HABITAT FOR HUMANITY PHILADELPHIA, INC.
AND SUBSIDIARY

Consolidated Financial Statements and Supplementary Schedules

For the years ended June 30, 2025 and 2024

(With Independent Auditors' Report thereon)

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Table of Contents

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Table of Contents (continued)

HFA
Certified Public Accountants + Advisors

1985 Cedar Bridge Ave., Suite 3 • Lakewood, NJ 08701 • 732.797.1333
194 East Bergen Place • Red Bank, NJ 07701 • 732.747.0010
www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Habitat for Humanity Philadelphia, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Habitat for Humanity Philadelphia, Inc. and Subsidiary (a nonprofit 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 consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Habitat for Humanity Philadelphia, Inc. and Subsidiary 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.

Emphasis of Matter

As discussed in Note 28 to the consolidated financial statements, the Organization restated previously stated balances as a result of an improper calculation of the discount on mortgages receivable as of June 30, 2023. Our opinion is not modified with respect to this matter.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat for Humanity Philadelphia, Inc. and Subsidiary 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 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.

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 Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The additional supplementary information, as listed in the table of contents, 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 audits 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 federal awards and the additional supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026, on our consideration of Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 Habitat for Humanity Philadelphia, Inc. and Subsidiary's internal control over financial reporting and compliance.

Holman Frenia Allison P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 18, 2026
Lakewood, New Jersey

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	Restated 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,711,950	$ 8,537,537
Investments	1,310,134	1,171,414
Contributions and campaign pledges receivable - current	365,364	1,508,021
Grants receivable	593,282	157,705
Mortgages receivable, net - current	140,629	124,165
Mortgage sales receivable	1,814,103	-
Prepaid expenses	111,693	96,735
Total current assets	14,047,155	11,595,577
Non-current assets:		
Restricted cash	8,304	5,609
Restricted cash - endowment investments, at fair value	503,418	-
Contributions and campaign pledges receivable, net of current	75,481	344,615
Mortgages receivable, net of current	2,462,121	2,291,801
Deposits	10,000	10,000
Property and equipment, net	1,096,126	1,120,958
Construction in progress	2,614,510	2,589,578
Investment in limited liability companies	1,317,161	1,330,797
Intangible asset - affiliate guaranty reserve, net	44,279	58,668
Right-of-use lease assets, net of amortization	1,630,076	1,409,251
Total non-current assets	9,761,476	9,161,277
Total assets	$ 23,808,631	$ 20,756,854
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 767,950	$ 621,290
Accrued payroll and payroll taxes	172,741	142,515
Accrued vacation	128,085	112,783
Accrued interest	1,478	1,478
Unearned revenue	4,046,871	1,899,755
Notes payable - current	843,522	48,060
Operating lease liability, current portion	397,817	384,971
Financing lease liability, current portion	15,240	7,740
Total current liabilities	6,373,704	3,218,592
Long-term liabilities:		
Escrow deposits	76,065	106,489
Notes payable, related parties	1,731,658	1,726,859
Notes payable, net of current	1,030,119	1,899,230
Operating lease liability, net of current portion	1,357,721	1,141,932
Financing lease liability, net of current portion	36,285	18,090
Total long-term liabilities	4,231,848	4,892,600
Total liabilities	10,605,552	8,111,192
NET ASSETS		
Without donor restrictions	11,559,246	10,898,171
With donor restrictions	1,643,833	1,747,491
Total net assets	13,203,079	12,645,662
Total liabilities and net assets	$ 23,808,631	$ 20,756,854

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Activities
For the year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions:			
Corporations, foundations and organizations	$ 3,548,560	$ 1,309,000	$ 4,857,560
Individuals	1,202,217	40,486	1,242,703
Churches and schools	36,630	-	36,630
Government grants	2,287,885	-	2,287,885
Sales to homeowners	3,820,000	-	3,820,000
ReStore sales	1,704,113	-	1,704,113
Donated materials and services	705,454	-	705,454
Special events	783,878	-	783,878
Amortization of mortgage discount	250,934	-	250,934
Net assets released from restrictions	1,456,562	(1,456,562)	-
Total revenues and support	15,796,233	(107,076)	15,689,157
Expenses:			
Program services	13,707,949	-	13,707,949
Management and general	2,331,205	-	2,331,205
Fundraising	1,624,970	-	1,624,970
Total expenses	17,664,124	-	17,664,124
Change in net assets from operations	(1,867,891)	(107,076)	(1,974,967)
Non-operating income/(expense):			
Investment return, net of related expenses	259,128	3,418	262,546
Gain on sale of mortgages receivable	2,286,760	-	2,286,760
Loss on disposal of property and equipment	(33,226)	-	(33,226)
Gain on derecognition of financing lease	1,058	-	1,058
Other revenue	15,246	-	15,246
Total non-operating income	2,528,966	3,418	2,532,384
Change in net assets	661,075	(103,658)	557,417
Net assets, beginning of year	10,898,171	1,747,491	12,645,662
Net assets, end of year	$ 11,559,246	$ 1,643,833	$ 13,203,079

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Activities - Restated
For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions:			
Corporations, foundations and organizations	$ 4,802,238	$ 672,523	$ 5,474,761
Campaign pledges	42	-	42
Individuals	879,421	41,303	920,724
Churches and schools	42,346	-	42,346
Government grants	155,814	280,040	435,854
Sales to homeowners	2,706,130	-	2,706,130
ReStore	1,834,837	-	1,834,837
Donated materials and services	620,970	-	620,970
Special events	729,930	-	729,930
Amortization of mortgage discount	198,258	-	198,258
Home repairs	6,203	-	6,203
Net assets released from restrictions	560,056	(560,056)	-
Total revenues and support	12,536,245	433,810	12,970,055
Expenses:			
Program services	14,201,595	-	14,201,595
Management and general	1,908,659	-	1,908,659
Fundraising	1,420,586	-	1,420,586
Total expenses	17,530,840	-	17,530,840
Change in net assets from operations	(4,994,595)	433,810	(4,560,785)
Non-operating income:			
Investment return, net of related expenses	274,446	-	274,446
Gain on sale of mortgages receivable	1,182,313	-	1,182,313
Gain on sale of property and equipment	1,021	-	1,021
Other revenue	188,994	-	188,994
Total non-operating income, net	1,646,774	-	1,646,774
Change in net assets	(3,347,821)	433,810	(2,914,011)
Net assets, beginning of year	13,659,868	1,313,681	14,973,549
Priod period adjustment (Note 28)	586,124	-	586,124
Net assets, beginning of year (restated)	14,245,992	1,313,681	15,559,673
Net assets, end of year	$ 10,898,171	$ 1,747,491	$ 12,645,662

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2025

	Program Services				Support Services		
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total
Payroll	$ 1,126,458	$ 1,263,121	$ 758,282	$ 3,147,861	$ 848,831	$ 1,025,252	$ 5,021,944
Construction/repair costs	1,792,842	2,789,554	4,944	4,587,340	441	1,695	4,589,476
Mortgage amortization	3,080,610	-	-	3,080,610	-	-	3,080,610
Professional fees	348,985	91,764	80,281	521,030	514,705	47,391	1,083,126
Employee benefits	150,468	194,634	98,419	443,521	59,982	114,410	617,913
Rent	2,610	6,150	441,890	450,650	-	-	450,650
Program expenses	170,232	6,007	211,110	387,349	28,195	9,457	425,001
Payroll taxes	90,516	100,047	67,417	257,980	63,409	82,591	403,980
Insurance	91,550	97,562	80,880	269,992	88,298	39,062	397,352
Tithe	-	-	-	-	310,000	-	310,000
Special event costs	1,559	-	-	1,559	4,958	184,690	191,207
Depreciation	7,944	10,398	78,032	96,374	58,679	-	155,053
Dues and subscriptions	14,307	15,813	8,428	38,548	28,054	46,248	112,850
Computer and network support	3,400	-	2,304	5,704	100,158	2,057	107,919
Travel	14,233	25,394	46,727	86,354	7,533	1,770	95,657
Interest	34,000	-	2,432	36,432	55,413	-	91,845
Bank fees	1,076	-	43,968	45,044	8,585	27,749	81,378
Utilities	20,375	-	43,180	63,555	9,506	-	73,061
Advertising	-	-	50,748	50,748	1,521	13,045	65,314
Telephone	5,022	13,982	14,485	33,489	23,048	1,104	57,641
Office expense	890	861	26,889	28,640	26,404	1,255	56,299
Meals and entertainment	10,304	1,222	4,454	15,980	18,478	10,433	44,891
Amortization expense	6,000	-	6,190	12,190	21,755	-	33,945
Payroll service	-	-	-	-	33,902	-	33,902
Training and education	5,975	13,725	970	20,670	10,589	1,475	32,734
Miscellaneous	22,912	-	-	22,912	5,096	-	28,008
Printing	988	-	72	1,060	1,504	8,422	10,986
Postage and delivery	2,344	12	-	2,356	2,161	1,931	6,448
Credit loss expense	-	-	-	-	-	2,559	2,559
Website	-	-	1	1	-	2,374	2,375
Total expenses	$ 7,005,600	$ 4,630,246	$ 2,072,103	$ 13,707,949	$ 2,331,205	$ 1,624,970	$ 17,664,124

