in progress are stated at cost and include direct and indirect costs of housing construction, property taxes, and overhead incurred during the development period. Donated land and construction materials are required to be recorded at fair value at the time received. Land and offsite development costs associated with homes under construction are also included in construction in progress. Vacant land and construction in progress are evaluated for impairment if impairment indicators are present. U.S. GAAP requires vacant land and construction in progress to be recorded at the lower of its carrying amount or fair value. Since the purpose and mission of the Organization is to build affordable housing for low-income families, the Organization does not generally write down the value of construction in progress to estimated sales value, because any excess cost over sales value is a component of program services.

Investment in Joint Ventures

The Organization records its investments in HFHI NMTC Leverage Lender 2018, LLC and HFHI NMTC Leverage Lender 2021, LLC on the cost basis method since the Organization does not have significant influence over the joint ventures as the operating agreements executed by the investors restricts individual investors' rights as members (see Note 7). Accordingly, the investments are recorded at transaction cost and distributions received from the investments are reported as revenue on the statements of activities and changes in net assets.

Land Lease

The Organization entered into a 99-year land lease agreement during December 2015, to maintain the common area land of the Hallandale Beach Townhome community, consisting of approximately 16 homes. The Organization is responsible for all operating expenses on the common area land. During the year ended June 30, 2025, the Organization recognized \$12,600 of land lease income and \$11,296 of land lease expenses. During the year ended June 30, 2024, the Organization recognized \$13,925 of land lease income and \$14,107 of land lease expenses. These amounts are included in other revenue and program services expenses, respectively, in the accompanying consolidated statements of activities and changes in net assets.

Functional Allocation of Expenses

The cost of providing the various programs and other activities of the Organization has been summarized on a functional basis. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the time spent.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2025 and 2024 amounted to \$171,157 and \$183,427, respectively, and is included in the accompanying consolidated statements of functional expenses.

Income Taxes

Habitat Broward received a determination (via HFHI) from the Internal Revenue Service (IRS) indicating that it is exempt from federal income tax on all income except unrelated business income under Internal Revenue Code Section 501(c)(3); Capital Good and CHDO are exempt nonprofit organizations under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. For the years ended June 30, 2025 and 2024, the Organization had no unrelated business income tax resulting from unrelated business income.

The Organization accounts for uncertainty in income taxes in accordance with U.S. GAAP, which requires recognition in the accompanying financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its financial position, activities or cash flows were required.

The Organization did not record any interest or penalties on uncertain tax positions in the consolidated statements of financial position as of June 30, 2025 and 2024, or the consolidated statements of activities and changes in net assets for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization is generally no longer subject to examination by the IRS for years before 2022.

Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model which will be based on an estimate of current expected credit loss (CECL). The standard also requires incremental disclosures. Financial assets held by the Organization that are subject to the guidance were mortgages receivable.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies (cont.)

Adopted Accounting Pronouncement (cont.)

The Organization adopted the standard effective July 1, 2023. The impact was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only. Results for reporting periods beginning after July 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The Organization did not adopt any new accounting pronouncements in the 2025 fiscal year.

Subsequent Events

The Organization's management has evaluated subsequent events through January 5, 2026, the date which the consolidated financial statements were available for issuance. No material events have occurred through January 5, 2026 that require recognition or disclosure in the consolidated financial statements.

2. Liquidity Management and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. In managing its liquidity needs, the Organization monitors its cash balances and also ensures spending is within budget guidelines.

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

June 30,	2025	2024
Current financial assets		
Cash and cash equivalents	\$ 21,896,648	\$ 23,197,976
Restricted cash	925,447	859,594
Mortgages receivables, net, current portion	1,389,785	1,319,932
Contributions receivables, net, current portion	4,173,362	1,900,647
Other current assets - other receivables	299,569	167,687
Total current financial assets	28,684,811	27,445,836
Less amounts not available to be used within one year		
Restricted cash held on behalf of current and future homeowners	108,599	111,499
Net assets with donor restrictions (less any noncurrent amounts)	5,714,932	8,095,020
Total financial assets not available to be used within one year	5,823,531	8,206,519
Financial assets available to meet general expenditures within one year	\$ 22,861,280	\$ 19,239,317

