

Habitat for Humanity of the NC Sandhills, Inc.

**Financial Statements
With Independent Auditors' Report**

June 30, 2025

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

Habitat for Humanity of the NC Sandhills, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Habitat for Humanity of the NC Sandhills, Inc.
Aberdeen, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of the NC Sandhills, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of the NC Sandhills, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of the NC Sandhills, Inc.'s ability to continue as a going concern for a reasonable Year of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state award, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Dodson, Shelton & Nelson, P.A.

Greensboro, North Carolina
January 6, 2026

Habitat for Humanity of the NC Sandhills, Inc.
Statement of Financial Position
For the Year Ended June 30, 2025
(With Summarized Comparative Financial Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	2,712,062	1,339,590
Certificates of deposit	-	299,724
Investments	-	240,004
Current portion of mortgages receivable	675,000	504,000
Sales tax receivable	36,348	43,783
Other current assets	13,553	22,304
Total current assets	<u>3,436,963</u>	<u>2,449,405</u>
Property and Equipment - Net	<u>990,674</u>	<u>955,476</u>
Other Assets		
Long term portion of mortgages receivable - net	5,126,078	4,766,706
Land and new home construction inventories	5,246,229	5,707,035
Cash Surrender Value of Life Insurance	206,250	179,933
Total other assets	<u>10,578,557</u>	<u>10,653,674</u>
Total assets	<u>\$ 15,006,194</u>	<u>\$ 14,058,555</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 33,587	\$ 31,632
Accrued payroll	-	2,423
Deferred revenue	5,187	3,734
Current portion of long-term debt	708,116	205,620
Total current liabilities	<u>746,890</u>	<u>243,409</u>
Long-term debt, net of current portion	<u>3,741,674</u>	<u>3,911,786</u>
Total liabilities	<u>4,488,564</u>	<u>4,155,195</u>
Net Assets		
Without donor restrictions	10,380,670	9,792,717
With donor restrictions	136,961	110,643
Total net assets	<u>10,517,631</u>	<u>9,903,360</u>
Total liabilities and net assets	<u>\$ 15,006,194</u>	<u>\$ 14,058,555</u>

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

Habitat for Humanity of the NC Sandhills, Inc.

Statement of Activities

For the Year Ended June 30, 2025

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2025</u>	<u>Total 2024</u>
Public Support and Revenues				
Public support				
Contributions	573,108	\$ 15,000	\$ 588,108	\$ 474,588
Grant income	841,661	-	841,661	794,734
Special Events	267,863	-	267,863	240,624
In-kind contributions	141,782	-	141,782	59,736
Total public support	<u>1,824,414</u>	<u>15,000</u>	<u>1,839,414</u>	<u>1,569,682</u>
Revenue				
Home sales	3,594,150	-	3,594,150	2,953,500
Amortization of discount on home sales	250,000	-	250,000	250,000
Store Sales	1,468,393	-	1,468,393	1,401,581
Investment income	41,686	-	41,686	26,771
Unrealized gain (loss) on investments	-	11,318	11,318	2,950
Gain on sale of land	65,372	-	65,372	643,243
Other	96,194	-	96,194	2,605
Total revenue	<u>5,515,795</u>	<u>11,318</u>	<u>5,527,113</u>	<u>5,280,650</u>
Total public support and revenue	<u>7,340,209</u>	<u>26,318</u>	<u>7,366,527</u>	<u>6,850,332</u>
Expenses				
Program services				
Construction	5,659,661	-	5,659,661	4,548,511
ReStore	632,312	-	632,312	601,189
Supporting services				
General and administrative	355,612	-	355,612	317,438
Fundraising	104,703	-	104,703	164,256
Total operating expenses	<u>6,752,288</u>	<u>-</u>	<u>6,752,288</u>	<u>5,631,394</u>
Change in net assets	587,921	26,318	614,239	1,218,938
Net assets, beginning of year (restated)	<u>9,792,749</u>	<u>110,643</u>	<u>9,903,392</u>	<u>8,684,422</u>
Net assets, end of year	<u>\$ 10,380,670</u>	<u>\$ 136,961</u>	<u>\$ 10,517,631</u>	<u>\$ 9,903,360</u>

