

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Greater New
Haven, Inc.
New Haven, Connecticut

We have audited the accompanying consolidated financial statements of Habitat for Humanity of Greater New Haven, Inc. (a nonprofit organization) and subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Greater New Haven, Inc. and subsidiary as of December 31, 2024, and the changes in their net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Consolidated Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carter, Hayes + Associates, P.C.

Hamden, Connecticut
December 22, 2025

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(With Comparative Totals for Year Ended December 31, 2023)

	ASSETS		2024	2023
ASSETS				
Cash			\$ 1,254,239	\$ 1,423,705
Accounts receivable			26,493	24,033
Contributions and grants receivables			152,000	141,373
Non-interest bearing mortgage loans, net of unamortized discounts of \$2,340,908 in 2024 and \$2,225,692 in 2023			1,938,312	1,852,641
Construction in progress			608,133	590,796
Prepaid expenses			23,521	26,988
Security deposit			18,085	6,117
Operating lease right-of-use assets			296,647	340,216
Property and equipment, net			548,967	436,689
			\$ 4,866,397	\$ 4,842,558
LIABILITIES AND NET ASSETS				
			2024	2023
LIABILITIES				
Accounts payable			\$ 88,835	\$ 61,491
Accrued expenses			32,688	24,843
Escrows and deposits held			8,083	3,000
Operating lease liabilities			310,582	350,894
Mortgages and notes payable			298,584	354,754
			738,772	794,982
NET ASSETS				
Without donor restrictions			3,561,246	3,732,652
With donor restrictions			566,379	314,924
			4,127,625	4,047,576
			\$ 4,866,397	\$ 4,842,558

See Notes to Financial Statements.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS**

YEAR ENDED DECEMBER 31, 2024

(With Comparative Totals for Year Ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
SUPPORT AND REVENUES				
Contributions	\$ 513,342	\$ 700,000	\$ 1,213,342	\$ 931,745
Restore income	486,463	-	486,463	463,103
Transfers to homeowners	507,960	-	507,960	220,740
Mortgage loan discount amortization	171,277	-	171,277	166,079
Special events, net	144,310	-	144,310	115,389
Gain on sales of homeowner mortgages	-	-	-	110,530
In-kind donations	340,878	-	340,878	22,712
Interest income	109,204	-	109,204	19,030
Gain on vehicle trade-in	-	-	-	11,500
Miscellaneous	9,675	-	9,675	8,510
Net assets released from restrictions	<u>448,545</u>	<u>(448,545)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,731,654</u>	<u>251,455</u>	<u>2,983,109</u>	<u>2,069,338</u>
EXPENSES				
Program				
Housing program	2,178,655	-	2,178,655	1,203,788
Restore	470,402	-	470,402	399,099
Supporting services				
General and administrative	151,320	-	151,320	172,593
Fundraising	<u>102,683</u>	<u>-</u>	<u>102,683</u>	<u>138,522</u>
Total expenses	<u>2,903,060</u>	<u>-</u>	<u>2,903,060</u>	<u>1,914,002</u>
CHANGES IN NET ASSETS	(171,406)	251,455	80,049	155,336
NET ASSETS, beginning of year	<u>3,732,652</u>	<u>314,924</u>	<u>4,047,576</u>	<u>3,892,240</u>
NET ASSETS, end of year	<u>\$ 3,561,246</u>	<u>\$ 566,379</u>	<u>\$ 4,127,625</u>	<u>\$ 4,047,576</u>

See Notes to Financial Statements.

