

GOING FURTHER

HABITAT FOR HUMANITY OF  
COLLIER COUNTY, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORTS

JUNE 30, 2025

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## Independent Auditor's Report

**To the Board of Directors  
Habitat for Humanity of Collier County, Inc. and Subsidiary  
Naples, Florida**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of **Habitat for Humanity of Collier County, Inc. and Subsidiary** (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

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 consolidated financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards and *Governmental 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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.

***Supplementary Information***

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Section 215.97, Florida Statutes, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or compliance. That report is an integral part of an auditing performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Bradenton, Florida  
November 10, 2025

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents		
Operating	\$ 11,002,832	\$ 5,884,148
Escrow funds	5,227,368	3,837,549
Grants receivable	1,925,000	650,000
Unconditional promises to give, net	20,823,505	2,237,037
Due from homeowner associations	50,547	-
Beneficial interest in assets held by Community Foundation	5,044,070	4,190,245
Inventory - ReStores	150,282	103,607
Other assets	337,446	257,343
Mortgage notes receivable, net	71,534,575	66,482,866
Houses under construction	6,136,352	7,268,055
Houses held or available for sale	603,713	837,291
Land held for development	34,928,630	38,819,326
Remainder interest in life estate	2,900,000	2,900,000
Property and equipment, net	3,216,471	3,206,812
Right of use assets	667,813	2,211,096
	<u>164,548,604</u>	<u>138,885,375</u>
<b>Total assets</b>	<b>\$ 164,548,604</b>	<b>\$ 138,885,375</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 2,815,758	\$ 4,078,816
Escrow deposits from homeowners	5,047,391	3,443,505
Due to homeowner associations	-	19,032
Long-term debt	2,737,545	2,798,272
Lease liabilities	697,827	2,266,907
	<u>11,298,521</u>	<u>12,606,532</u>
<b>Total liabilities</b>	<b>11,298,521</b>	<b>12,606,532</b>
Net assets		
Without donor restrictions		
Undesignated	123,531,384	115,221,984
Board designated for future projects	3,236,830	3,011,958
With donor restrictions		
Time	21,598,505	3,161,537
Purpose	4,883,364	4,883,364
	<u>153,250,083</u>	<u>126,278,843</u>
<b>Total net assets</b>	<b>153,250,083</b>	<b>126,278,843</b>
<b>Total liabilities and net assets</b>	<b>\$ 164,548,604</b>	<b>\$ 138,885,375</b>

See Notes to Consolidated Financial Statements.

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

	<b>Without Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Changes in net assets</b>			
Revenue and support			
Contributions			
Cash and pledge contributions	\$ 23,622,237	\$ 18,698,505	\$ 42,320,742
Materials and services	408,438	-	408,438
Goods contributed - ReStores	1,913,715	-	1,913,715
Grants and subsidies	2,348,385	-	2,348,385
Amortization of mortgage discounts	5,108,946	-	5,108,946
Retail store sales	582,906	-	582,906
Gain on sale of mortgages	3,801,211	-	3,801,211
Investment income, net	1,207,046	-	1,207,046
Miscellaneous revenue	226,063	-	226,063
Releases from restrictions	261,537	(261,537)	-
	<u>39,480,484</u>	<u>18,436,968</u>	<u>57,917,452</u>
Transfers to homeowners for mortgage loans	10,102,838	-	10,102,838
Total revenue and support	<u>49,583,322</u>	<u>18,436,968</u>	<u>68,020,290</u>
Expenses			
Program services			
Construction	36,691,146	-	36,691,146
ReStores	1,936,584	-	1,936,584
Total program service expenses	<u>38,627,730</u>	<u>-</u>	<u>38,627,730</u>
Management and general	580,550	-	580,550
Fundraising	1,840,770	-	1,840,770
Total management and general and fundraising expenses	<u>2,421,320</u>	<u>-</u>	<u>2,421,320</u>
<b>Changes in net assets</b>	8,534,272	18,436,968	26,971,240
<b>Net assets, beginning of year</b>	<u>118,233,942</u>	<u>8,044,901</u>	<u>126,278,843</u>
<b>Net assets, end of year</b>	<u>\$ 126,768,214</u>	<u>\$ 26,481,869</u>	<u>\$ 153,250,083</u>

See Notes to Consolidated Financial Statements.