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

Habitat for Humanity of the NC Sandhills

Statement of Functional Expenses

For the Year Ended June 30, 2025

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

	2025				2025	2024
	Program Services		Supporting Services		Total	Total
	Homes	ReStores	General and Administrative	Fundraising		
Cost of homes	2,955,437	\$ -	\$ -	\$ -	\$ 2,955,437	\$ 1,975,562
Cost of repair program	502,319	-	-	-	502,319	707,952
Cost of store sales	-	10,204	-	-	10,204	59,427
Salaries and benefits	582,341	388,117	133,527	-	1,103,985	1,168,622
Mortgage discounts	1,302,950	-	-	-	1,302,950	947,459
Donation to Habitat for Humanity						
International	78,000	-	-	-	78,000	84,000
Advertising	-	1,911	-	-	1,911	6,986
Bad debt expense	-	-	71,166	-	71,166	102,393
Bank charges	-	34,126	12,952	-	47,078	42,984
Communications	-	2,826	39,190	-	42,016	22,925
Dues and subscriptions	-	-	30,731	-	30,731	16,081
Equipment rental	-	518	-	-	518	565
Fundraising and special events	-	-	-	2,538	2,538	57,586
Insurance	46,395	38,603	9,033	-	94,031	64,732
Interest	20,000	-	-	-	20,000	20,000
Maintenance and repairs	35,465	54,290	-	-	89,755	78,654
Mortgage servicing	29,431	-	-	-	29,431	25,115
Office expense	37,069	-	2,900	-	39,969	7,347
Professional fees	-	654	32,940	-	33,594	23,195
Program development	21,086	-	-	102,165	123,251	43,196
Family services	4,971	-	-	-	4,971	12,949
Supplies	9,479	13,986	9,341	-	32,806	37,860
Travel and training	13,056	373	467	-	13,896	19,020
Utilities	-	20,132	2,488	-	22,620	19,036
Volunteer expenses	20,955	4,237	-	-	25,192	19,461
Miscellaneous	707	-	3,173	-	3,880	3,064
Total expenses before depreciation	5,659,661	569,977	347,908	104,703	6,682,249	5,566,171
Depreciation expense	-	62,335	7,704	-	70,039	65,223
Total Expenses	\$ 5,659,661	\$ 632,312	\$ 355,612	\$ 104,703	\$ 6,752,288	\$ 5,631,394

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

Habitat for Humanity of the NC Sandhills, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Summarized Comparative Financial Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 614,239	\$ 1,218,938
Depreciation	70,039	65,223
Unrealized (gain) loss on investments	-	(2,950)
Increase in allowance for doubtful collections	71,166	102,393
Realized gain on investments	(7,068)	-
Gain on sale of land	(65,372)	(643,243)
Adjustments to reconcile change in net assets to net cash - operating activities:		
(Increase) decrease in:		
Mortgage loans receivable	(601,538)	(469,957)
Sales tax and other receivables	16,186	35,877
Restore inventory	-	10,849
Land and new homes under construction inventory	476,033	(1,329,231)
Increase (decrease) in:		
Accounts payable	1,955	(21,065)
Accrued expenses	(970)	33
Deferred revenue	-	(3,106)
Net cash - operating activities	<u>574,670</u>	<u>(1,036,239)</u>
Cash Flow from Investing Activities		
Purchase of investments	-	(237,033)
Proceeds from sale of investments	247,072	-
Purchase of certificates of deposit	299,724	(299,724)
Purchase of property and equipment	(135,951)	(4,409)
Increase in other assets	(26,317)	(694)
Proceeds from sale of land	80,890	690,118
Net cash - investing activities	<u>465,418</u>	<u>148,258</u>
Cash Flow from Financing Activities		
Proceeds from issuance of long-term debt	538,004	691,735
Repayment of long-term debt	(205,620)	(166,116)
Net cash - financing activities	<u>332,384</u>	<u>525,619</u>
Net decrease in cash and cash equivalents	1,372,472	(362,362)
Cash and cash equivalents, beginning of year	<u>1,339,590</u>	<u>1,701,952</u>
Cash and cash equivalents, end of year	<u>\$ 2,712,062</u>	<u>\$ 1,339,590</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Supplemental disclosures of noncash transactions		
Transfer of land from land and new home construction inventory to land used for operations	<u>\$ 5,985</u>	<u>\$ 254,089</u>

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

Habitat for Humanity of the NC Sandhills, Inc.