HABITAT FOR HUMANITY OF GREATER NEW HAVEN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

(With Comparative Totals for Year Ended December 31, 2023)

	Program Services			Supportive Services			Total Expenses	
	Housing Program	Restore	Total	General and Administrative	Fundraising	Total	2024	2023
Cost of homes transferred	\$1,621,445	\$ -	\$1,621,445	\$ -	\$ -	\$ -	\$1,621,445	\$ 670,955
Salaries	130,427	196,170	326,597	102,685	55,328	158,013	484,610	439,274
Payroll taxes and fringe benefits	25,092	27,801	52,893	14,018	11,603	25,621	78,514	90,615
Impairment loss on construction in progress	-	-	-	-	-	-	-	158,156
Professional fees and labor	8,286	90,872	99,158	22,644	6,541	29,185	128,343	150,312
Occupancy costs	9,673	93,356	103,029	3,240	3,240	6,480	109,509	100,098
Vehicle costs	22,939	16,108	39,047	-	-	-	39,047	39,495
Tithe and fees to International	22,551	-	22,551	-	-	-	22,551	25,474
Insurance	5,982	14,101	20,083	2,210	1,218	3,428	23,511	22,178
Equipment and supplies	3,074	5,120	8,194	1,243	7,808	9,051	17,245	20,097
Interest and service charges	109	9,179	9,288	417	7,480	7,897	17,185	13,639
Telephone and technology	6,874	5,014	11,888	1,500	1,385	2,885	14,773	12,632
Printing and publications	3,461	1,179	4,640	100	3,658	3,758	8,398	9,083
Public relations	6,330	-	6,330	115	1,631	1,746	8,076	5,031
Postage and mailing	612	231	843	324	943	1,267	2,110	3,746
Meetings, travel and training	<u>2,551</u>	<u>131</u>	<u>2,682</u>	<u>438</u>	<u>212</u>	<u>650</u>	<u>3,332</u>	<u>2,704</u>
Total expenses before mortgage discount and depreciation	1,869,406	459,262	2,328,668	148,934	101,047	249,981	2,578,649	1,763,489
Mortgage discounts	286,492	-	286,492	-	-	-	286,492	125,249
Depreciation	<u>22,757</u>	<u>11,140</u>	<u>33,897</u>	<u>2,386</u>	<u>1,636</u>	<u>4,022</u>	<u>37,919</u>	<u>25,264</u>
	<u>\$2,178,655</u>	<u>\$470,402</u>	<u>\$2,649,057</u>	<u>\$151,320</u>	<u>\$102,683</u>	<u>\$254,003</u>	<u>\$2,903,060</u>	<u>\$1,914,002</u>

See Notes to Financial Statements.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2024

(With Comparative Totals for Year Ended December 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 80,049	\$ 155,336
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	37,919	25,264
Donated equipment	(6,500)	-
Gain on vehicle trade-in	-	(11,500)
Mortgages transferred to homeowners subject to non-interest bearing advances	(218,521)	(94,288)
Mortgage loan discount amortization	(171,277)	(166,079)
Gain on sale of homeowner mortgages	-	(110,530)
Impairment loss on construction in progress	-	158,156
(Increase) decrease in:		
Accounts receivable	(2,460)	(819)
Contribution and grants receivables	(10,627)	10,597
Prepaid expenses	3,467	3,387
Construction in progress	(17,336)	(127,658)
Deposits	(11,968)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	27,344	(11)
Accrued expenses	7,845	9,255
Escrows and deposits held	5,083	1,800
Right-of-use lease liability	3,257	4,659
<i>Net cash used in operating activities</i>	<i>(273,725)</i>	<i>(142,431)</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(143,697)	(7,500)
Collection of mortgages receivable	304,126	594,515
<i>Net cash provided by investing activities</i>	<i>160,429</i>	<i>587,015</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on mortgages and notes payable	(66,170)	(154,338)
Proceeds from note payable	10,000	40,000
<i>Net cash used in financing activities</i>	<i>(56,170)</i>	<i>(114,338)</i>