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

	<b>Without Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Changes in net assets</b>			
Revenue and support			
Contributions			
Cash and pledge contributions	\$ 14,984,850	\$ 261,537	\$ 15,246,387
Materials and services	603,819	-	603,819
Goods contributed - ReStores	1,971,492	-	1,971,492
Grants and subsidies	1,396,230	-	1,396,230
Amortization of mortgage discounts	4,855,149	-	4,855,149
Retail store sales	773,323	-	773,323
Gain on sale of mortgages	4,266,454	-	4,266,454
Investment loss, net	923,154	-	923,154
Gain on sale of property and equipment and land held for development	5,251,841	1,447,741	6,699,582
Miscellaneous revenue	170,568	-	170,568
Releases from restrictions	-	-	-
	<u>35,196,880</u>	<u>1,709,278</u>	<u>36,906,158</u>
Transfers to homeowners for mortgage loans	7,508,254	-	7,508,254
Total revenue and support	<u>42,705,134</u>	<u>1,709,278</u>	<u>44,414,412</u>
Expenses			
Program services			
Construction	30,688,562	-	30,688,562
ReStores	1,922,962	-	1,922,962
Total program service expenses	<u>32,611,524</u>	<u>-</u>	<u>32,611,524</u>
Management and general	532,839	-	532,839
Fundraising	1,408,816	-	1,408,816
Total management and general and fundraising expenses	<u>1,941,655</u>	<u>-</u>	<u>1,941,655</u>
<b>Changes in net assets</b>	8,151,955	1,709,278	9,861,233
<b>Net assets, beginning of year</b>	<u>110,081,987</u>	<u>6,335,623</u>	<u>116,417,610</u>
<b>Net assets, end of year as adjusted</b>	<u>\$ 118,233,942</u>	<u>\$ 8,044,901</u>	<u>\$ 126,278,843</u>

See Notes to Consolidated Financial Statements.

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2025

	Program Services		Total Program Services	Management and General	Fund Raising	Total Expenses
	Construction	ReStores				
Cost of homes sold	\$ 30,677,729	\$ -	\$ 30,677,729	\$ -	\$ -	\$ 30,677,729
Total salaries	3,260,553	965,761	4,226,314	233,898	939,090	5,399,302
Payroll taxes	230,120	68,073	298,193	14,678	68,209	381,080
Employee benefits	457,160	116,107	573,267	75,248	86,675	735,190
Occupancy	228,826	374,943	603,769	42,396	13,903	660,068
Office expenses	348,975	113,096	462,071	83,964	131,291	677,326
Habitat International	480,000	-	480,000	-	-	480,000
Insurance	199,057	11,558	210,615	78,339	25,685	314,639
Auto	213,942	136,403	350,345	640	715	351,700
Professional fees	400,002	20,985	420,987	18,190	366,309	805,486
Advertising and events	10,487	75,659	86,146	-	94,387	180,533
Printing and postage	45,764	3,036	48,800	7,109	99,408	155,317
Telephone	29,184	1,493	30,677	10,095	3,327	44,099
Taxes, real estate	10,313	599	10,912	4,059	1,330	16,301
Total functional expenses before depreciation	36,592,112	1,887,713	38,479,825	568,616	1,830,329	40,878,770
Depreciation	99,034	48,871	147,905	11,934	10,441	170,280
Total functional expenses	<u>\$ 36,691,146</u>	<u>\$ 1,936,584</u>	<u>\$ 38,627,730</u>	<u>\$ 580,550</u>	<u>\$ 1,840,770</u>	<u>\$ 41,049,050</u>

See Notes to Consolidated Financial Statements.

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2024

	Program Services		Total Program Services	Management and General	Fund Raising	Total Expenses
	Construction	ReStores				
Cost of homes sold	\$ 25,165,683	\$ -	\$ 25,165,683	\$ -	\$ -	\$ 25,165,683
Total salaries	2,980,925	896,172	3,877,097	199,201	701,190	4,777,488
Payroll taxes	210,149	63,640	273,789	11,175	50,303	335,267
Employee benefits	468,363	122,745	591,108	78,808	78,518	748,434
Occupancy	269,195	438,536	707,731	18,608	6,656	732,995
Office expenses	339,043	127,372	466,415	80,361	101,740	648,516
Habitat International	308,000	-	308,000	-	-	308,000
Insurance	233,288	13,546	246,834	91,810	30,102	368,746
Auto	229,906	123,112	353,018	2,190	3,282	358,490
Professional fees	274,465	25,443	299,908	17,830	224,318	542,056
Advertising and events	10,636	56,405	67,041	-	95,712	162,753
Printing and postage	34,364	5,985	40,349	6,801	102,007	149,157
Telephone	29,215	1,738	30,953	11,178	3,725	45,856
Taxes, real estate	8,146	473	8,619	3,206	1,051	12,876
Interest, line of credit	30,330	-	30,330	-	-	30,330
Total functional expenses before depreciation	30,591,708	1,875,167	32,466,875	521,168	1,398,604	34,386,647
Depreciation	96,854	47,795	144,649	11,671	10,212	166,532
Total functional expenses	<u>\$ 30,688,562</u>	<u>\$ 1,922,962</u>	<u>\$ 32,611,524</u>	<u>\$ 532,839</u>	<u>\$ 1,408,816</u>	<u>\$ 34,553,179</u>

See Notes to Consolidated Financial Statements.