Notes to Financial Statements

June 30, 2025

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

1. NATURE OF OPERATIONS

Habitat for Humanity of the NC Sandhills, Inc. (the “Organization”) was established in 1988 in the State of North Carolina. The mission of the Organization is to implement the gospel of Jesus Christ throughout the United States of America and around the world by working with economically disadvantaged people to help them create a better human habitat in which to live and work, and to cooperate with other charitable organizations, through grants and otherwise, which are working to develop a better habitat for economically disadvantaged people.

The Organization built 14 homes, recycled 0 homes and had 40 repairs in 2025. The Organization built 12 homes, recycled 1 home and had 44 repairs in 2024.

Habitat operates a Habitat for Humanity ReStore (ReStore) retail operation located in Aberdeen, North Carolina. The store takes in donated items like home furnishings, appliances and other miscellaneous items and then resells them to the community at greatly reduced prices. The ReStore operates for the sole purpose of generating funds to assist in the Organization’s main purpose of building affordable housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization is required to report 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.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions and all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

NET ASSETS

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 not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (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 year 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 statement of activities as net assets released from restrictions.

Habitat for Humanity of the NC Sandhills, Inc.

Notes to Financial Statements

June 30, 2025

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

MARKETABLE SECURITIES

The Center carries these investments at fair value with increases and decreases recognized in the period in which they occur. Investment income (including realized and unrealized gains and losses, interest, and dividends) is included in the change in net assets with and without donor restrictions

REVENUE AND REVENUE RECOGNITION

The Organization's revenue from contracts with customers consist of home sales and repairs, and Habitat ReStore sales. The Organization's contracts have a single performance obligation. The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for the transferring goods to the customer. Revenue is recorded based on transaction price, which is a fixed consideration. The Organization recognizes Habitat ReStore sales at a point in time when control of the goods is passed to the customer, which typically occurs at the point of sale and is also when customer payment is collected. Sales from Habitat ReStores are reported net of sales tax collected.

The Organization recognizes revenue from home sales at a point in time, when a closing occurs. A closing for a home sale is considered to occur when title, possession and other attributes of ownership have been transferred to the buyer; and the Organization is not obligated to perform significant activities after the sale. For critical home repairs, revenue is recognized at the completion of the repair work.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

DONATED SERVICES AND GOODS

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, management and general and fundraising activities. No amounts have been reflected in the financial statements for these contributions as these contributions do not meet the criteria of recognition.

Contributed goods are recorded at fair value at the date of donation.

EXPENSE ALLOCATIONS

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefitted. Costs that can be identified with a particular program or support function are charged directly to that program or function. Expense allocations, including salaries and benefits, are allocated on the basis of management's estimates of the proportion of these costs applicable to each program and supporting service based on time and effort for each. Rent, depreciation expense, insurance and office expenses are allocated based upon estimates of use.

Habitat for Humanity of the NC Sandhills, Inc.

Notes to Financial Statements

June 30, 2025

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ADVERTISING

The Organization expenses advertising costs as incurred. Total advertising costs were \$1,911 and \$6,986 for the years ended June 30, 2025 and 2024, respectively.

PROPERTY AND EQUIPMENT

All property and equipment exceeding \$500 are capitalized and recorded at cost. Depreciation of machinery and equipment, furniture and fixtures, vehicles, exhibits, buildings and improvements is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Furniture and fixtures	3-7 years
Vehicles	5 years
Building and improvements	39 years

Donations of property and equipment are recorded as support at their estimated fair value on the date of receipt. Such donations are reported as support that is without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor restrictions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

IMPAIRMENT OF LONG-LIVED ASSETS

The Organization assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances have made full recovery of the asset's carrying value unlikely. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. Should an impairment exist, the impairment loss would be measured based on the excess of the carrying amount of the asset over the asset's fair value. No impairment charges were recognized on long-lived assets for the years ended June 30, 2025 and 2024.