See Notes to Financial Statements.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF CASH FLOWS, Continued
YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
NET INCREASE (DECREASE) IN CASH	(169,466)	330,246
CASH, beginning	<u>1,423,705</u>	<u>1,093,459</u>
CASH, ending	<u>\$ 1,254,239</u>	<u>\$ 1,423,705</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Operating activities reflect cash paid during the period for:		
Interest	<u>\$ 3,835</u>	<u>\$ 2,717</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY:		
Issuance of non-interest bearing mortgage loans	\$ 504,960	\$ 219,540
Discounts on non-interest bearing mortgage loans	<u>(286,433)</u>	<u>(125,252)</u>
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 218,527</u>	<u>\$ 94,288</u>
Purchase of truck	\$ -	\$ 73,014
Less truck trade-in	-	(11,500)
Less deposit	<u>-</u>	<u>(500)</u>
Truck purchase financed with loan	<u>\$ -</u>	<u>\$ 61,014</u>

See Notes to Financial Statements.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Habitat for Humanity of Greater New Haven, Inc. (“Habitat”) is a tax-exempt, not-for-profit organization, non-stock corporation organized in the State of Connecticut in 1986. Habitat is an independent affiliate of Habitat for Humanity International, Inc. (“HFHI”), a nonprofit organization with affiliates worldwide whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience and action with people everywhere. Although HFHI assists with informational and fiscal resources, Habitat is primarily responsible for its own operations.

Habitat builds and renovates affordable homes in the Greater New Haven, Connecticut area, through volunteer labor and with the assistance of the future low-income homeowner families. Future homeowners are required to contribute four hundred hours of their own labor into the building of their house, as well as the houses of others. Habitat houses are sold to low-income families at below cost and are financed by Habitat with no interest mortgages. These mortgages are usually repaid over twenty-five years and contain provisions to limit the homeowners from profiting on the resale of their homes. Habitat’s program is funded through contributions, grants, and in-kind donations, from individuals, foundations, corporations, public agencies, and religious organizations.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Habitat and its wholly owned subsidiary, 37 Union Ave., LLC. Habitat is the sole member of 37 Union Ave., LLC which was formed in October 2003 to acquire real property and lease it back to Habitat as office space. All material transactions and balances between the entities have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements of Habitat have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset classification or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with Habitat’s audited financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Basis of Presentation

Habitat reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature, such as those that will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the fund be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Leases

In accordance with ASU No. 2016-02, *Leases (Topic 842)*, Habitat determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and operating lease liability. Habitat has determined they have no leases meeting the definition of a finance lease.

ROU assets represent Habitat's right to use an underlying asset for the lease term and lease liabilities represent Habitat's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Habitat will exercise that option. Leases expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Habitat has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Mortgages Receivable

On January 1, 2023, Habitat adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard changes the manner in which credit losses (in essence, uncollectible mortgages receivable) are estimated. In the past, losses were recorded when it became *probable* that all contractual amounts would not be collected, based on information known at the balance sheet date. Under the new standard, the probable threshold need not be met

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

and, if historical experience and future expectations suggest mortgages will not be collected, an allowance for credit losses is recorded. This approach is referred to as the current expected credit loss (“CECL”) model. The adoption of this new standard had no material effect on Habitat’s financial statements.

Habitat’s non-interest-bearing mortgages are discounted based on applicable federal rates at the time of the sale, which results in the net mortgage receivable balances being generally less than 50% of the outstanding mortgages receivable. In addition, Habitat sells the homes at below cost and market value. Therefore, Habitat believes that losses resulting from nonpayment of mortgages receivable, given the collateral value, are not likely. Accordingly, management has not established an allowance for potential credit losses.

Recognition of Support and Revenue

Contributions

Contributions are defined as voluntary, non-reciprocal transfers. Contributions are recognized as support when received or pledged, if applicable. Contributions that are restricted by the donor 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 Statement of Activities as net assets released from restrictions. Habitat's policy is to present donor restricted net assets received during the year whose restrictions are also met during the current year as net assets without donor restrictions.

Donated Services, Properties and Materials

Donated materials, which are contributed by outside parties, are recorded as support and expense, when measurable, in the period in which the materials are donated. Donated properties are recorded as support based on assessments and/or appraisals, in the period in which the properties are donated. Habitat recognizes donated services if they create or enhance nonfinancial assets or requires specialized skills and would typically be purchased if not provided by donation.