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

3. Mortgages Receivable, Net

A home is considered sold when a formal closing transaction has been finalized. At that time, a first non-interest-bearing mortgage is given to the homeowner based on the amount the homeowner is able to pay. The Organization records the revenue for the sale at the amount equal to the first mortgage net of imputed interest. If the fair value of the property is greater than the first mortgage, the Organization obtains a second mortgage for the difference of the sales price and the fair value. The second mortgage is to protect the value of the collateral and is not recorded in the books and records of the Organization. At the time the first mortgage is paid in full, the Organization cancels the second mortgage.

The timing of revenue recognition, billings, and cash collections results in mortgages receivable from homeowners, net, unamortized discount on mortgages receivable, and homeowners' deposits in escrow on the statements of financial position. Mortgages receivable from homeowners are recorded at the time revenue is recognized, while cash collections occur after revenue recognition. Generally, billing and cash collections associated with homeowners' deposits in escrow occur before revenue recognition. These deposits are liquidated when revenue is recognized.

The balances related to mortgages receivable are as follows as of June 30:

June 30,	2025	2024
Mortgages receivable, net – current	\$ 1,389,785	\$ 1,319,932
Mortgages receivable, net – noncurrent	28,543,257	27,150,756
Unamortized discount on mortgages receivable	(16,318,895)	(15,345,296)
Homeowners' deposits in escrow	108,599	111,499
Total	\$ 13,722,746	\$ 13,236,891

As of June 30, 2025, the estimated annual repayment amounts on these mortgage receivable balances along with the unamortized discount were as follows:

For the years ending June 30,	Amount
2026	\$ 1,389,785
2027	1,354,173
2028	1,338,633
2029	1,317,944
2030	1,297,220
Thereafter	23,235,287
Less unamortized discount	(16,318,895)
Mortgages receivable, net	\$ 13,614,147

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

4. Contributions Receivable, Net

Contributions receivable, net, consists of the following as of June 30:

	2025	2024
Due in less than one year	\$ 4,206,050	\$ 1,929,836
Due in one to five years	-	200,000
Less: allowance for doubtful accounts	(32,688)	(29,189)
Contributions receivable, net	\$ 4,173,362	\$ 2,100,647

5. Property and Equipment, Net

Property and equipment, net, consists of the following as of June 30:

	2025	2024
Land, building, and improvements	\$ 2,710,179	\$ 2,710,179
Vehicles	179,140	145,665
Leasehold improvements	120,842	120,842
Construction equipment	46,621	46,621
Computer equipment and software	41,361	41,361
Office furniture and equipment	22,624	22,624
	3,120,767	3,087,292
Less: accumulated depreciation and amortization	(1,628,164)	(1,585,575)
Property and equipment, net	\$ 1,492,603	\$ 1,501,717

Depreciation and amortization expense was \$86,609 and \$82,750, for the years ended June 30, 2025 and 2024, respectively.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

6. Single Family Homes Under Construction

Single family homes under construction consisted of the following at June 30:

		2025		2024
Construction in progress	\$	9,020,397	\$	7,354,535
Land		3,242,408		2,008,257
Total	\$	12,262,805	\$	9,362,792

Potential homeowners must meet certain requirements before they can close on a home. If the home is completed before these requirements are met, then the family is allowed to rent the home while working to meet the requirements. There was no rent income from unsold homes for the years ended June 30, 2025 and 2024. Before closing on a home, potential homeowners must prepay a certain amount of closing costs. At June 30, 2025 and 2024, these prepayments were \$98,746 and \$101,646, respectively, and are included within other liabilities in the accompanying consolidated statements of financial position.

7. New Market Tax Credits and Joint Ventures

On August 22, 2018, the Organization closed on a transaction to participate in a New Market Tax Credit (NMTC) program. The program provides funds to eligible organizations for investment in "qualified low-income community investment". The Organization invested, along with other similar Habitat affiliates, in a joint venture (HFHI NMTC Leverage Lender 2018, LLC) with a 27.75% ownership to take advantage of the NMTC financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new market tax credits to be applied against their federal tax liability. As a result, the Organization invested \$4,197,654 in the joint venture and secured a 30-year loan in the amount of \$6,022,743 (see Note 8), payable to a community development entity (an affiliate of the joint venture).