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2024

	Program Services				Support Services		
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total
Construction/repair costs	$ 4,872,794	$ 2,072,854	$ 263	$ 6,945,911	$ 6,661	$ 842	$ 6,953,414
Payroll	1,550,978	535,122	753,501	2,839,601	830,044	974,982	4,644,627
Mortgage amortization	1,652,941	-	-	1,652,941	-	-	1,652,941
Professional fees	385,971	3,025	42,945	431,941	315,834	2,100	749,875
Employee benefits	153,438	132,577	100,942	386,957	87,473	102,201	576,631
Program expenses	129,614	29,716	272,623	431,953	47,729	24,930	504,612
Rent	-	7,980	419,224	427,204	-	-	427,204
Payroll taxes	147,493	15,000	62,090	224,583	58,904	76,934	360,421
Insurance	102,642	84,935	95,398	282,975	49,936	1,442	334,353
Miscellaneous	32,223	43,435	5,188	80,846	85,949	30,662	197,457
Depreciation	7,713	5,518	74,900	88,131	81,278	-	169,409
Special event costs	1,882	-	-	1,882	1,983	135,342	139,207
Dues and subscriptions	23,821	18,852	7,504	50,177	40,457	42,592	133,226
Interest	52,543	-	2,374	54,917	72,618	-	127,535
Campaign	1,768	29,781	48,261	79,810	3,940	597	84,347
Office expense	6,953	507	39,344	46,804	28,437	2,800	78,041
Bank fees	-	-	43,011	43,011	17,807	8,990	69,808
Tithe	-	-	-	-	55,000	-	55,000
Training and education	3,252	16,577	1,075	20,904	32,197	459	53,560
Telephone	85	350	8,709	9,144	43,708	-	52,852
Utilities	7,220	-	35,852	43,072	9,373	-	52,445
Loan origination fee amortization	41,640	-	-	41,640	2,351	-	43,991
Payroll service	-	3,000	1,848	4,848	31,962	-	36,810
Printing	685	-	3,378	4,063	701	12,707	17,471
Asset amortization	-	-	6,325	6,325	-	-	6,325
Postage and delivery	179	9	4	192	4,317	1,596	6,105
Travel	1,763	-	-	1,763	-	-	1,763
Website	-	-	-	-	-	1,410	1,410
Total expenses	$ 9,177,598	$ 2,999,238	$ 2,024,759	$ 14,201,595	$ 1,908,659	$ 1,420,586	$ 17,530,840

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	Restated 2024
Cash flows from operating activities:		
Change in net assets	$ 557,417	$ (2,914,011)
Adjustments to reconcile change in net assets		
to net cash flows from operating activities		
Depreciation	155,053	169,409
Amortization of right-of-use financing lease assets	12,830	6,325
Amortization of loan origination fees and closing costs	7,176	16,250
Amortization of loan origination fees and closing costs - related parties	4,799	8,860
Amortization of intangible asset - affiliate guaranty reserve	14,389	26,565
Amortization of right-of-use operating lease assets	277,878	259,202
Accretion of discounted right-of-use operating lease liabilities	114,902	133,577
Realized loss on investments	1,187	1,844
Unrealized gain on investments	(119,957)	(135,624)
Amortization of mortgage discount	(250,934)	(198,258)
Mortgages receivable discount expense	3,080,610	1,652,941
Gain on sale of mortgages receivable	(2,286,760)	(1,182,313)
(Gain)/loss on sale/disposal of property and equipment	33,226	(1,021)
Gain on derecognition of financing lease	(1,058)	-
Change in present value discount on contributions receivable	(12,366)	(42)
Credit loss expense	2,559	56,921
Change in operating assets and liabilities		
Contributions and campaign pledges receivable	1,421,598	(30,172)
Grants receivable	(435,577)	(107,718)
Prepaid expenses	(14,958)	(3,823)
Other current assets	-	50
Completed houses under lease purchase	-	45,000
Construction in progress	(24,932)	1,349,890
Accounts payable and accrued expenses	146,660	78,627
Accrued payroll and payroll taxes	30,226	27,607
Accrued vacation	15,302	21,246
Unearned revenue	2,147,116	722,046
Due to limited liability company	-	(20,456)
Escrow deposits	(30,424)	(11,501)
Operating lease liability	(384,970)	(296,359)
Net cash flows from operating activities	4,460,992	(324,938)
Cash flows from investing activities:		
Issuance of mortgage receivables	(4,935,344)	(2,673,498)
Mortgage sales receivable	(1,814,103)	-
Proceeds from sale of mortgages receivable	3,746,733	1,948,263
Purchase of property and equipment	(155,472)	(45,139)
Proceeds from sale of property and equipment	16,324	101,460
Mortgage receivable payments received	458,911	361,717
Purchase of investments	(89,950)	(248,494)
Sale of investments	70,000	284,373
Investment in limited liability companies	13,636	34,092
Net cash flows from investing activities	(2,689,265)	(237,226)
Cash flows from financing activities:		
Payment of debt issuance costs	-	(11,883)
Issuance of debt	-	800,000
Repayment of notes payable	(80,825)	(1,386,641)
Finance lease payments	(10,376)	(5,366)
Net cash flows from financing activities	(91,201)	(603,890)
Net change in cash and cash equivalents	1,680,526	(1,166,054)
Cash and cash equivalents, beginning of year	8,543,146	9,709,200
Cash and cash equivalents, end of year	$ 10,223,672	$ 8,543,146
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 2,559	$ 127,535
Donation of property included in property and equipment	$ 50,000	$ -
Right-of-use assets obtained in exchange for operating lease liabilities	$ 498,703	$ -
Right-of-use assets obtained in exchange for financing lease liabilities	$ 61,901	$ -
Derecognition of right-of-use operating lease asset	$ 24,772	$ -
Reconciliation to the Consolidated Statements of Financial Position:		
Cash and cash equivalents	$ 9,711,950	$ 8,537,537
Restricted cash	8,304	5,609
Restricted cash - endowment investments, at fair value	503,418	-
Cash and cash equivalents, end of year	$ 10,223,672	$ 8,543,146

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1: NATURE OF ORGANIZATION

Habitat for Humanity Philadelphia, Inc. (the "Organization," also referred to as "Habitat") was incorporated in February 2003 under the laws of the Commonwealth of Pennsylvania as a nonprofit, ecumenical Christian housing ministry affiliated with Habitat for Humanity International, Inc., an organization with affiliates worldwide that seeks to eradicate poverty housing, and to make decent shelter a matter of conscience and action. Through volunteer labor and donations of money and materials, Habitat builds and repairs simple, decent houses with the help of low-income homeowner families. Habitat focuses its efforts in Philadelphia, Pennsylvania.

The houses built by Habitat and its volunteers are sold to partner families at no profit, financed with affordable, no-interest loans. The homeowners' monthly mortgage payments are used to build more houses. In addition to a down payment and the monthly mortgage payment, each homeowner family invests hundreds of hours of their own labor into the building of their house as well as the houses of others.

Habitat operates a retail business (the "ReStore") that accepts donated home goods and building materials that are sold to the public. Proceeds from the ReStore are used by Habitat to build and repair homes. A second ReStore was opened at the end of June 2023. See Note 29 for additional information.

HFHP Funding Company I, LLC (the "Company") was organized by Habitat's board as a Pennsylvania single member limited liability company on November 8, 2016. The sole purpose of the Company is to engage solely in the activity of acquiring and holding and pledging mortgage loans and related documents originated by Habitat. Mortgage loans are acquired, held and pledged so as to comply with the terms of the note purchase agreement between the Company and financial institution. Habitat is the sole shareholder of the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Habitat and the Company listed in Note 1 (collectively, the “Organization”). Habitat and the Company have common control, as Habitat for Humanity Philadelphia Inc. is the sole shareholder of the Company. There is also an element of economic interest since the Company holds significant resources that must be used only for purposes of Habitat. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassification has no impact on the previously reported net assets.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include unrestricted time deposits, certificates of deposit and highly liquid debt instruments with original maturities of three months or less.