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 26,971,240	\$ 9,861,233
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	170,280	166,532
Gain on sale of property and equipment and land held for development	-	(6,699,582)
Amortization of right of use asset	(25,797)	27,081
Realized and unrealized gains	(548,353)	(498,387)
Gain on sale of mortgages	(3,629,594)	(3,782,601)
Gain on paid-off and foreclosed mortgages	(171,617)	(339,653)
Amortization of mortgage discount	(5,108,946)	(4,855,149)
Face value of mortgages issued	(25,959,810)	(22,969,557)
Discounts on mortgages issued	15,914,122	14,875,213
Repossessed homes	250,055	643,687
(Increase) decrease in:		
Grants receivable	(1,275,000)	(600,000)
Unconditional promises to give	(18,586,468)	(238,037)
Due from homeowner associations	(69,579)	-
Inventories - ReStores	(46,675)	(13,668)
Other assets	(80,103)	(53,482)
Houses available for sale	233,578	(274,979)
Houses under construction	1,131,703	1,572,398
Land held for development	3,890,696	7,525,560
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,263,058)	(36,179)
Due to homeowner associations	-	(16,464)
Escrow deposits from homeowners	1,603,886	1,426,958
Net cash (used in) operating activities	<u>(6,599,440)</u>	<u>(4,279,076)</u>
<b>Cash flows from investing activities</b>		
Increase in beneficial interest in assets held by Community Foundation	(305,472)	(180,500)
Purchases of property and equipment	(179,939)	(20,047)
Proceeds from sale of property and equipment	-	16,185
Mortgage loan collections	7,447,928	7,167,399
Proceeds from sales of mortgage loans, net	6,206,153	6,622,855
Net cash provided by investing activities	<u>13,168,670</u>	<u>13,605,892</u>
<b>Cash flows from financing activities</b>		
Line of credit borrowings	-	(2,800,000)
Proceeds from notes payable	78,250	-
Principal payments on notes payable	(138,977)	(142,330)
Net cash (used in) financing activities	<u>(60,727)</u>	<u>(2,942,330)</u>
Increase in cash and cash equivalents	6,508,503	6,384,486
Cash and cash equivalents, beginning of year	<u>9,721,697</u>	<u>3,337,211</u>
Cash and cash equivalents, end of year	<u>\$ 16,230,200</u>	<u>\$ 9,721,697</u>
<b>Supplemental disclosure for cash flow information</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 30,330</u>
<b>Noncash investing and financing activities</b>		
Current year additions of operating lease right of use assets	\$ 56,309	\$ 491,781
Current year additions of operating lease liabilities	56,309	491,781

See Notes to Consolidated Financial Statements.

# Notes To Consolidated Financial Statements

## NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

### Organization

Habitat for Humanity of Collier County, Inc. and Subsidiary (the "Organization") was incorporated in 1978 as an interdenominational organization. It is part of a global, nonprofit housing entity operating on Christian principles that seeks to put God's love into action by building homes, communities and hope. The Organization is dedicated to eliminating substandard housing locally and worldwide through constructing, rehabilitating and maintaining owner occupied homes; by advocating for fair and just housing policies; and by providing training and access to resources to help families improve their shelter conditions. The Organization pursues its mission by building and rehabilitating homes, using contributed funds, donated supplies, volunteer labor, and both purchased and donated properties. The contributions of supplies, labor, cash and properties enable the Organization to also provide buyer families, who are income qualified, with no-interest financing of their purchased home. The families also provide volunteer hours of time as part of their investment in the home.

In providing housing to income qualified families, some homeowners may require additional funding to cover the difference between the final value of the home constructed and the homeowners' maximum allowed mortgage indebtedness ("Subsidies"). The Organization funds Subsidies through a variety of sources including federal, state, and local grants and/or programs. Additionally, when the need determined exceeds the funds received from the outside Organization, the Organization will provide its own funds to fulfill the Organization's mission and to make the homes affordable to those in need.

The Organization is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"). Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, the Organization is primarily and directly responsible for its own operations. The Organization has chosen to contribute a tithe on undesignated revenue received to Habitat International, as part of the affiliation.