For the year ended December 31, 2024, Habitat valued contributed materials at \$16,728, services at \$9,350, and properties and equipment at \$314,800. For the year ended December 31, 2023, Habitat valued contributed materials at \$20,574 and services at \$2,138.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the years ended December 31, 2024 and 2023, total volunteer hours were approximately 16,300 (14,600 for construction, 1,000 ReStore, 400 administration, 300 fundraising) and 16,100 (14,100 for construction, 1,200 ReStore, 300 administration, 500 fundraising), respectively.

Sale of Homes

Habitat recognizes the revenue from the sale of homes at the date of closing for the house as this is the point in time the Organization has determined that their performance obligation is satisfied.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Exchange Transactions

Program revenues are recognized when control of the promised goods or services are transferred to the Organization's customers, in an amount that reflects the consideration the Organization expects to be entitled to for those goods or services. To do this, the Organization performs the following five steps as outlined in ASC 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the Organization satisfies a performance obligation.

Donated Goods

The ReStore receives donated home furnishings, building supplies, paint and paint supplies, flooring, and other home improvement items. No amounts have been recognized in the accompanying statement of activities for these goods because the criteria for recognition have not been satisfied.

Grants

In accordance with ASU 2018-08, grants from government agencies are accounted for as conditional contributions. Conditional contributions are recorded when the condition has been satisfied. Grant funds received prior to satisfaction of the condition are reported as deferred revenue. Conditions satisfied in advance of grant funds being received are reported as a receivable.

ReStore Revenue

ReStore sales of donated goods are recognized as revenue at the time of the sale as this is the point in time Habitat has determined that their performance obligation is satisfied. Historically, sales returns have not been significant.

Construction in Progress

Construction in progress represents the cumulative amounts expended to date on land, building and renovation costs and representative amounts for donated materials and land. When the corresponding homes are completed and transferred to homeowners, these costs are expensed. Construction in progress is valued at the lower of carrying cost or anticipated sales price, with an impairment recorded for the difference. Habitat reviews construction in progress for impairment during each reporting period on a property-by-property basis.

Property and Equipment

Donated assets are stated at fair market value as determined by management at the date contributed. Property purchased is recorded at cost. Property and equipment purchased or donated in excess of \$2,500 are capitalized.

Maintenance and repair costs are charged to operations as incurred; major renewals and betterments are capitalized. The costs relating to assets sold or retired are removed from the account balance at the time of the disposition and the related gains and losses are included in the change in net assets.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Depreciation is provided utilizing the straight-line method over the estimated useful lives of the property as follows:

Building and improvements	10 to 40 years
Furniture, equipment and vehicles	3 to 10 years
Furniture and fixtures	10 years
Leasehold improvements	7 to 8 years

Contribution, Grants and Other Receivables

Contributions, grants and other receivables are stated net of an allowance for doubtful accounts. Habitat has determined that all amounts are collectible, and accordingly no allowance for potentially uncollectible accounts has been recorded.

Below Market Loans

Habitat was formed in order to build affordable housing for low-income families. Other nonprofit and governmental entities having a similar agenda to foster the construction of low-income housing have lent money to the Organization at advantageous terms. Habitat has not discounted these below market loans since they were made at arm's length.

Income Taxes

Habitat, a not-for-profit organization operating under section 501(c) (3) of the Internal Revenue Code, is generally exempt from federal and state taxes under the group exemption held by HFHI. Habitat is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. No provision for unrelated business income tax is recorded in the financial statements.

37 Union Ave., LLC is a single member Limited Liability Company and is considered a disregarded entity for income tax purposes.