The net proceeds less fees are to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents.

On July 30, 2021, the Organization closed on another transaction to participate in the NMTC program. The Organization invested, along with other similar Habitat affiliates, in a joint venture (HFHI NMTC Leverage Lender 2021, LLC) with a 14.44% ownership to take advantage of the NMTC financing. As a result, the Organization invested \$2,117,784 in the joint venture and secured two 30-year loans in the amounts of \$2,578,287 and \$286,476 (see Note 8), payable to a community development entity (an affiliate of the joint venture). The net proceeds less fees are to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

7. New Market Tax Credits and Joint Ventures (cont.)

Program compliance requirements include creation of promissory notes and investments in a qualified community development entity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period. A portion of the Leverage Lender proceeds are used to pre-fund the joint expenses accounts. The joint expenses will be used during the seven-year compliance period to pay for the expenses of the affiliates and the CDE associated with the reporting obligations required in these transactions. These expenses are administered by the CDE, and any unused amounts will be returned to the affiliates at the end of the compliance period.

8. Notes Payables – HFHI NMTC, Net

HFHI NMTC Sub-CDE III, LLC

Note payable due to HFHI NMTC Sub-CDE III, LLC is a result of the NMTC financing (see Note 7). The note is a 30-year loan in the amount of \$6,022,743. The Organization had unamortized debt issuance costs of \$264,698 and \$319,094 as of June 30, 2025 and 2024, respectively. Unamortized debt issuance costs are netted against the principal outstanding on the note payable as presented on the consolidated statements of financial position. Amortization of debt issuance costs are recorded as interest expense. The note accrues interest for 7 years at a rate of .6941% on an annual basis commencing on November 5, 2018. Commencing on August 23, 2025, the principal balance of the loan is reduced by a 23-year amortization at the same rate of .6941%. The loan matures on August 22, 2048, and is secured by substantially all the assets acquired by the Organization from the project loan proceeds.

The note has a put option feature that is exercisable after August 22, 2025. This put option is expected to be exercised and this exercise of the put option will effectively allow the Organization to extinguish its outstanding debt.

Pursuant to the agreement, the Organization is required to comply with the NMTC requirements as generally set forth in the Internal Revenue Code (IRC) Section 45D, including that the Organization maintain a separate business activity such that the separate business activity will qualify as a qualified active low-income community business as defined in IRC Section 45D.

In accordance with the agreement, the Organization is required to maintain a separate affiliate expense reserve, which is used to fund guaranteed obligations and the servicing fee to HFHI. The initial required funding under the agreement as it relates to the Organization was \$636,404.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

8. Notes Payables – HFHI NMTC, Net (cont.)

HFHI NMTC Sub-CDE IV, LLC and HFHI NMTC Sub-CDE V, LLC

Note payables due to HFHI NMTC Sub-CDE IV, LLC and HFHI NMTC Sub-CDE V, LLC is a result of the NMTC financing (see Note 7). The notes are 30-year loans in the amounts of \$2,578,287 and \$286,476. The Organization had unamortized debt issuance costs of \$219,575 and \$246,143 as of June 30, 2025 and 2024, respectively. Unamortized debt issuance costs are netted against the principal outstanding on the note payables as presented on the consolidated statements of financial position. Amortization of debt issuance costs are recorded as interest expense. The notes accrue interest for 7 years at a rate of .7379%, on an annual basis commencing on November 5, 2021. Commencing on January 1, 2029, the principal balance of the loan is reduced by a 23-year amortization at the same rate of .7379%. The loans mature on July 30, 2051, and are secured by substantially all the assets acquired by the Organization from the project loan proceeds. The notes have a put option feature that is exercisable after December 31, 2028. This put option is expected to be exercised and this exercise of the put option will effectively allow the Organization to extinguish its outstanding debt.