Investment Policy

Investments of the Organization are reported at fair market value as of June 30, 2025 and 2024. Investment return, net of related expenses on the consolidated statements of activities include interest, dividends, realized gains and losses as well as changes in market value of assets held reported as unrealized gains and losses.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

Market Approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost Approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

Income Approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The Organization utilized the market approach to determine the fair value of its financial instruments for the years ended June 30, 2025 and 2024.

Contributions and Campaign Pledges Receivable and Grants Receivable

The Organization carries its contributions and campaign pledges receivable and grants receivable at cost.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages Receivable

Mortgages receivable consists of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments, with original maturities ranging from 20 to 52 years. All of the mortgages are related to new construction and the rehabilitation of existing homes by the Organization. These mortgages are shown on the consolidated statements of financial position discounted at the prevailing interest rate for the time value of money provided by Habitat for Humanity International, Inc, which reflect current market conditions at the time of the sale of the home. The discount rate for the years ended June 30, 2025 and 2024 was 8.01% and 8.02%, respectively. The discount on mortgages receivable is recognized as revenue in the consolidated statements of activities using the straight-line method over the lives of the mortgages.

Allowance for Credit Losses

Financial assets held by the Organization subject to the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326) are contributions receivable, grants receivable, and mortgages receivable.

The Organization recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the date of the consolidated statements of financial position. The allowance is calculated considering credit losses expected to arise over the life of the asset which includes prepayments and expected recoveries. The Organization pools assets based on similar risk characteristics when estimating expected credit losses. Where financial instruments do not share risk characteristics, losses are estimated on an individual basis. With respect to mortgages receivable, delinquent loan status is determined based on the contractual terms of the loan, and it is management's policy to initiate foreclosure proceedings when a mortgage account is delinquent by ninety days or more. See Note 7 for additional information.

Assets are written off when deemed uncollectible and the write-offs are recognized as a deduction from the allowance for credit losses. Recoveries not initially expected are reflected in the consolidated statements of activities in the period of recovery.

As of June 30, 2025 and 2024, management estimates no credit losses for contributions receivable, grants receivable, and mortgages receivable; therefore, no allowance for credit losses is deemed necessary.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the consolidated statements of activities and changes in net assets or the notes to the consolidated financial statements. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its statements of activities and changes in net assets or notes to the consolidated financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (unearned revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as unearned revenue along with the exchange component.

Contributions and Government Grants

Contributions and government grants are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

Conditional – Includes all contributions and government grants with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

Unconditional – Includes all contributions and government grants that do not contain a barrier to use and therefore are recorded as revenue once cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

Contribution and government grants revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for consolidated financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers are met. If funds are received from the donor before the relevant barriers are met, unearned revenue is recorded on the consolidated statements of financial position for the amount of funds provided by the donor.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions and Government Grants (continued)

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend are substantially met and the promises become unconditional.

Exchange Transactions

The Organization recognizes earned revenues in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Sales to Homeowners – Homes are sold to buyers that meet the Organization's qualification guidelines. To determine the transaction price, the recorded sale amount to the homeowner is the appraised value of the home, net of the applicable discount, which reflects the consideration to which the Organization expects to be entitled in exchange for the home. Performance obligations are determined to be the contractual sale and closing of each home, which is considered to be a standalone performance obligation. The Organization recognizes revenue at a point in time, as the buyer does not control the asset until construction is complete and the closing has taken place.

ReStore Sales – Habitat's retail thrift store operation specializes in selling surplus new and used building and home improvement materials, appliances, and furniture to the public. These sales are recorded at a determined transaction price, which varies by item. The Organization recognizes revenue from these sales upon delivery of the goods to the customer, which occurs at the point of the sale. Performance obligations are determined to be the completed sale of each item.

Home Repairs – The Organization performs home repairs on various client homes. The transaction price depends upon the type of repair work completed. Performance obligations are determined to be the completion of the repairs. The Organization recognizes revenue at the complete of the repair.

All other operating revenue is recognized as services are rendered. Amounts collected in advance of services being provided or events are recorded as unearned revenue.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Donated Materials and Services

Noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported in the net assets with donor restrictions category. Per FASB ASU 2016-14, absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Such services are valued at the rate necessary to replace these services. Services that do not meet the above criteria are not recognized.

Donated ReStore Items

Donations of ReStore items are not valued, nor is an inventory of such items used for financial reporting. This accounting treatment is based on ASC 958, *Contributions Received*, where a major uncertainty about the existence of value may indicate that an item received or given should not be recognized. ASC 845, *Initial Measurement*, also applies that fair value should be regarded as not determinable within reasonable limits if major uncertainties exist about the realizability of the value.

Property and Equipment

Property and equipment are recorded at cost, except for donated assets, which are recorded at their estimated fair market value at the date of donation, with a capitalization policy of $5,000. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Building and improvements	15-32 years
Leasehold improvements	8-15 years
Office equipment	5-10 years
Transportation equipment	7 years

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Right-of-Use Asset and Lease Liability

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed are reportable at the lower of the carrying amount of fair value, less costs to sell. The Organization had no assets held for disposal as of June 30, 2025 and 2024.

Investment in Limited Liability Companies

The investments in limited liability companies (LLCs) are accounted for under the equity method. Under the equity method, the initial investment was recorded at cost and the Organization's share of the subsequent earnings or losses of the LLCs is recognized as investment income in the accompanying consolidated statements of activities.

Intangible Asset – Affiliate Guaranty Reserve

The Organization incurred an affiliate guaranty fee in direct relation to the Organization obtaining debt financing through the NMTC program. The cost is amortized over the life of the respective debt agreements using the straight-line method. The accumulated amortization is reported as a direct deduction from the affiliate guaranty reserve. See Note 11 for additional information.

Accrued Vacation

Employees of the Organization are entitled to compensated absences such as paid vacation and paid sick days off depending on job classification, length of service and other factors. Vacation days earned are accrued annually as an expense. At June 30, 2025 and 2024, accrued vacation totaled $128,085 and $112,783, respectively.

Federal and State Income Taxes

Habitat for Humanity Philadelphia, Inc. is a non-profit entity as described in Section 501(c)(3), of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

HFHP Funding Company I, LLC was formed with Habitat for Humanity Philadelphia, Inc. as a single member limited liability company. As a result, the entity is recognized as a disregarded entity for the purpose of the Internal Revenue Code. A disregarded entity is not recognized for tax purposes as an entity separate from its owner.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service. The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's consolidated financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses advertising and marketing costs as incurred. Advertising expense was approximately $65,314 and $53,822 for the years ended June 30, 2025 and 2024, respectively.

Subsequent Events

The Organization has evaluated subsequent events occurring June 30, 2025 through March 18, 2026, which is the date the consolidated financial statements were available to be issued. See Note 29 for additional information.

NOTE 3: CASH

The deposits held by the Organization consisted of demand deposits totaling $10,223,672 and $8,543,146 as of June 30, 2025 and 2024, respectively.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2025	2024
Cash and equivalents	$ 9,711,950	$ 8,537,537
Restricted cash	8,304	5,609
Restricted cash - endowment investments, at fair value	503,418	-
Total cash and restricted cash shown in the consolidated statements of cash flows	$ 10,223,672	$ 8,543,146

Restricted cash includes New Market Tax Credits (NMTC) cash.

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash had a bank balance of $10,351,949 and $7,182,231 at June 30, 2025 and 2024, respectively. Of the bank balances, $1,502,718 and $1,591,171 was fully insured by depository insurance at June 30, 2025 and 2024, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. The Organization limits the amount of credit exposure to any one financial institution and invests cash in accounts with high credit quality.