Habitat files tax returns in the United States. Habitat has not taken any tax positions that management believes would result in additional tax liabilities upon examination of the tax returns by a tax jurisdiction. Habitat has no open tax years prior to December 31, 2021. Habitat's tax returns are subject to examination, generally for three years after they were filed.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Direct costs that can be specifically identified with a program or activity are charged to the respective program or activity. Certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management using a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, repairs and maintenance and depreciation, which are allocated on a square footage basis, as well as salaries and wages, payroll taxes and benefits, office expenses, insurance and telephone, which are allocated on the basis of estimates of time and effort.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Presentation of Sales Taxes

The State of Connecticut imposes a sales tax of 6.35% on certain types of Habitat's sales. The Organization collects that sales tax from customers and remits the entire amount to the State. Habitat's accounting policy is to exclude the tax collected and remitted to the State from revenues and expenses.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used. The discounts applied to mortgage receivables is a significant estimate included in these financial statements.

Disclosure of Subsequent Events

Management has monitored and evaluated any subsequent events through December 22, 2025, the date the consolidated financial statements were available to be issued.

2. Concentrations

Cash Investments

The Organization places its cash deposits with high credit quality financial institutions and such deposits may exceed federal depository insurance limits of \$250,000 per financial institution for short periods of time. Habitat has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. At December 31, 2024 the uninsured cash balance amounted to approximately \$750,000.

Mortgages Receivable

Habitat regularly reviews its mortgages receivable and monitors the accounts for delinquencies. The organization will work with the homeowners to cure any delinquent payments. If the homeowner does not cure the default, foreclosure proceedings are initiated.

Support and Revenue

Grants and contracts with various public agencies require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill such conditions, which include expending funds in accordance with the approved budget, could result in the return of funds to the grantor. No return of funds by the Organization have been required to date.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets:	
Cash	\$1,254,239
Accounts receivable	26,493
Contributions and grants receivable	152,000
Current mortgage loans receivable	<u>368,970</u>
Financial assets available to meet general expenditures within one year	<u>\$1,801,702</u>

Net assets with donor restrictions as of December 31, 2024 are anticipated to be used in less than one year. Habitat plans to have sufficient financial assets to meet obligations as they come due. In addition to the financial assets available, the Organization has access to lines of credit in the total amount of \$323,000, all of which were fully available at December 31, 2024.

4. Construction in Progress

Projects currently in progress at December 31, 2024 consisted of the following addresses in New Haven and Madison:

24 Old School House, Madison	\$202,509
256 Russell Street, New Haven	146,834
47 Foxon Street, New Haven	149,588
309 Dyer Street, New Haven	<u>109,202</u>
	<u>\$608,133</u>

When the cumulative amounts expended for acquisition and construction exceed the anticipated sales price for a home upon completion, Habitat reduces the construction in progress balance to the anticipated sales price. Accordingly, as of December 31, 2023 an impairment of \$158,156 was recorded.

5. Mortgages Receivable

Mortgages receivable consist of eighty-one (81) non-interest bearing loans at December 31, 2024 due from individuals who have purchased homes constructed by Habitat. The mortgage loans have original maturities ranging from 25 to 30 years to be repaid in monthly installments. Mortgage servicing is performed by a third party service provider, Capital for Change.

The non-interest bearing mortgages have been discounted at various rates ranging from 7.18% to 8.78% based upon the applicable federal rates issued by the IRS for the 70% present value low income housing credit at the inception of the mortgage. These original discounted amounts are reflected in the consolidated financial statements as *Mortgage Discounts* on the Consolidated Statement of Functional Expenses. The discounts are amortized using the straight-line method over the lives of the mortgages and the income is reflected on the Consolidated Statement of Activities and Changes in Net Assets.

**HABITAT FOR HUMANITY OF GREATER
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

At various times, Habitat participates in a program offered by Connecticut Housing Finance Authority (CHFA) to sell Habitat's homeowner mortgages to CHFA at 70% of the mortgage outstanding balance. In March 2023, Habitat sold five mortgages to CHFA with outstanding balances of \$450,102 for \$315,002. Habitat has recognized a gain on the sale of \$110,530 in the Consolidated Statement of Activities and Changes in Net Assets. The gain is made up of the 30% difference between cash received and the mortgage balance (\$135,011) net of the recognition of the remaining unamortized discount balances of the mortgages (\$245,541). Habitat remains secondarily liable for repayment of the mortgages by the homeowners (see Note 10).