Pursuant to the agreement, the Organization is required to comply with the NMTC requirements as generally set forth in the IRC Section 45D, including that the Organization maintain a separate business activity such that the separate business activity will qualify as a qualified active low-income community business as defined in IRC Section 45D.

In accordance with the agreement, the Organization is required to maintain a separate affiliate expense reserve, which is used to fund guaranteed obligations and the servicing fee to HFHI. The initial required funding under the agreement as it relates to the Organization was \$323,633.

9. Loan from City of Fort Lauderdale

In August 2024, the Organization entered into various agreements with the City of Fort Lauderdale ("City") related to the development of twenty townhomes. In connection with the development project, the Organization executed a promissory note with the City in the amount of \$482,000 and received the full amount during the year ended.

Under the terms of the note, no repayment of principal is required provided that the Organization complies with the provisions, including constructing and selling twenty townhomes to eligible homebuyers at purchase prices approved by the City. If the Organization fulfills all required conditions within three years from the effective date, the loan will be fully forgiven, and no repayment will be due. If the Organization fails to sell one or more townhomes to eligible homebuyers within the specified period, a pro rata repayment of \$21,400 per unsold townhome will be required.

The note is non-interest-bearing, except in the event of default. In the event of default, the entire unpaid principal and any accrued interest shall become immediately due and payable, with interest accruing at the maximum rate permitted by law beginning 30 days after default and continuing until paid in full.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

9. Loan from City of Fort Lauderdale (cont.)

For financial reporting purposes, the transaction is accounted for as a conditional contribution under ASC 958-605, as forgiveness of the loan is contingent upon the Organization meeting specific performance conditions. Accordingly, the cash received is recorded as a liability until such time as the stipulated conditions are substantially met, at which point the amount will be recognized as contribution revenue. The balance outstanding at June 30, 2025 was \$482,000.

10. Contributions and Grants

Contributions and grants, which are included in the consolidated statement of activities and changes in net assets, for the year ended June 30, 2025 consist of the following:

	Without Donor Restriction	With Donor Restriction	Total
Contributions			
Faith community	\$ 109,924	\$ -	\$ 109,924
Commerce and industry	1,660,085	552,000	2,212,085
Foundations and other charitable organizations	814,168	400,000	1,214,168
Individuals	280,247	204,020	484,267
Total contributions	2,864,424	1,156,020	4,020,444
Grants			
Commerce and industry	35,000	50,000	85,000
Foundations and other charitable organizations	70,370	205,000	275,370
Government – Federal	1,718,701	-	1,718,701
Government – State	1,954,173	-	1,954,173
Government – Local	1,082,696	-	1,082,696
Total grants	4,860,940	255,000	5,115,940
Total contributions and grants	\$ 7,725,364	\$ 1,411,020	\$ 9,136,384

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

10. Contributions and Grants (cont.)

Contributions and grants, which are included in the consolidated statement of activities and changes in net assets, for the year ended June 30, 2024 consist of the following:

	Without Donor Restriction	With Donor Restriction	Total
Contributions			
Faith community	\$ 1,600	\$ -	\$ 1,600
Commerce and industry	897,570	1,922,140	2,819,710
Foundations and other charitable organizations	438,983	565,200	1,004,183
Individuals	154,480	423,217	577,697
Total contributions	1,492,633	2,910,557	4,403,190
Grants			
Commerce and industry	30,000	-	30,000
Foundations and other charitable organizations	43,500	285,360	328,860
Government – Federal	889,091	-	889,091
Government – State	932,525	-	932,525
Government – Local	-	-	-
Total grants	1,895,116	285,360	2,180,476
Total contributions and grants	\$ 3,387,749	\$ 3,195,917	\$ 6,583,666

11. Contributions of Nonfinancial Assets

Contributed nonfinancial assets during the years ended June 30, 2025 and 2024 were as follows:

Revenue Recognized in years ended:

Nonfinancial Asset	2025	2024	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques/Inputs
Advertising	\$ 10,863	\$ 43,562	Fundraising	No donor restrictions	Based on estimated fair market value of ads provided
Construction materials	26,175	8,651	Capitalized; then included as a Program Expense in Cost of Homes Sold	No donor restrictions	Based on estimated fair market value of materials provided by donors
Land Held for Development	1,283,431	-	Capitalized; then included as a Program Expense in Cost of Homes Sold	No donor restrictions	Based on estimated fair market value of land provided by donors
Rent	111,575	111,575	Included as a Program Expense in Cost of Homes Sold	No donor restrictions	Based on estimated fair market value of rent provided by donors
	\$ 1,432,044	\$ 163,788			

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

12. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds restricted for the construction of specific homes or that are time restricted to future periods. Net assets with donor restrictions are available with the following restrictions as of June 30:

	2025	2024
Home sponsorships received – purpose and time restriction	\$ -	\$ 200,000
Other contributions received – purpose restriction	5,214,932	7,395,020
Perpetual endowment	500,000	500,000
Total net assets with donor restrictions	\$ 5,714,932	\$ 8,095,020

13. Endowment

The Organization's endowment consists of an individual donor-restricted fund established for a single purpose. As required by U.S. GAAP, net assets associated with endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization;
7. The investment policies of the Organization.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

13. Endowment (cont.)

Endowment net assets consist of cash and cash equivalents as of June 30, 2025.

Summary of Endowment Net Assets at June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor restricted gifts in perpetuity	\$ -	\$ 500,000	\$ 500,000
Total net assets with donor restrictions	\$ -	\$ 500,000	\$ 500,000

Changes in Endowment Net Assets During the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 500,000	\$ 500,000
Endowment net assets, ending	\$ -	\$ 500,000	\$ 500,000

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the FUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported as net assets without donor restrictions. There were no such deficiencies as of June 30, 2025.

Return Objectives and Risk Parameters

The Board of the Organization has implemented a short-term risk-free investment approach for endowment assets.

Strategies Employed for Achieving Objectives

As approved by the Board, the endowment assets are invested in a manner that is intended to produce results that are commensurate with a short-term investment time horizon.

Spending Policy and How the Investment Objectives Related to Spending Policy

The Board has not adopted a spending policy, however, the Board does not intend to use any earnings in the short term.

Habitat for Humanity of Broward, Inc. and Affiliates

Notes to Consolidated Financial Statements

14. Transactions with Affiliates

During the years ended June 30, 2025 and 2024, the Organization contributed \$194,985 and \$186,500, respectively, to HFHI. These contributions are included within affiliate dues and tithing within the accompanying consolidated statements of functional expenses. These funds are used to construct homes in economically depressed areas around the world. As of June 30, 2025, the Organization owes HFHI approximately \$45,000 which is included within accounts payable and accrued expenses in the accompanying consolidated statements of financial position. As of June 30, 2024, the Organization did not owe any amounts to HFHI.

15. Mortgage Servicing Agreement

In 2019 the Organization transferred its mortgage servicing activities to Affiliate Mortgage Services, a third-party mortgage service provider. This agreement allows Affiliate Mortgage Services to collect all payments due under the terms of the mortgage loans and keep a complete, accurate and separate accounting of all sums collected by it from mortgagors. The agreement also provides that Affiliate Mortgage Services will act as the escrow agent for homeowners who have obtained mortgages through the purchase of a home from the Organization.

The agreement states that Affiliate Mortgage Services will initially fund the loan and prepare all loan origination documents. After closing, the loan proceeds are temporarily transferred to the Organization and remitted back once the mortgage loan is established. As of June 30, 2025 and 2024, the Organization has no liability in accounts payable and accrued expenses to be transferred to Affiliate Mortgage Services.

16. Employee Benefit Plans

The Organization sponsors a defined contribution retirement plan (the Plan) covering substantially all of its full-time employees. Employees become eligible for Plan participation after completing six months of service. The Organization contributes 3% of eligible employees' gross compensation to the Plan. All contributions made on behalf of employees become fully vested upon completing six months of service. For the years ended June 30, 2025 and 2024, the Organization contributed \$71,592 and \$71,071, respectively, to the Plan.