NOTE 4: INVESTMENTS

Investments at fair value consisted of the following as of June 30, 2025 and 2024:

	Investments at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Registered investment companies	$ 820,750	$ -	$ -	$ 820,750
Intermediate-term bonds	489,384	-	-	489,384
Total investments at fair value	$ 1,310,134	$ -	$ -	$ 1,310,134

	Investments at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Registered investment companies	$ 792,186	$ -	$ -	$ 792,186
Intermediate-term bonds	379,228	-	-	379,228
Total investments at fair value	$ 1,171,414	$ -	$ -	$ 1,171,414

NOTE 5: CONTRIBUTIONS AND CAMPAIGN PLEDGES RECEIVABLE, NET

Contributions and campaign pledges receivable consisted of the following as of June 30, 2025 and 2024:

	2025	**2024**
Contributions receivable expected to be collected in:		
Less than one year	$ 365,364	$ 1,470,687
One year to five years	78,500	360,000
Total contributions receivable	443,864	1,830,687
Campaign pledges expected to be collected in:		
Less than one year	-	37,334
One year to five years	-	-
Total campaign pledges receivable	-	37,334
Total contributions and campaign pledges receivable	443,864	1,868,021
Less: present value discount at a rate of 4%	(3,019)	(15,385)
Less: allowance for uncollectible amounts	-	-
Total contributions and campaign pledges receivable, net	440,845	1,852,636
Less: current portion	(365,364)	(1,508,021)
Long-term portion	$ 75,481	$ 344,615

NOTE 6: MORTGAGES RECEIVABLE, NET

Mortgages receivable consisted of the following as of June 30, 2025 and 2024:

	2025	Restated 2024
Mortgages receivable	$ 6,622,685	$ 6,090,181
Less: unamortized mortgage discount	(4,019,935)	(3,674,215)
Total net mortgages receivable	2,602,750	2,415,966
Less: current portion	(140,629)	(124,165)
Long-term portion	$ 2,462,121	$ 2,291,801

The balances due on the mortgages, excluding those that have been leveraged, are scheduled to be received as follows for the years ended June 30:

2026	$ 345,505
2027	339,701
2028	331,563
2029	328,657
2030	326,775
Thereafter	4,950,484
Total	$ 6,622,685

The following table reflects the age of delinquent monthly mortgage receivable payments as of June 30:

Days past due	2025	2024
30-59 days	$ -	$ 1,971
60-89 days	3,115	4,802
90-364 days	10,122	5,371
365+ days	51,310	54,940
Total monthly delinquent mortgages receivable	$ 64,547	$ 67,084

The balances outstanding on these mortgages receivable with delinquent payments totaled $853,637 and $739,528 at June 30, 2025 and 2024, respectively.

NOTE 7: CURRENT EXPECTED CREDIT LOSSES

Changes in the allowance for credit losses are as follows for the years ended June 30, 2025 and 2024:

	Grants receivable	Contributions and campaign pledges receivable	Total
Allowance for credit losses, June 30, 2023	$ 12,497	$ 84,965	$ 97,462
Provision for credit loss expense	-	-	-
Write-offs	(12,497)	(84,965)	(97,462)
Allowance for credit losses, June 30, 2024	$ -	$ -	$ -
Provision for credit loss expense	-	2,559	2,559
Write-offs	-	(2,559)	(2,559)
Allowance for credit losses, June 30, 2025	$ -	$ -	$ -

NOTE 8: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2025	Restated 2024
Current financial assets:		
Cash and cash equivalents	$ 9,711,950	$ 8,537,537
Investments	1,310,134	1,171,414
Contributions and campaign pledges receivable - current	365,364	1,508,021
Grants receivable	593,282	157,705
Mortgages receivable, net - current	140,629	124,165
Mortgage sales receivable	1,814,103	-
Total current financial assets	13,935,462	11,498,842
Less: Net assets with donor restrictions for specified purposes or time restrictions	(1,061,915)	(1,387,491)
Financial assets available to meet general expenditures over the next twelve months	$ 12,873,547	$ 10,111,351

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Thus, certain financial assets may not be available for general expenditures within one year.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets on hand to meet 180 days of normal operating expenses, which are, on average, approximately $8,711,000. Additionally, as more fully described in Note 14, the Organization has an available line of credit which can be drawn down on as needed to manage liquidity.

NOTE 9: PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30:

	2025	2024
Land	$ 220,132	$ 220,132
Buildings and improvements	381,268	330,853
Leasehold improvements	587,451	579,853
Office equipment	394,255	363,977
Transportation equipment	430,438	382,980
	2,013,544	1,877,795
Less: accumulated depreciation and amortization	(917,418)	(756,837)
Total property and equipment, net	$ 1,096,126	$ 1,120,958

Depreciation expense for the years ended June 30, 2025 and 2024 totaled $155,053 and $169,409, respectively.

Amortization expense for the years ended June 30, 2025 and 2024 totaled $12,830 and $6,325 respectively.

NOTE 10: CONSTRUCTION IN PROGRESS

Construction in progress represents costs incurred to build/rehabilitate single family dwellings. Upon completion of construction, these houses will be sold or leased under a lease purchase agreement until clear title can be transferred to the member family. Construction in progress totaled $2,614,510 and $2,589,578 as of June 30, 2025 and 2024, respectively.

NOTE 11: INVESTMENT IN LIMITED LIABILITY COMPANY

The investments in the limited liability companies on the consolidated statements of financial position include investments from participation in one New Market Tax Credit (NMTC) program. The NMTC program provides funds to eligible organizations for investments in qualified low-income community investment (QLCI). Program compliance requirements include creation of a promissory note and investment in a qualified community development entity (CDE). Tax credit recapture is required if compliance requirements are not met by the CDE over a seven-year period. Details of the transactions follow.

In November 2021, the Organization invested, along with numerous other nonprofit organizations, in HFHI NMTC Leverage Lender 2021, LLC with 19.3% ownership, to take advantage of NMTC financing. NMTC financing allows an entity to receive a loan or investment capital outside from investors, who will receive new market tax credits to be applied against their federal tax liability.

The Organization invested $1,366,366 in the limited liability companies, the investment was made utilizing the Organization’s cash. The Organization secured two 30-year loans in the amount of $1,663,476 and $184,830 payable to HFHI NMTC NMTC Sub-CDE IV,LLC and NMTC Sub-CDE V, LLC, respectively (see Note 15 for additional information). The loan proceeds will be used solely for the purpose of constructing and selling qualified housing properties to low income residents subject to certain conditions.

NOTE 11: INVESTMENT IN LIMITED LIABILITY COMPANY (continued)

The following is a summary of the activity for the years ended June 30, 2025 and 2024:

	2025	2024
Beginning balance	$ 1,330,797	$ 1,364,889
Investment activity	(13,636)	(34,092)
Ending balance	$ 1,317,161	$ 1,330,797

NOTE 12: INTANGIBLE ASSET – AFFILIATE GUARANTY RESERVE, NET

The Organization incurred guaranty fees related to the loans obtained through the NMTC program. The guaranty fee is amortized over 7 years. As of June 30, 2025 and 2024, the balances of the intangible asset and accumulated amortization were as follows:

	2025	2024
Affiliate guaranty fee	$ 92,981	$ 92,981
Less: accumulated amortization	(48,702)	(34,313)
Intangible asset - affiliate guaranty reserve, net	$ 44,279	$ 58,668

Estimated annual amortization of the intangible asset is as follows for the years ended June 30:

2026	$ 13,283
2027	13,283
2028	17,078
2029	635
Total	$ 44,279

NOTE 13: UNEARNED REVENUE

Unearned revenue represents payments received in advance of satisfying certain donor-imposed conditions on funding. Significant changes in unearned revenue liability balances during the years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Unearned revenue, beginning of the year	$ 1,899,755	$ 1,177,709
Revenue recognized that was included in unearned revenue at the beginning of the year	(1,680,507)	(937,796)
Increase in unearned revenue due to cash received during the period for expenditure in a subsequent period	3,827,623	1,659,842
Unearned revenue, end of the year	$ 4,046,871	$ 1,899,755

NOTE 14: LINE OF CREDIT

In September 2016, the Organization established a revolving line of credit with Santander Bank in the amount of $750,000 with an interest rate of 1.00% above the bank's prime rate. The interest rate as of June 30, 2025 and 2024 was 8.50% and 9.50%, respectively. The line of credit is due and payable in full upon demand by the lender. In November of 2020, the line of credit was increased to $1,000,000. As of June 30, 2025 and 2024, there were no balances outstanding.

NOTE 15: NOTES PAYABLE, RELATED PARTIES

In November 2021, in connection with the investment in HFHI NMTC Leverage Lender 2021, LLC (see Note 11), the Organization received two notes from HFHI NMTC NMTC Sub-CDE IV,LLC and NMTC Sub-CDE V, LLC (related parties). The Organization is obligated to make semi-annual interest only payments until January 1, 2029 at 0.737931%. Beginning in year 8 through year 30, the Organization is required to make semi-annual payments of principal and interest (at 0.737931%) in an amount to fully amortize the loans by their maturity dates. Both loans mature in November 2051. The balances of the notes payable totaled $1,731,658 and $1,726,859 (net of unamortized debt issuance costs of $116,648 and $121,447) as of June 30, 2025 and 2024, respectively. The agreement requires a specific solvency and debt service coverage ratio be maintained and measured at fiscal year-end. The Organization was in compliance with these debt covenants as of June 30, 2025 and 2024. As set forth in the agreements, 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 (which is aggregated within the Organization's consolidated financial statements) such that the Separate Business will qualify as a qualified low-income community business as defined by IRC Section 45D. Only the Separate Business assets of the Organization were pledged as security under the agreements.