In addition to the non-interest bearing mortgage received from the sale of each home, Habitat issues a Declaration of Resale Restrictions and Recapture Agreement (the "Agreement"). The Agreement stipulates that upon the homeowner refinancing, selling, disposing of or transferring the home, Habitat will be entitled to an amount that exceeds the Allowable Return. The Allowable Return is based upon the consideration received by the homeowner, less customary closing costs and expenses, multiplied by the applicable Factor based upon the number of years elapsed from original transfer to the homeowner. For homeowner transfers prior to December 31, 2022, the Factor is 5% per year for elapsed years one through four and 10% per year for elapsed years five through twelve. Beginning with homeowner transfers in 2023 and forward, the Factor is 2% per year for elapsed years one through eight, 4% per year for elapsed years nine through fifteen, 9% per year for elapsed years sixteen through twenty one and .5% per year for elapsed years twenty two through twenty five.

Mortgages receivable at December 31, 2024 consisted of the following:

Due in less than one year	\$ 368,970
Due in one to five years	1,100,358
Thereafter	<u>2,809,892</u>
	4,279,220
Less unamortized discount	<u>2,340,908</u>
	<u>\$1,938,312</u>

6. Transactions with Habitat for Humanity International

Habitat annually remits a portion of its unrestricted contributions (excluding in-kind contributions) to HFHI. The remittance is known as Tithing. These funds are used exclusively by HFHI to construct homes in economically depressed areas around the world. Habitat also contributes an annual U.S. Stewardship and Organizational Sustainability Initiative (SOSI) fee based on its geographic service area population which HFHI uses to offset costs associated with their efforts that benefit all affiliates such as brand protection and promotion, regulatory advocacy and gifts in-kind solicitation.

For the year ended December 31, 2024, Tithe and SOSI contributions were \$14,092 and \$8,459, respectively.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

7. Property and Equipment

Property and Equipment consisted of the following at December 31, 2024:

Vehicles	\$326,063
Building and improvements	212,614
Land	164,999
Office furniture and equipment	52,715
ReStore leasehold improvements	39,732
Construction equipment	<u>31,093</u>
	827,216
Less accumulated depreciation	<u>278,249</u>
	<u>\$548,967</u>

8. Mortgages and Notes Payable

Long-term debt at December 31, 2024 consisted of the following:

Connecticut Housing Finance Authority (CHFA), fourteen (14) non-interest bearing notes payable due in monthly installments ranging from \$184 to \$317, due on various dates through December 2034, secured by mortgage receivables (A)	\$232,425
Toyota Industries Commercial Finance, due in monthly installments of \$1,225, including interest at 7.6%, through May 2028, secured by truck	44,123
HFHI for Self-Help Opportunity Program (SHOP), three (3) non-interest bearing notes payable due in monthly installments ranging from \$78 to \$312, due on various dates through December 2025, unsecured	5,652
HOME Investment Partnership Program, three (3) non-interest bearing mortgages due in quarterly installments ranging from \$230 to \$475, due on various dates through December 2027, secured by mortgage receivables	<u>16,384</u>
	<u>\$298,584</u>

(A) At various times, the Organization has assigned mortgages issued to homeowners to CHFA as security for loans from CHFA under the Interest on Real Estate Brokers Trust Account (IOREBTA) program. As a result of the assignment, these transactions are not treated as sales and the outstanding balances of these assigned mortgages (net of discounts) are included in the mortgages receivable balance on the Consolidated Statement of Financial Position. During the year ended December 31, 2024, Habitat assigned one additional homeowner mortgage to CHFA for \$10,000.