### Significant Accounting Policies:

#### Principles of Consolidation

The consolidated financial statements include all of the accounts and activity of Habitat for Humanity of Collier County, Inc. and its wholly owned subsidiary, HFHCC Funding Company I, LLC. All transactions between the above entities have been eliminated in consolidation and the above entities are collectively referred to as the "Organization."

HFHCC Funding Company I, LLC was incorporated under the laws of the State of Florida in 2015, for the purpose of securitizing mortgage notes.

## NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant Accounting Policies (Continued):

#### Basis of Presentation

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying consolidated financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board has designated \$3,236,830 and \$3,011,958 for future projects at June 30, 2025 and 2024, respectively.

Net assets with donor restriction – Net assets with donor restrictions are created only by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period are reported as net assets without donor restrictions.

#### Cash and Cash Equivalents

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

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### Investments

Investments are initially recorded at cost, if purchased, or, if donated at fair market value on the date received. Investment securities are reflected at market value and realized and unrealized gains and losses are recognized as changes in net assets without donor restrictions, unless restricted by the donor, in which case the amounts are reflected as with donor restrictions, until expended according to the donors' stipulations.

**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued):**

**Gifts and Contributions**

The Organization records contributions upon receipt of an unconditional promise to give, less an allowance for uncollectible amounts and an allowance for the present value of gifts to be received over more than one year. Gifts, bequests, and other promises or receipts restricted by donors as to use or time period are recorded as net assets with donor restrictions until used in the manner designated or upon expiration of the time period. Donated property and equipment are recorded at fair market value at the date received as net assets with or without donor restrictions, based on the donor's intent.

When the assets are used for their intended purposes, the applicable amount is transferred to net assets without donor restrictions.

**Grants and Subsidies**

The Organization recognizes grants and subsidies as revenue in the period earned. For grants that are reimbursement basis, the Organization records revenue and a receivable when the condition identified in the grant has been completed. As of June 30, 2025 and 2024, the Organization has grants receivable of \$1,925,000 and \$650,000, respectively.

**Mortgages Receivable**

First mortgages from the sale of houses are interest free amounts due from the home buyer. Additional mortgages on houses represent the difference between the first mortgage and the sales price of the home, less any homeowner assistance grants received. All mortgages are interest free to the homeowner but are discounted to their net present value at an appropriate rate of interest for financial statement presentation purposes. All notes are due and payable between 30 and 50 years from the original closing date.

A loan is considered impaired when it is probable, based on current information and events, the Organization will be unable to collect all principal payments due in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal payments when due.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impaired loans are measured by the fair value of the collateral. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

## **NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Significant Accounting Policies (Continued):**

#### **Allowance for Credit Losses – Mortgages Receivable**

The allowance for credit losses on mortgages receivable is established through a provision for credit losses charged to expense. Credit losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, concentrations and current economic conditions that may affect the borrower's ability to pay.

The allowance consists of specific and general components. The specific components relate to loans that are impaired. For such loans that are classified as impaired, an allowance is established when the collateral value of the impaired loan is lower than the carrying value of that loan. The general component covers unimpaired loans and is based on historical experience adjusted for qualitative factors.

This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. For the years ending June 30, 2025 and 2024, an allowance for credit loss was not required.

#### **Foreclosed Assets**

Foreclosed homes acquired through or in lieu of loan foreclosure are refurbished for future qualified residents and are initially recorded at the lower of cost or fair value. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for credit losses on mortgages receivable. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed homes and subsequent adjustments to the value are expensed.

## **NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Significant Accounting Policies (Continued):**

#### **Land Held for Development and Houses Under Construction**

##### **Land Held for Development**

Land purchased for homes and commercial property sites is recorded at cost unless it is determined to be impaired, in which case the impaired land is written down to fair value. Donated land is recorded at the donor's appraised amount or the property appraiser's value. All related carrying costs for these properties such as maintenance, any assessments, real estate taxes, etc. are capitalized into the cost of the properties. The Organization reviews land for impairment during each reporting period on a lot by lot basis. Generally accepted accounting principles require that if the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment charge should be recorded to write down the carrying amount of such asset to its fair value.

##### **Houses Under Construction**

Costs of construction in progress consist of a budgeted amount for the land transferred from land inventory to the construction account and direct home construction costs, unless it is determined to be impaired. In which case, the impaired construction in progress is written down to fair value. Construction overhead is expensed as incurred. Homes completed pending closing are classified as construction in progress until delivered. The Organization reviews construction in progress for impairment during each reporting period on a lot by lot basis. Generally accepted accounting principles require that if the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment charge should be recorded to write down the carrying amount of such asset to its fair value.