NOTE 16: NOTES PAYABLE

The Organization had the following notes outstanding at June 30, 2025 and 2024:

	2025	2024
On December 5, 2016, the Organization obtained a note payable in the amount of $2,182,243 from PNC Community Development Company, LLC. Proceeds from the loan were $1,478,087. The note includes $680,056 of prepaid interest at an interest rate of 3% and $34,600 of loan origination fees. The note is secured by $509,754 of mortgages receivable (net of discount of $880,361) as of June 30, 2025 and requires monthly payments ranging from $252 to $6,903 based on a payment schedule that is based on the anticipated amounts to be received from those mortgages receivable. The note matures May 9, 2046.	$ 1,104,147	$ 1,184,972
On June 30, 2024, the Organization obtained a note payable in the amount of $800,000 from HMS Loan Fund 1, LLC. The interest rate is 4.25%. Interest only payments are required quarterly. Principal payment is a balloon payment at the date of maturation. If a mortgage is sold, a principal payment would be required on the date of sale. The note includes $12,000 of loan origination fees. The note is secured by estimated 8-12 pledged mortgages; 100% LTV. The note matures on June 30, 2026.	800,000	800,000
Total notes payable	1,904,147	1,984,972
Less: current portion	(843,522)	(48,060)
Less: unamortized loan origination costs	(30,506)	(37,682)
Long-term portion, net	$ 1,030,119	$ 1,899,230

Future minimum principal payments are as follows for the year ending June 30 are as follows:

2026	$ 849,522
2027	51,028
2028	52,580
2029	54,179
2030	55,827
Thereafter	841,011
Total	$ 1,904,147

NOTE 17: LEASES

The Organization enters into leases in the normal course of business primarily for ReStore locations and copiers. The Organization's operating and financing leases have remaining terms of 4-5 years and 4 years, respectively, some of which include renewal or termination options. The Organization's leases do not include residual value guarantees or covenants.

NOTE 17: LEASES (continued)

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 Organization has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Organization's statements of financial position.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term.

The Organization uses the prime rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known.

Right-of-use assets and lease liabilities by lease type, and the associated statements of financial position classifications, are as follows:

		2025	2024
Right-of-use assets:			
Operating leases	Right-of-use lease assets, net of amortization	$ 1,630,076	$ 1,409,251
Financing lease	Property and equipment, net	49,521	24,771
Total right-of-use assets		$ 1,679,597	$ 1,434,022
Lease Liabilities:			
Operating leases	Operating lease liability, current portion	$ 397,817	$ 384,971
Operating leases	Operating lease liability, net of current portion	1,357,721	1,141,932
Financing lease	Financing lease liability, current portion	15,240	7,740
Financing lease	Financing lease liability, net of current portion	36,285	18,090
Total lease liabilities		$ 1,807,063	$ 1,552,733

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2025	2024
Weighted Average Remaining Lease Term		
Operating leases	4.77 years	5.72 years
Financing lease	4.00 years	3.92 years
Weighted Average Discount Rate		
Operating leases	7.82%	8.17%
Financing lease	8.50%	8.50%

NOTE 17: LEASES (continued)

Future undiscounted lease payments for operating and financing leases with initial terms of one year or more as of June 30, 2025 are as follows:

Year Ending June 30:	Operating	Financing	Total
2026	$ 397,817	$ 15,240	$ 413,057
2027	410,663	15,240	425,903
2028	420,509	15,240	435,749
2029	430,355	15,240	445,595
2030	368,201	-	368,201
Thereafter	101,744	-	101,744
Total lease payments	2,129,289	60,960	2,190,249
Less: imputed interest	(373,751)	(9,435)	(383,186)
Present value of lease liabilities	$1,755,538	$ 51,525	$ 1,807,063

The following summarizes the line items in the consolidated statements of activities which include the components of lease expense for the years ended June 30, 2025 and 2024:

Lease Cost	Consolidated Statement of Activity Classification	2025	2024
Rent (a)	Program services	$ 450,650	$ 427,204
Asset amortization	Program services	$ 12,380	$ 6,325
Interest	Management and general	$ 4,864	$ 2,374

(a) Includes short-term costs of approximately $58,000 and $34,000 for the years ended June 30, 2024 and 2023, respectively.

NOTE 18: DONATED MATERIALS AND SERVICES

The Organization was the recipient of donated services and materials, which consisted of the following as of June 30, 2025 and 2024:

Donated Item	2025	2024	Usage	Restriction	Technique
Professional services	$ 404,825	$ 317,866	To provide repair services for current or future Habitat for Humanity Philadelphia homeowners	Home repairs	Value of services provided using donor's typical service rate provided by the City of Philadelphia
Legal services	223,672	215,792	Management and general and construction matters	None	Value of services provided using donor's typical billing rate
Home - 2719 W. Eyre	50,000	-	To provide a home for a single family	None	Appraisal value per appraisal performed by H.M. Hoffman & Company at time of donation
Materials and supplies	18,091	71,944	To complete home rehabilitation and repairs for current or future Habitat for Humanity Philadelphia homeowners	Home rehabilitations & repairs	Estimated value of item provided by the City of Philadelphia
Auction gifts	8,866	12,448	Special events	Auction	Actual value of item gifted as noted on receipt, tag, etc.
Vehicles	-	2,920	To be used by the ReStore	Vehicle for ReStore	Estimated value provided by donor
Total donated materials and services	$ 705,454	$ 620,970			

NOTE 19: SPECIAL EVENT REVENUE

Gross receipts from fundraising events recorded by the Organization consist of exchange revenue and contribution revenue. In accordance with FASB ASU 2014-09, the Organization is required to separately present the components of this revenue.

See below for approximated contribution and exchange component revenues recorded in accordance with fundraising events held during the fiscal years ended June 30, 2025 and 2024:

	2025	2024
Contributions	$ 690,878	$ 651,930
Event revenue - exchange component	93,000	78,000
Event revenue - gross	783,878	729,930
Less - direct expenses	(191,208)	(139,207)
Event revenue, net of direct expenses	$ 592,670	$ 590,723

NOTE 20: FUNCTIONAL EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses include bank fees, construction/repair costs, depreciation, dues and subscription, employee benefits, insurance, interest, loan origination fee amortization, miscellaneous, office expense, payroll, payroll service, payroll taxes, postage and delivery, printing, professional fees, program expenses, special event costs, telephone, training and education, travel, utilities and website. These expenses are allocated using a variety of cost allocation techniques, including square footage, direct association or use, and time and effort.

NOTE 21: TRANSACTION WITH HABITAT FOR HUMANITY INTERNATIONAL, INC.

The Organization annually remits a portion of its contributions without donor restrictions, excluding in-kind contributions, to Habitat for Humanity International, Inc. (HFHI) as part of their affiliate fee structure. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2025 and 2024, the Organization remitted $30,000 and $55,000, respectively.

During the year ended June 30, 2025, HFHI restructured its affiliate fee structure. The new structure results in quarterly invoices to the Organization from HFHI, for which the Organization remits quarterly payments. The invoiced amounts are calculated utilizing fundraising and marketing revenues and the associated costs for HFHI, the Organization, and other donors. Fees to HFHI under this structure totaled $280,000 and $-0- for the years ended June 30, 2025 and 2024, respectively.

NOTE 22: PENSION PLAN

The Organization has a 403(b) plan where employees may make payroll deductions, which may be tax deferred in accordance with the Internal Revenue Code. The Organization provides an employer matching contribution of 3% of the employees' salary. The annual contributions for the years ended June 30, 2025 and 2024 totaled $94,826 and $87,716, respectively, which are included in employee benefits as presented on the consolidated statements of functional expenses.

NOTE 23: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2025 and 2024 are restricted for the following purposes:

	2025	2024
Purpose Restrictions:		
New construction	$ 580,000	$ 404,151
Home repair program	112,000	390,956
Fleet management and vehicle repair	92,211	2,211
Solar panels	57,272	23,025
Homeownership	11,932	22,012
Carpentry Training program	-	15,136
Interest generated from endowment funds restricted to scholarships	3,418	-
Time Restrictions:		
Endowment principal restricted in perpetuity	500,000	-
Contributions receivable - current	208,500	530,000
Non-current contributions receivable	78,500	360,000
Total	$ 1,643,833	$ 1,747,491

NOTE 24: NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or the passage of time, as follows:

	2025	2024
Purpose Restrictions:		
New construction	$ 404,151	$ -
Home repair program	315,957	164,650
Carpentry Training program	15,136	-
Homeownership	14,706	64,306
Solar panels	1,612	-
Project with Philadelphia Insurance Companies	-	25,000
Office warehouse	-	5,000
Time Restrictions:		
Contributions receivable - current	530,000	10,000
Non-current campaign pledges	-	1,100
Non-current contributions receivable	175,000	290,000
Total	$ 1,456,562	$ 560,056

NOTE 25: ENDOWMENT FUNDS

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of any restrictions. The endowment includes funds restricted by donors.