**HABITAT FOR HUMANITY OF GREATER
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Aggregate maturities required on long-term debt at December 31, 2024 are as follows:

Year ending <u>December 31,</u>	
2025	\$ 77,239
2026	51,078
2027	42,939
2028	32,449
2029	23,025
Thereafter	<u>71,854</u>
	<u>\$298,584</u>

9. Lines of Credit

On March 20, 2012, Habitat entered into a line of credit agreement with M&T Bank in the amount of \$73,000. Interest on any outstanding balance is calculated daily by adding 2% to the “M&T Bank’s Prime Rate.” The line of credit is renewable annually and is secured by the business assets and a second mortgage on the property at 37 Union Street, New Haven, Connecticut. As of December 31, 2024, there was no outstanding balance.

On April 19, 2024, Habitat entered into a line of credit agreement with TD Bank in the amount of \$250,000, secured by substantially all the business assets of the Organization. Interest on any outstanding balance is calculated daily at .74% above the Wall Street Journal Prime Rate (in no event to drop below 6.5%). There were no amounts outstanding under this line of credit as of December 31, 2024.

10. Contingency

At times, Habitat sells mortgages receivable to the CHFA. The agreements underlying the sales of receivables contain provisions that in the event a loan is delinquent by ninety (90) days or more, CHFA can require Habitat to repurchase the delinquent mortgage at 70% of the then outstanding balance. The outstanding balance of mortgages receivable previously sold to CHFA is approximately \$419,700 at December 31, 2024.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 consisted of the following:

Future construction costs	\$500,000
Purchase of equipment, vehicles and support for construction assistant position	<u>66,379</u>
	<u>\$566,379</u>

12. Pension Plan

Habitat maintains a SIMPLE IRA pension plan for employees. Employees can contribute up to the federal maximum and Habitat matches employee contributions up to 3% of the employee’s salary. For the years ended December 31, 2024 and 2023, Habitat’s expense was \$18,095 and \$15,585, respectively.

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

13. Operating Lease

Habitat leases real property located at 286 South Colony Road, Wallingford, CT for the purpose of operating a ReStore. The lease expires in March 2026 and provides for a renewal option for five years. In the normal course of business, it is expected that the lease will be renewed.

The following provides the quantitative information for Habitat's ReStore lease for the year ended December 31, 2024:

- Annual operating lease expense, recognized on a straight-line basis over the lease term, is \$51,353.
- Cash payments made for operating lease during 2024 are \$48,095.
- The present value of lease liabilities were computed using risk-free discount rate of 2.34%.

At December 31, 2024, minimum future payments under lease obligations are as follows:

<u>Year ending December 31,</u>	
2025	\$ 49,538
2026	51,024
2027	52,555
2028	54,131
2029	55,755
Thereafter	<u>71,890</u>
Total lease payments	334,893
Less present value discount	<u>(24,311)</u>
Present value of lease liabilities	<u>\$310,582</u>

14. Special Events

During the year ended December 31, 2024, Habitat conducted the following fundraising events:

	<u>Gross Receipts</u>	<u>Less Direct Expenses</u>	<u>Net Income</u>
Gala	\$121,342	\$14,261	\$107,081
Head of the Housatonic	31,564	-	31,564
Various events	<u>7,452</u>	<u>1,787</u>	<u>5,665</u>
	<u>\$160,358</u>	<u>\$16,048</u>	<u>\$144,310</u>

**HABITAT FOR HUMANITY OF GREATER
NEW HAVEN, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

15. Subsequent Events

On April 21, 2025, Habitat sold eight (8) homeowner mortgages with total outstanding balances of \$796,164 to CHFA for \$557,314, 70% of the mortgage outstanding balances.

Habitat has sold the following homes and taken back the following mortgages:

<u>Date</u>	<u>Address</u>	<u>Mortgage</u>
06/23/25	47 Foxon St., New Haven	\$233,472
07/25/25	309 Dyer St., New Haven	\$298,740
11/25/25	256 Russel St., New Haven	\$246,270
12/31/25	24 Old School House Rd., Madison	\$347,245