The Organization estimates fair values of land and construction inventory evaluated for impairment under generally accepted accounting principles based on market conditions and assumptions made by management at the time they are evaluated, which may differ materially from actual results if market conditions or assumptions change. For example, further market deterioration or changes in assumptions may lead to the Organization incurring additional impairment charges on previously impaired land and construction inventory, as well as on land and construction inventory in progress not currently impaired but for which indicators of impairment may arise if further deterioration occurs.

##### **Impairment Loss**

For assets to be held and used, generally accepted accounting principles require the recognition of an impairment loss whenever events or changes in circumstances have indicated that an asset may be impaired and the future cash flows from that asset are less than the asset's carrying amount. The impairment loss is measured as the difference between the asset's carrying amount and its fair value. During the years ended June 30, 2025 and 2024, the Organization did not have any impairment losses related to land held for homesites.

**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued):**

**Property and Equipment**

Property and equipment are recorded at cost or estimated fair market value on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to 40 years.

**Revenue Recognition**

It is the Organization's policy to sell affordable housing with interest free mortgages. In accordance with generally accepted accounting principles, the mortgages receivable have been discounted based upon the prevailing market rates at the inception of the mortgage and the discount recognized in income over the life of the mortgage. Retail store sales are recognized as revenue at the time of purchase. Transfers to homeowners for mortgage loans and application fees are recognized as revenue when the home is sold to the homeowner. Rental income is recognized as revenue over the term of the lease in accordance with the lease terms.

**Donated Materials and Services**

Donations of building materials (in-kind contributions) are recorded at their estimated fair value at the date of donation.

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	<u>2025</u>	<u>2024</u>
Materials	\$ 399,238	\$ 333,020
Services	9,200	270,799
	<u>\$ 408,438</u>	<u>\$ 603,819</u>

No amounts have been reflected in the consolidated statements of activities for volunteer services because the criteria for recognition of such volunteer efforts under FASB guidance have not been satisfied. Nevertheless, volunteers have donated a substantial amount of their time to the program services of the Organization.

**Program Services**

Program services include construction, family services, owner occupied repairs, and providing affordable home furnishings in the retail stores. The cost of home building or rehabilitation is charged to program services as the homes are completed and sold.

## **NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Significant Accounting Policies (Continued):**

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses, and the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted on a reasonable basis that is consistently applied. Some expenses are directly identifiable and are charged to programs and supporting services accordingly. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Allocations of significant costs are based on estimates of time and effort and other reasonable methods.

#### **Income Taxes**

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

Management of the Organization considers the likelihood of changes by taxing authorities in its exempt organization returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements.

The Organization files the Form 990 in the U.S. Federal Jurisdiction.

#### **Use of Estimates**

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term related to the determination of the allowance for loan losses, the valuation of land and construction in progress and the determination of accrued construction rehab costs.

#### **Recent Accounting Pronouncements**

On July 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss that is referred to as the current credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including mortgages receivable. The adoption of the new methodology did not have a financial impact on the Organization.

## NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have seasonal variations during the year attributable to contributions, grants, retail sales and mortgage loans earned throughout the year. The Organization manages liquidity during the year by utilizing the following strategies: operating within a budget that reflects the Board of Directors' strategy, regular analysis of actual operating results versus budget, establishment of an operating reserve fund funded to be used to fund operating shortfalls with the approval of the Board of Directors, and drawing upon a line of credit as needed.

The following table reflects the Organization's total financial assets as of June 30, 2025, which could be made available within 12 months to meet operating expenditures:

	<u>2025</u>	<u>2024</u>
Financial assets available to meet operating expenditures over the next 12 months		
Cash, operating	\$ 11,002,832	\$ 5,884,148
Grants receivable	1,925,000	650,000
Unconditional promises to give	20,823,505	2,095,500
Beneficial interest in assets held by Community Foundation	5,044,070	4,190,245
Mortgages receivable, due within one year	7,439,252	6,826,120
Repair loans, due within one year	15,335	15,770
Less Board designated net assets	(3,236,830)	(3,011,958)
Less net assets with donor restrictions	(26,481,869)	(5,003,364)
	<u>\$ 16,531,295</u>	<u>\$ 11,646,461</u>

## NOTE 3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 7,365,000	\$ 2,095,500
Receivable in one to five years	15,415,000	180,000
	<u>22,780,000</u>	<u>2,275,500</u>
Less discounts to present value	<u>(1,956,495)</u>	<u>(38,463)</u>
Net unconditional promises to give	<u>\$ 20,823,505</u>	<u>\$ 2,237,037</u>

## NOTE 4. ESCROW CASH

The Organization services all the home mortgages it holds and those sold to banks. Funds received from homebuyers prior to closing and current homebuyer's monthly deposits are held in escrow and restricted to insurance, property taxes and other items on their behalf. These escrow funds are recorded as cash with a corresponding liability in the consolidated financial statements as escrow accounts payable.