Management of the Organization has interpreted state law as requiring the preservation of the 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 (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The income of the donor restricted endowment fund is classified as with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law. 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 the Uniform State Prudent Management of Institutional Funds Act (UPMIFA) requires the organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2025 and 2024.

Net appreciation earned on the principal of restricted endowment net assets, under UPMIFA, is classified as restricted. On a related note, donor instructions override guidelines dictated by UPMIFA. Accordingly, if the donor dictates specific spending and/or investment guidelines, then those guidelines overrule the principles promulgated by UPMIFA.

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 purpose 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

Management of the Organization's primary objective, in this regard, is to add value and minimize risk in managing the assets of the fund while providing a hedge against inflation into the future. It is the intent of the Organization's management to grow the endowment and utilize the total return (income plus capital change) to further the purpose of the endowment. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market and performance cycles cannot be accurately predicted.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods, as temporarily restricted to certain programs by donors.

NOTE 25: ENDOWMENT FUNDS (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has an investment objective to provide sufficient liquidity to meet operating, distribution, and spending requirements.

As of June 30, 2025 and 2024, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	$ -	$ -	$ -
Contributions	-	500,000	500,000
Investment return, net of related expenses	-	3,418	3,418
Endowment net assets, June 30, 2025	$ -	$ 503,418	$ 503,418

NOTE 26: COMMITMENTS AND CONTINGENCIES

The Organization has sold 61 mortgage loans ranging from 2015-2025 to PHFA and banking institutions. Under the terms of the transactions, the Organization received the net present value of the remaining payments of the mortgages sold. In the event that a loan is delinquent, the Organization has agreed to reimburse the buyer of the mortgages the delinquent amount. As of June 30, 2025 and 2024, the balance of those mortgages totaled $9,851,295 and $5,418,315, respectively. However, as delinquent mortgages were not material to the financial statements taken as a whole as of June 30, 2025 and 2024, no amounts have been recorded.

NOTE 27: LITIGATION

In the normal course of business, the Organization may be a party to lawsuits and claims arising out of the conduct of its business. While the ultimate results of lawsuits or other proceedings against the Organization cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position or results of operations of the Organization.

NOTE 28: PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2025, the Organization restated previously stated balances. The adjustments were needed as a result of an improper calculation of the discount on mortgages receivable as of June 30, 2023.

The following summarizes the statement of prior period numbers:

	As Previously Presented	Restatement Adjustments	As Restated
Consolidated Statement of Financial Position			
Assets:			
Mortgages receivable, net of current	$ 1,705,677	$ 586,124	$ 2,291,801
Total noncurrent assets	8,575,153	586,124	9,161,277
Total assets	20,170,730	586,124	20,756,854
Net assets:			
Without donor restrictions	10,312,047	586,124	10,898,171
With donor restrictions	1,747,491	-	1,747,491
Total net assets	12,059,538	586,124	12,645,662
Total liabilities and net assets	20,170,730	586,124	20,756,854
Consolidated Statement of Activities			
Without Donor Restrictions:			
Net assets, beginning of year	$ 14,973,549	$ 586,124	$ 15,559,673
Net assets, end of year	12,059,538	586,124	12,645,662

NOTE 29: SUBSEQUENT EVENTS

On September 29, 2025, subsequent to year-end, the Organization entered into an agreement with a third-party banking institution for the sale of six mortgage receivables totaling $1,639,886. The mortgage receivables were sold for cash proceeds of $1,560,742, resulting in a loss of $79,144, which will be recognized in the year ending June 30, 2026.

In June 2025, the Organization closed its second ReStore. The Organization continues to lease this location as of the date of the report.

HFA
Certified Public Accountants + Advisors
1985 Cedar Bridge Ave., Suite 3 • Lakewood, NJ 08701 • 732.797.1333
194 East Bergen Place • Red Bank, NJ 07701 • 732.747.0010
www.hfacpas.com

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

To the Board of Directors of
Habitat for Humanity Philadelphia, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity Philadelphia, Inc. and Subsidiary (a nonprofit 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 March 18, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat for Humanity Philadelphia, Inc. and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity Philadelphia, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 consolidated 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 Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 consolidated 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 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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holman Frenia Allison P.C.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

March 18, 2026
Lakewood, New Jersey

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

To the Board of Directors of
Habitat for Humanity Philadelphia, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Habitat for Humanity Philadelphia, Inc. and Subsidiary's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Habitat for Humanity Philadelphia, Inc. and Subsidiary's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Habitat for Humanity Philadelphia, Inc. and Subsidiary'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 Habitat for Humanity Philadelphia, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity Philadelphia, Inc. and Subsidiary'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

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.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Holman Frenia Allison P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 18, 2026
Lakewood, New Jersey

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidated Schedule of Expenditures of Federal Awards
For the year ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Grant Number	Grant Period	Grant Award Amount	Current Year Expenditures	Passed to Sub-Recipients	Total Current Year Expenditures	Cumulative Total Awards Expended
U.S. Department of the Treasury								
Passed through Philadelphia Green Capital Corporation								
Coronavirus State and Local Fiscal Recovery Funds - Built to Last Program	21.027	C000084555	6/27/2023 - 12/31/2025	$ 2,475,927	$ 874,058	$ -	$ 874,058	$ 1,032,429
Passed through Philadelphia Green Capital Corporation								
Coronavirus State and Local Fiscal Recovery Funds - Carpentry Fellowship	21.027	C000084555	1/1/2024 - 5/31/2026	550,000	247,689	-	247,689	382,553
Total Coronavirus State and Local Fiscal Recovery Funds Program				3,025,927	1,121,747	-	1,121,747	1,414,982
Total U.S. Department of the Treasury				3,025,927	1,121,747	-	1,121,747	1,414,982
U.S. Department of Energy								
Passed through Philadelphia Energy Authority								
Weatherization Assistance for Low-Income Persons - Built to Last Program	81.042	DE-EE010124	6/30/2023 - 6/30/2025	300,000	180,720	-	180,720	195,780
Total U.S. Department of Energy				300,000	180,720	-	180,720	195,780
U.S. Department of Housing and Urban Development								
Passed through Philadelphia Housing Authority								
HOPE VI Cluster:								
Choice Neighborhoods Planning Program - Façade Improvements	14.889	PA3A002COG119	2/1/2023 - 9/30/2026	680,000	294,075	-	294,075	394,189
Passed through Inglis Foundation								
Lead Hazard Control for High Risk Areas	14.920	PALHM-0014-21	1/3/2020 - 9/30/2024	200,763	61,551	-	61,551	139,722
Total U.S. Department of Housing and Urban Development				880,763	355,626	-	355,626	533,911
Total Federal Awards				$ 4,206,690	$ 1,658,093	$ -	$ 1,658,093	$ 2,144,673

NOTE 1: BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards presents the activity of all federal awards programs of the Organization. The Organization is defined in Note 1 of the basic consolidated financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal awards.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated schedule of expenditures of federal awards is presented using the accrual basis of accounting. This basis of accounting is described in Note 2 to the Organization's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

The Organization did not elect the applicable de minimis indirect cost rate as discussed in 2 CFR 200.414.

NOTE 3: RELATIONSHIP TO THE BASIC CONSOLIDATED FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Organization's consolidated financial statements. Expenditures from awards reported in the Organization's basic consolidated financial statements are presented as follows:

Federal grants	$	1,658,093
State and local grants		629,792
Total government grants	$	2,287,885

NOTE 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the Organization's federal financial reports.

NOTE 5: NON-CASH FEDERAL ASSISTANCE

The Organization did not receive any non-cash federal assistance for the year ended June 30, 2025.

NOTE 6: FEDERAL LOANS OUTSTANDING

The Organization did not have any federal loan balances outstanding at June 30, 2025.

NOTE 7: CONTINGENCIES

Each of the grantor agencies reserves the right to conduct additional audits of the Organization's grant program for economy, efficiency and program results. However, the Organization's administration does not believe such audits would result in material amounts of disallowed costs.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors' Results section of the Schedule of Findings and Questioned Costs.

HABITAT FOR HUMANITY PHILADEPHIA, INC. AND SUBSIDIARY
Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

Federal Awards

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	None Reported

Identification of major programs:

Assistance Listing Number(s):	Name of Federal Program:
21.027	Coronavirus State and Local and Fiscal Recovery Funds

Section II – Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, significant deficiencies and instances of noncompliance related to the basic consolidated financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No Current Year Findings

Section III – Federal Expenditures Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

No Current Year Findings

HABITAT FOR HUMANITY PHILADEPHIA, INC. AND SUBSIDIARY
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the year ended June 30, 2025

This section identifies the status of prior year findings related to the consolidated financial statements and federal awards that are required to be reported in accordance with *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance).