SUPPLEMENTARY SCHEDULES

Habitat for Humanity of Broward, Inc. and Affiliates

Consolidating Statements of Financial Position

<i>June 30, 2025</i>	Habitat for Humanity of Broward, Inc.	Capital Good for Humanity, Inc.	CHDO	Eliminating Entries	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 20,609,777	\$ 1,014,645	\$ 272,226	\$ -	\$ 21,896,648
Restricted cash	925,447	-	-	-	925,447
Mortgages receivable, net	1,389,785	-	-	-	1,389,785
Contributions receivable, net	4,147,369	25,993	-	-	4,173,362
Prepaid expenses and other current assets	445,918	-	-	-	445,918
Due from affiliates	279,596	-	-	(279,596)	-
Total current assets	27,797,892	1,040,638	272,226	(279,596)	28,831,160
Property and equipment, net	1,492,603	-	-	-	1,492,603
Mortgages receivable, net	8,564,714	3,659,648	-	-	12,224,362
Contributions receivable, net	-	-	-	-	-
Single family homes under construction	12,262,805	-	-	-	12,262,805
Investment in joint ventures	6,315,438	-	-	-	6,315,438
Total assets	\$ 56,433,452	\$ 4,700,286	\$ 272,226	\$ (279,596)	\$ 61,126,368
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,377,370	\$ -	\$ -	\$ -	\$ 1,377,370
Other liabilities	108,599	-	-	-	108,599
Due to affiliate	-	76,919	202,677	(279,596)	-
Total current liabilities	1,485,969	76,919	202,677	(279,596)	1,485,969
Long-Term liabilities					
Notes payable - HFHI NMTC, net	8,403,233	-	-	-	8,403,233
Loan from City of Fort Lauderdale	482,000	-	-	-	482,000
Total liabilities	10,371,202	76,919	202,677	(279,596)	10,371,202
Net Assets					
Without donor restriction	40,347,316	4,623,367	69,549	-	45,040,232
With donor restriction	5,714,934	-	-	-	5,714,934
Total net assets	46,062,250	4,623,367	69,549	-	50,755,166
Total liabilities and net assets	\$ 56,433,452	\$ 4,700,286	\$ 272,226	\$ (279,596)	\$ 61,126,368

The accompanying notes are an integral part of these consolidated financial statements.

Habitat for Humanity of Broward, Inc. and Affiliates

Consolidating Statements of Activities and Changes in Net Assets

<i>For the year ended June 30, 2025</i>	Habitat for Humanity of Broward, Inc.	Capital Good for Humanity, Inc.	CHDO	Eliminating Entries	Total
Public support and revenue					
Home sales, net	\$ 7,462,844	\$ -	\$ -	(2,896,927)	\$ 4,565,917
Contributions and grants	9,060,158	5,000,000	76,226	(5,000,000)	9,136,384
Sales - ReStore	2,290,267	-	-	-	2,290,267
Mortgage interest income	2,930,405	234,647	-	-	3,165,052
Donated goods and services	1,432,044	-	-	-	1,432,044
Interest income	634,973	95,221	-	-	730,194
Other	110,512	1,287	-	-	111,799
Total public support and revenue	23,921,203	5,331,155	76,226	(7,896,927)	21,431,657
Expenses					
Program services	21,572,922	2,906,673	2,334	(7,896,927)	16,585,002
Supporting services					
Management and general	683,428	-	-	-	683,428
Development, public relations, and fund	1,229,443	-	-	-	1,229,443
Total expenses	23,485,793	2,906,673	2,334	(7,896,927)	18,497,873
Changes in net assets	435,410	2,424,482	73,892	-	2,933,784
Net assets - beginning of year	45,626,840	2,198,885	(4,343)	-	47,821,382
Net assets - end of year	\$ 46,062,250	\$ 4,623,367	\$ 69,549	\$ -	\$ 50,755,166

The accompanying notes are an integral part of these consolidated financial statements.

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*

The Board of Directors
Habitat for Humanity of Broward, Inc. and Affiliates
Fort Lauderdale, Florida

We have audited 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, the consolidated financial statements of Habitat for Humanity of Broward, Inc. and Affiliates (the Organization) which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated January 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. 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 the Organization's consolidated 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 financial statements. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Veridian CPAs PLLC

Miami, Florida
January 5, 2026