**NOTE 5. MORTGAGE NOTES RECEIVABLE, NET**

Mortgage notes receivable, secured by houses sold, are non-interest bearing with variable term lengths. Interest is imputed at market rates at the date of the note and amortized over the term of the note using the interest method. The mortgage discount rates utilized for calculating the mortgage discounts range from 6% to 9%.

The following is a summary of mortgages receivable and discounts, as of June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Mortgages notes receivable	\$ 163,297,484	\$ 149,119,060
Less unamortized discounts	(91,762,909)	(82,636,194)
	<u>\$ 71,534,575</u>	<u>\$ 66,482,866</u>

Maturities of mortgage notes receivable, as of June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Gross amounts due in:		
Less than one year	\$ 7,439,252	\$ 6,826,120
1 to 5 years	29,677,562	27,116,859
After 5 years	126,180,670	115,176,081
	<u>163,297,484</u>	<u>149,119,060</u>
Unamortized discount	(91,762,909)	(82,636,194)
Net amounts due	<u>\$ 71,534,575</u>	<u>\$ 66,482,866</u>

The following is a summary of information pertaining to impaired and non-impaired loans, as of June 30, 2025 are as follows:

	<u>Current</u>	<u>30 - 89 Days</u>	<u>Greater than 90 Days</u>	<u>Total</u>
Performing mortgages	\$ 159,466,071	\$ 2,972,062	\$ 859,351	\$ 163,297,484

The following is a summary of information pertaining to impaired and non-impaired loans, as of June 30, 2024 are as follows:

	<u>Current</u>	<u>30 - 89 Days</u>	<u>Greater than 90 Days</u>	<u>Total</u>
Performing mortgages	\$ 144,777,049	\$ 3,104,903	\$ 1,237,108	\$ 149,119,060

**NOTE 5. MORTGAGE NOTES RECEIVABLE, NET (CONTINUED)**

At June 30, 2025 and 2024, the Organization was servicing 494 and 516 loans, respectively, that it has sold or pledged to various banks. The outstanding balance of these mortgages was approximately \$32,815,253 and \$31,977,416, respectively. Under the agreements with the banks, the Organization agrees to service all loans in accordance with all applicable federal and state laws and regulations, and customary practices, policies, and procedures for servicing residential mortgage loans. Additionally, in the event a loan is delinquent more than 90 days, the Organization is required to replace the loan with a similar loan (amount and terms) or has the option, but no obligation to repurchase the non-performing loan. As of June 30, 2025 and 2024, all sold or pledged loans were deemed performing.

**NOTE 6. LAND HELD FOR DEVELOPMENT**

Land held for development, which includes improvements, consists of the following at June 30:

	<b>2025</b>	<b>2024</b>
Land acquisition and initial ownership costs	\$ 25,180,178	\$ 22,595,980
Land improvements	36,296,186	33,059,552
Less land allocated to cost of homes	(26,547,734)	(16,836,206)
	<u>\$ 34,928,630</u>	<u>\$ 38,819,326</u>

**NOTE 7. PROPERTY AND EQUIPMENT**

At June 30, the carrying value of property and equipment and the related accumulated depreciation are as follows:

	<b>2025</b>	<b>2024</b>
Land	\$ 1,803,546	\$ 1,803,546
Buildings and building improvements	3,240,219	3,073,275
Vehicles	146,233	146,233
Equipment	454,147	441,152
	<u>5,644,145</u>	<u>5,464,206</u>
Less accumulated depreciation	(2,427,674)	(2,257,394)
	<u>\$ 3,216,471</u>	<u>\$ 3,206,812</u>

For the years ended June 30, 2025 and 2024, depreciation expense was \$170,280 and \$166,532, respectively.

**NOTE 8. LEASES**

The Organization has operating leases for vehicles and a ReStore location. These leases have remaining lease terms of six to 79 months. The Organization includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Organization will exercise the option. The following summarizes the line items in the consolidated statement of financial position as of June 30:

	<u>2025</u>	<u>2024</u>
Operating lease right of use asset	\$ 667,813	\$ 2,211,096
Operating lease liabilities, current	305,337	343,371
Operating lease liabilities, noncurrent	392,490	1,923,536
	<u>\$ 697,827</u>	<u>\$ 2,266,907</u>

As permitted under U.S. GAAP for non-public business entities, when the rate implicit in a lease is not known, the Organization uses a risk-free rate for a period comparable to the lease term to calculate the present value of lease payments. The risk-free rate is 3.50%.