No Federal Single Audit required in prior year

Schedule I

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position
June 30, 2025

	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 9,648,878	$ 63,072	$ -	$ 9,711,950
Investments	1,310,134	-	-	1,310,134
Contributions and campaign pledges receivable - current	365,364	-	-	365,364
Grants receivable	593,282	-	-	593,282
Mortgages receivable, net - current	103,892	36,737	-	140,629
Mortgage sales receivable	1,814,103	-	-	1,814,103
Prepaid expenses	111,693	-	-	111,693
Due from Habitat	-	601,197	(601,197)	-
Total current assets	13,947,346	701,006	(601,197)	14,047,155
Non-current assets:				
Restricted cash	8,304	-	-	8,304
Restricted cash - endowment investments, at fair value	503,418	-	-	503,418
Contributions and campaign pledges receivable, net of current	75,481	-	-	75,481
Mortgages receivable, net of current	1,989,104	473,017	-	2,462,121
Deposits	10,000	-	-	10,000
Property and equipment, net	1,096,126	-	-	1,096,126
Construction in progress	2,614,510	-	-	2,614,510
Investment in limited liability companies	1,317,161	-	-	1,317,161
Intangible asset - affiliate guaranty reserve, net	44,279	-	-	44,279
Right-of-use lease assets, net of amortization	1,630,076	-	-	1,630,076
Total non-current assets	9,288,459	473,017	-	9,761,476
Total assets	$ 23,235,805	$ 1,174,023	$ (601,197)	$ 23,808,631
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 767,950	$ -	$ -	$ 767,950
Accrued payroll and payroll taxes	172,741	-	-	172,741
Accrued vacation	128,085	-	-	128,085
Accrued interest	1,478	-	-	1,478
Unearned revenue	4,046,871	-	-	4,046,871
Due to limited liability company	601,197	-	(601,197)	-
Notes payable - current	794,000	49,522	-	843,522
Operating lease liability, current portion	397,817	-	-	397,817
Financing lease liability, current portion	15,240	-	-	15,240
Total current liabilities	6,925,379	49,522	(601,197)	6,373,704
Long-term liabilities:				
Escrow deposits	76,065	-	-	76,065
Notes payable, related parties	1,731,658	-	-	1,731,658
Notes payable, net of current	-	1,030,119	-	1,030,119
Operating lease liability, net of current portion	1,357,721	-	-	1,357,721
Financing lease liability, net of current portion	36,285	-	-	36,285
Total long-term liabilities	3,201,729	1,030,119	-	4,231,848
Total liabilities	10,127,108	1,079,641	(601,197)	10,605,552
NET ASSETS				
Without donor restrictions	11,464,864	94,382	-	11,559,246
With donor restrictions	1,643,833	-	-	1,643,833
Total net assets	13,108,697	94,382	-	13,203,079
Total liabilities and net assets	$ 23,235,805	$ 1,174,023	$ (601,197)	$ 23,808,631

Schedule II

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Financial Position - Restated
June 30, 2024

	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 8,444,345	$ 93,192	$ -	$ 8,537,537
Investments	1,171,414	-	-	1,171,414
Contributions and campaign pledges receivable - current	1,508,021	-	-	1,508,021
Grants receivable	157,705	-	-	157,705
Mortgages receivable, net - current	89,252	34,913	-	124,165
Prepaid expenses	96,735	-	-	96,735
Due from Habitat	-	564,113	(564,113)	-
Total current assets	11,467,472	692,218	(564,113)	11,595,577
Non-current assets:				
Restricted cash	5,609	-	-	5,609
Contributions and campaign pledges receivable, net of current	344,615	-	-	344,615
Mortgages receivable, net of current	1,762,862	528,939	-	2,291,801
Deposits	10,000	-	-	10,000
Property and equipment, net	1,120,958	-	-	1,120,958
Construction in progress	2,589,578	-	-	2,589,578
Investment in limited liability companies	1,330,797	-	-	1,330,797
Intangible asset - affiliate guaranty reserve	58,668	-	-	58,668
Right-of-use lease assets, net of amortization	1,409,251	-	-	1,409,251
Total non-current assets	8,632,338	528,939	-	9,161,277
Total assets	$ 20,099,810	$ 1,221,157	$ (564,113)	$ 20,756,854
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 621,290	$ -	$ -	$ 621,290
Accrued payroll and payroll taxes	142,515	-	-	142,515
Accrued vacation	112,783	-	-	112,783
Accrued interest	1,478	-	-	1,478
Unearned revenue	1,899,755			1,899,755
Due to limited liability company	564,113	-	(564,113)	-
Notes payable - current	-	48,060	-	48,060
Operating lease liability, current portion	384,971	-	-	384,971
Financing lease liability, current portion	7,740	-	-	7,740
Total current liabilities	3,734,645	48,060	(564,113)	3,218,592
Long-term liabilities:				
Escrow deposits	106,489	-	-	106,489
Notes payable, related parties	1,726,859	-	-	1,726,859
Notes payable, net of current	788,000	1,111,230	-	1,899,230
Operating lease liability, net of current portion	1,141,932	-	-	1,141,932
Financing lease liability, net of current portion	18,090	-	-	18,090
Total long-term liabilities	3,781,370	1,111,230	-	4,892,600
Total liabilities	7,516,015	1,159,290	(564,113)	8,111,192
NET ASSETS				
Without donor restrictions	10,836,304	61,867	-	10,898,171
With donor restrictions	1,747,491	-	-	1,747,491
Total net assets	12,583,795	61,867	-	12,645,662
Total liabilities and net assets	$ 20,099,810	$ 1,221,157	$ (564,113)	$ 20,756,854

Schedule III

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2025

	Without donor restrictions			With donor restrictions	
	Habitat for Humanity Philadelphia, Inc.	**HFHP Funding Company 1, LLC**	**Consolidated**	**Habitat for Humanity Philadelphia, Inc.**	**Consolidated Totals**
Support and revenue:					
Contributions:					
Corporations, foundations and organizations	$ 3,548,560	$ -	$ 3,548,560	$ 1,309,000	$ 4,857,560
Individuals	1,202,217	-	1,202,217	40,486	1,242,703
Churches and schools	36,630	-	36,630	-	36,630
Government grants	2,287,885	-	2,287,885	-	2,287,885
Sales to homeowners	3,820,000	-	3,820,000	-	3,820,000
ReStore sales	1,704,113	-	1,704,113	-	1,704,113
Donated materials and services	705,454	-	705,454	-	705,454
Special events	783,878	-	783,878	-	783,878
Amortization of mortgage discount	182,700	68,234	250,934	-	250,934
Net assets released from restrictions	1,456,562	-	1,456,562	(1,456,562)	-
Total revenues and support	15,727,999	68,234	15,796,233	(107,076)	15,689,157
Expenses:					
Program services	13,707,949	-	13,707,949	-	13,707,949
Management and general	2,295,486	35,719	2,331,205	-	2,331,205
Fundraising	1,624,970	-	1,624,970	-	1,624,970
Total expenses	17,628,405	35,719	17,664,124	-	17,664,124
Change in net assets from operations	(1,900,406)	32,515	(1,867,891)	(107,076)	(1,974,967)
Non-operating income/(expense):					
Investment return, net of related expenses	259,128	-	259,128	3,418	262,546
Gain on sale of mortgages receivable	2,286,760	-	2,286,760	-	2,286,760
Loss on disposal of property and equipment	(33,226)	-	(33,226)	-	(33,226)
Gain on derecognition of financing lease	1,058	-	1,058	-	1,058
Other revenue	15,246	-	15,246	-	15,246
Total non-operating income	2,528,966	-	2,528,966	3,418	2,532,384
Change in net assets	628,560	32,515	661,075	(103,658)	557,417
Net assets, beginning of year	10,836,304	61,867	10,898,171	1,747,491	12,645,662
Net assets, end of year	$ 11,464,864	$ 94,382	$ 11,559,246	$ 1,643,833	$ 13,203,079

Schedule IV

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Activities - Restated
For the year ended June 30, 2024

	Without donor restrictions			With donor restrictions	
	Habitat for Humanity Philadelphia, Inc.	HFHP Funding Company 1, LLC	Consolidated	Habitat for Humanity Philadelphia, Inc.	Consolidated Totals
Support and revenue:					
Contributions:					
Corporations, foundations and organizations	$ 4,802,238	$ -	$ 4,802,238	$ 672,523	$ 5,474,761
Campaign pledges	42	-	42	-	42
Individuals	879,421	-	879,421	41,303	920,724
Churches and schools	42,346	-	42,346	-	42,346
Government grants	155,814	-	155,814	280,040	435,854
Sales to homeowners	2,706,130	-	2,706,130	-	2,706,130
ReStore	1,834,837	-	1,834,837	-	1,834,837
Donated materials and services	620,970	-	620,970	-	620,970
Special events	729,930	-	729,930	-	729,930
Amortization of mortgage discount	148,122	50,136	198,258	-	198,258
Home repairs	6,203	-	6,203	-	6,203
Net assets released from restrictions	560,056	-	560,056	(560,056)	-
Total revenues and support	12,486,109	50,136	12,536,245	433,810	12,970,055
Expenses:					
Program services	14,201,595	-	14,201,595	-	14,201,595
Management and general	1,871,175	37,484	1,908,659	-	1,908,659
Fundraising	1,420,586	-	1,420,586	-	1,420,586
Total expenses	17,493,356	37,484	17,530,840	-	17,530,840
Change in net assets from operations	(5,007,247)	12,652	(4,994,595)	433,810	(4,560,785)
Non-operating income:					
Investment return, net of related expenses	274,446	-	274,446	-	274,446
Gain on sale of mortgages receivable	1,182,313		1,182,313		1,182,313
Gain on sale of property and equipment	1,021	-	1,021	-	1,021
Other revenue	188,994	-	188,994	-	188,994
Total non-operating income	1,646,774	-	1,646,774	-	1,646,774
Change in net assets	(3,360,473)	12,652	(3,347,821)	433,810	(2,914,011)
Net assets, beginning of year	13,610,653	49,215	13,659,868	1,313,681	14,973,549
Prior period adjustment (Note 28)	586,124	-	586,124	-	586,124
Net assets, beginning of year (restated)	14,196,777	49,215	14,245,992	1,313,681	15,559,673
Net assets, end of year	$ 10,836,304	$ 61,867	$ 10,898,171	$ 1,747,491	$ 12,645,662

Schedule V

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Functional Expenses
For the year ended June 30, 2025

	Habitat for Humanity Philadelphia, Inc.							HFHP Funding Company I, LLC		
	Program Services									
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total	Management and General	Total	Consolidated Total
Payroll	$ 1,126,458	$ 1,263,121	$ 758,282	$ 3,147,861	$ 848,831	$ 1,025,252	$ 5,021,944	$ -	$ -	$ 5,021,944
Construction/repair costs	1,792,842	2,789,554	4,944	4,587,340	441	1,695	4,589,476	-	-	4,589,476
Mortgage amortization	3,080,610	-	-	3,080,610	-	-	3,080,610	-	-	3,080,610
Professional fees	348,985	91,764	80,281	521,030	514,705	47,391	1,083,126	-	-	1,083,126
Employee benefits	150,468	194,634	98,419	443,521	59,982	114,410	617,913	-	-	617,913
Rent	2,610	6,150	441,890	450,650	-	-	450,650	-	-	450,650
Program expenses	170,232	6,007	211,110	387,349	28,195	9,457	425,001	-	-	425,001
Payroll taxes	90,516	100,047	67,417	257,980	63,409	82,591	403,980	-	-	403,980
Insurance	91,550	97,562	80,880	269,992	88,298	39,062	397,352	-	-	397,352
Tithe	-	-	-	-	310,000	-	310,000	-	-	310,000
Special event costs	1,559	-	-	1,559	4,958	184,690	191,207	-	-	191,207
Depreciation	7,944	10,398	78,032	96,374	58,679	-	155,053	-	-	155,053
Dues and subscriptions	14,307	15,813	8,428	38,548	28,054	46,248	112,850	-	-	112,850
Computer and network support	3,400	-	2,304	5,704	100,158	2,057	107,919	-	-	107,919
Travel	14,233	25,394	46,727	86,354	7,533	1,770	95,657	-	-	95,657
Interest	34,000	-	2,432	36,432	20,870	-	57,302	34,543	34,543	91,845
Bank fees	1,076	-	43,968	45,044	8,585	27,749	81,378	-	-	81,378
Utilities	20,375	-	43,180	63,555	9,506	-	73,061	-	-	73,061
Advertising	-	-	50,748	50,748	1,521	13,045	65,314	-	-	65,314
Telephone	5,022	13,982	14,485	33,489	23,048	1,104	57,641	-	-	57,641
Office expense	890	861	26,889	28,640	26,404	1,255	56,299	-	-	56,299
Meals and entertainment	10,304	1,222	4,454	15,980	18,478	10,433	44,891	-	-	44,891
Amortization expense	6,000	-	6,190	12,190	20,579	-	32,769	1,176	1,176	33,945
Payroll service	-	-	-	-	33,902	-	33,902	-	-	33,902
Training and education	5,975	13,725	970	20,670	10,589	1,475	32,734	-	-	32,734
Miscellaneous	22,912	-	-	22,912	5,096	-	28,008	-	-	28,008
Printing	988	-	72	1,060	1,504	8,422	10,986	-	-	10,986
Postage and delivery	2,344	12	-	2,356	2,161	1,931	6,448	-	-	6,448
Credit loss expense	-	-	-	-	-	2,559	2,559	-	-	2,559
Website	-	-	1	1	-	2,374	2,375	-	-	2,375
Total expenses	$ 7,005,600	$ 4,630,246	$ 2,072,103	$ 13,707,949	$ 2,295,486	$ 1,624,970	$ 17,628,405	$ 35,719	$ 35,719	$ 17,664,124

HABITAT FOR HUMANITY PHILADELPHIA, INC. AND SUBSIDIARY
Consolidating Statement of Functional Expenses
For the year ended June 30, 2024

	Habitat for Humanity Philadelphia, Inc.							HFHP Funding Company I, LLC		
	Program Services									
	Home Ownership	Critical Home Repair	ReStore	Total Program Services	Management and General	Fundraising	Total	Management and General	Total	Consolidated Total
Construction/repair costs	$ 4,872,794	$ 2,072,854	$ 263	$ 6,945,911	$ 6,661	$ 842	$ 6,953,414	$ -	$ -	$ 6,953,414
Payroll	1,550,978	535,122	753,501	2,839,601	830,044	974,982	4,644,627	-	-	4,644,627
Mortgage amortization	1,652,941	-	-	1,652,941	-	-	1,652,941	-	-	1,652,941
Professional fees	385,971	3,025	42,945	431,941	315,834	2,100	749,875	-	-	749,875
Employee benefits	153,438	132,577	100,942	386,957	87,473	102,201	576,631	-	-	576,631
Program expenses	129,614	29,716	272,623	431,953	47,729	24,930	504,612	-	-	504,612
Rent	-	7,980	419,224	427,204	-	-	427,204	-	-	427,204
Payroll taxes	147,493	15,000	62,090	224,583	58,904	76,934	360,421	-	-	360,421
Insurance	102,642	84,935	95,398	282,975	49,936	1,442	334,353	-	-	334,353
Miscellaneous	32,223	43,435	5,188	80,846	85,949	30,662	197,457	-	-	197,457
Depreciation	7,713	5,518	74,900	88,131	81,278	-	169,409	-	-	169,409
Special event costs	1,882	-	-	1,882	1,983	135,342	139,207	-	-	139,207
Dues and subscriptions	23,821	18,852	7,504	50,177	40,457	42,592	133,226	-	-	133,226
Interest	52,543	-	2,374	54,917	36,309	-	91,226	36,309	36,309	127,535
Campaign	1,768	29,781	48,261	79,810	3,940	597	84,347	-	-	84,347
Office expense	6,953	507	39,344	46,804	28,437	2,800	78,041	-	-	78,041
Bank fees	-	-	43,011	43,011	17,807	8,990	69,808	-	-	69,808
Tithe	-	-	-	-	55,000	-	55,000	-	-	55,000
Training and education	3,252	16,577	1,075	20,904	32,197	459	53,560	-	-	53,560
Telephone	85	350	8,709	9,144	43,708	-	52,852	-	-	52,852
Utilities	7,220	-	35,852	43,072	9,373	-	52,445	-	-	52,445
Loan origination fee amortization	41,640	-	-	41,640	1,176	-	42,816	1,175	1,175	43,991
Payroll service	-	3,000	1,848	4,848	31,962	-	36,810	-	-	36,810
Printing	685	-	3,378	4,063	701	12,707	17,471	-	-	17,471
Asset amortization	-	-	6,325	6,325	-	-	6,325	-	-	6,325
Postage and delivery	179	9	4	192	4,317	1,596	6,105	-	-	6,105
Travel	1,763	-	-	1,763	-	-	1,763	-	-	1,763
Website	-	-	-	-	-	1,410	1,410	-	-	1,410
Total expenses	$ 9,177,598	$ 2,999,238	$ 2,024,759	$ 14,201,595	$ 1,871,175	$ 1,420,586	$ 17,493,356	$ 37,484	$ 37,484	$ 17,530,840