The maturities of lease liability as of June 30, are as follows:

2026	\$ 305,337
2027	146,506
2028	130,753
2029	108,031
2030	7,200
	<u>\$ 697,827</u>

The following summarizes the line items in the consolidated statement of activities which include the components of lease expense for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 401,178	\$ 442,422

Supplemental lease information for June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (years)	2.92	5.93
Weighted average discount rate	5.46%	4.19%

**NOTE 9. LINE OF CREDIT**

The Organization has a line of credit in the amount of \$10,000,000 with a financial institution. The line of credit is available for the acquisition of new land and/or the development of currently held land parcels. The line is collateralized by the acquired property or property owned by the Organization and is available for up to 50% of the appraised value of either the acquired property or the property currently held. The line of credit bears interest at Prime less 1.0% (6.50% at June 30, 2025). There is no outstanding balance on the line of credit at June 30, 2025 and 2024.

The Organization has an unsecured working capital line of credit in the amount of \$2,500,000 with a financial institution. As a part of this line of credit, the Organization has entered into an agreement to not encumber both its main office building and East ReStore locations for any other collateral purposes. The line of credit bears interest at Prime less 0.5% (7.00 % at June 30, 2025). There is no outstanding balance at June 30, 2025 and 2024.

**NOTE 10. LONG-TERM DEBT**

	<u>2025</u>	<u>2024</u>
Note payable secured by real estate, payable to a financial institution at 0.00% interest, \$5,714 in monthly payments, and maturing August 1, 2044.	\$ 1,372,352	\$ 1,356,652
Note payable secured by real estate, payable to a financial institution at 0.00% interest, \$5,809 in monthly payments, and maturing January 1, 2046.	1,286,943	1,440,918
Note payable, unsecured, to fund the sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and montly payments of \$338 with final payment due July 1, 2024.	-	702
Note payable, unsecured, to fund the sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of \$380 with final payment due July 1, 2030.	78,250	-
	<u>\$ 2,737,545</u>	<u>\$ 2,798,272</u>

## NOTE 10. LONG-TERM DEBT (CONTINUED)

Principal maturities of long-term debt at June 30, 2025 are as follows:

2026	\$	138,274
2027		157,834
2028		157,834
2029		157,834
2030		157,834
Thereafeter		1,967,935
	\$	<u>2,737,545</u>

## NOTE 11. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (GAAP), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially all of the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

### Assets Measured at Fair Value on a Recurring Basis

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

*Mutual funds:* Valued at the fair value of shares held by the Organization at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 5,044,070	\$ -	\$ -	\$ 5,044,070
Total assets at fair value	<u>\$ 5,044,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,044,070</u>

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,190,245	\$ -	\$ -	\$ 4,190,245
Total assets at fair value	<u>\$ 4,190,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,190,245</u>

Following is a description of the valuation methodologies used for instruments measured at fair value on a non-recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

*Impaired loans:* Loan impairment is reported when full payment under the loan terms is not expected. Impaired loans are carried at the fair value of collateral. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to require increase, such increase is reported as a component of the provision for loan losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan is confirmed. When the fair value of the collateral is based on an observable market price or a current appraised value, the Organization records the loan impairment as nonrecurring Level 2.

## **NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)**

*Impaired land held for homesites:* Land held for homesites impairment are reported when the current tax appraised values are less than its carrying amount, an impairment charge should be recorded to write down the carrying amount of such assets to its fair value. When the fair values of such assets are based on current tax appraised values, the Organization records the land held for home sites as nonrecurring Level 2.

## **NOTE 12. ENDOWMENTS**

The Organization holds various endowments which are Board designated. The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (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 perpetual: (a) the original value of the gift donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions perpetual is classified as net assets with donor restrictions time or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment;
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.

The Organization has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns, and protect the Organization against long-term inflation trends. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**NOTE 12. ENDOWMENTS (CONTINUED)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025.

The endowment net asset composition at June 30, is as follows:

	<b>Without Donor Restrictions</b>	
	<b>2025</b>	<b>2024</b>
Endowment funds	\$ 3,236,830	\$ 3,011,958

The changes in the Organization's endowment net assets are as follows:

	<b>Without Donor Restrictions</b>
Endowment net assets, June 30, 2023	\$ 2,900,232
Contributions	111,726
Endowment net assets, June 30, 2024	<u>3,011,958</u>
Contributions	224,872
Endowment net assets, June 30, 2025	<u>\$ 3,236,830</u>

**NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS**

Certain portions of cash and investments are restricted for time or purpose. Net assets with donor restrictions – time or purpose consist of the following at June 30:

	<b>2025</b>	<b>2024</b>
Remainder in life interest	\$ 2,900,000	\$ 2,900,000
Land campaign	4,883,364	4,883,364
Promises to give	18,698,505	261,537
	<u>\$ 26,481,869</u>	<u>\$ 8,044,901</u>

Net assets were released from restrictions during the year ended June 30, 2025 in the amount of \$261,537 as payments on promises to give.

**NOTE 14. TITHE TO HABITAT INTERNATIONAL**

The Organization annually remits a portion of its revenues to Habitat International. These funds are used to construct homes in economically depressed areas around the world. The Organization contributed \$322,000,480,000 and \$308,000 for the periods ended June 30, 2025 and 2024, respectively. This amount is included in program services expense in the consolidated statement of functional expenses.

**NOTE 15. MORTGAGE LOAN COMMITMENTS**

When the Organization sells mortgages to third parties, it agrees with the buyer to replace any delinquent mortgage loan with a mortgage of approximately the same amount. The buyer of the loans must request that this be done. The mortgages summarized in Note 5 are subject to this replacement requirement.

**NOTE 16. RETIREMENT PLAN**

The Organization has both a tax-deferred annuity plan and a 403(b) retirement plan, which covers qualified employees of the Organization. Employees are allowed to contribute up to 20% of their salary, subject to IRS regulations. The Organization matches contributions to the plans up to 5% of the employee's salary, based on a fixed matching schedule. Employer contributions to the plan were \$138,830 and \$138,327 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 17. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 10, 2025 the date on which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

## Habitat for Humanity of Collier County, Inc. and Subsidiary

### SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2025

Agency/Program	State CSFA Number	Agency Grant Number	Expenditures	Passed through to Subrecipients
<b>Florida Housing Finance Corporation</b>				
(Passed through Collier County, Florida)				
State Housing Initiative Program	40.901	SCHON-23-001	\$ 2,025,000	\$ -
Total Florida Housing Finance Corporation			<u>2,025,000</u>	<u>-</u>
<b>Total State Financial Assistance</b>			<u>\$ 2,025,000</u>	<u>\$ -</u>

# Habitat for Humanity of Collier County, Inc. and Subsidiary

## NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE JUNE 30, 2025

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### NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes state assistance activity of the Organization under programs of the state government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General (the "Chapter"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Chapter, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Organization has not elected to use the 10% de minimis cost rate allows under the Chapter.



# Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

## **Board of Directors Habitat for Humanity of Collier County, Inc. and Subsidiary Naples, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Habitat for Humanity of Collier County, Inc. and Subsidiary (a non-profit organization) (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 November 10, 2025.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
November 10, 2025



## Independent Auditor's Report on Compliance for Each Major Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General

**Board of Directors  
Habitat for Humanity of Collier County, Inc. and Subsidiary  
Naples, Florida**

### **Report on Compliance for Each Major State Project**

#### ***Opinion on Each Major State Project***

We have audited Habitat for Humanity of Collier County, Inc. and Subsidiary's (a non-profit organization) (the "Organization") compliance with the types of compliance requirements described in the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Organization's major state projects for the year ended June 30, 2025. The Organization's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respect, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2025.

#### ***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Chapter are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal controls over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Organization's state projects.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
November 10, 2025

# Habitat for Humanity of Collier County, Inc. and Subsidiary

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2025

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### SECTION I – SUMMARY OF AUDITOR’S RESULTS

#### **Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

#### **Federal Awards**

There was not an audit of major federal programs as of June 30, 2025 due to the total amount expended being less than \$750,000.

#### **State Projects**

Internal control over major state projects:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness?  Yes  None reported

Type of auditor’s report issued on compliance for major state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Chapter 10.656 Rules of the Auditor General?

Yes  No

# Habitat for Humanity of Collier County, Inc. and Subsidiary

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) YEAR ENDED JUNE 30, 2025

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### SECTION I – SUMMARY OF AUDITOR’S RESULTS (CONTINUED)

#### Identification of Major State Projects:

<u>State CSFA Number</u>	<u>Name of State Project</u>
40.901	State Housing Initiatives Partnership Program
Dollar threshold used to distinguish between State Type A and Type B Programs:	\$607,500

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported.

### SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters reported.

### SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS

No matters reported.