INCOME TAX STATUS

The Organization is exempt from Federal and state income tax under Internal Revenue Code Section 501(c)(3) and has been classified as other than a private foundation by the Internal Revenue Service. Accordingly, no provision for income taxes is reflected in the financial statements. Contributions to the Organization are tax deductible to donors under Section 170 of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board (FASB), management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

USE OF ESTIMATES

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

Habitat for Humanity of the NC Sandhills, Inc.

Notes to Financial Statements

June 30, 2025

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

PRIOR-YEAR COMPARATIVE TOTALS

The financial statements include prior year summarized information, which is presented for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's 2024 financial statements, from which the summarized information is derived.

3. MORTGAGE RECEIVABLES

The Organization, through a no interest 25- or 30-year mortgage, finances home sales. Mortgages receivables have been discounted using an impute interest rate of 8.01% for 2025 and 2024 based upon Habitat for Humanity International averages. Discounted amortization income is recorded over the lives of the mortgages using the effective interest rate method.

The Organization has a financing arrangement with a third party lender in which the lender underwrites a portion of the mortgage utilizing a 3% interest rate. The face value of the mortgage is reduced to create a zero-interest equivalent mortgage which provides the same stream of payments for the borrower as with a no interest loan at full appraisal value. The reduction in face value is not record for accounting purposes at time of sale, but is included as a recorded unamortized and forgivable loan only to be paid on in the event of a sale or refinancing of the home. The Organization has established an allowance for doubtful accounts based on historic foreclosure rates and current economic conditions.

Mortgage receivables are as follows at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Mortgages receivable	7,688,940	7,337,401
Less allowance for doubtful accounts	(1,558,759)	(1,808,759)
Less discount amortization	<u>(329,103)</u>	<u>(257,936)</u>
Fair value at end of the year	5,801,078	5,270,706
Less current portion of mortgages receivable	<u>(675,000)</u>	<u>(504,000)</u>
Long term portion of mortgages receivable	<u>\$ 5,126,078</u>	<u>\$ 4,766,706</u>

4. LAND AND NEW HOMES UNDER CONSTRUCTION INVENTORY

Land and new homes under construction inventory as of June 30, 2025 and 2024, consist of the following:

	<u>2025</u>	<u>2024</u>
Homes under construction	1,163,883	1,246,044
Real estate and developed lots	<u>4,082,346</u>	<u>4,460,991</u>
	<u>\$5,246,229</u>	<u>\$5,707,035</u>

Habitat for Humanity of the NC Sandhills, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Furniture and fixtures	71,515	69,435
Vehicles	221,308	229,276
Building	1,072,425	967,285
Land and improvements	336,673	330,688
Total property, plant and equipment	1,701,921	1,596,684
Less: Accumulated depreciation	(711,247)	(641,208)
Net property, plant and equipment	<u>\$ 990,674</u>	<u>\$ 955,476</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, is comprised of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,712,062	\$ 1,339,590
Certificates of deposit	-	299,724
Sales tax receivable	36,348	43,783
Other receivables	13,553	22,304
Investments	-	240,004
Financial assets available to meet general expenditures within one year	<u>\$ 2,761,963</u>	<u>\$ 1,945,405</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

7. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1 – Inputs to the valuation methodology that are quoted in an active market.

Level 2 – Inputs to the valuation methodology that are inputs other than quoted prices that are observable for the assets.

Habitat for Humanity of the NC Sandhills, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

7. FAIR VALUE MEASUREMENTS, CONCLUDED

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Investments held at June 30, 2024 consist of U.S Treasury Bills and. All investments in marketable securities are considered to be level 1 in the fair value hierarchy and are classified as trading. All investments in U.S. Treasury bills are considered be level 2 in the fair value hierarchy and are classified as trading. All gains and losses from the investments have been recognized in the change in net assets for the year ended June 30, 2025 and 2024.

The nature and carrying amounts of investments at June 30, 2025 and 2024, are as follows:

	2025		2024	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Stocks	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bills	-	-	240,004	237,054
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,004</u>	<u>\$ 237,054</u>

8. LINE OF CREDIT

The Organization has a revolving line of credit agreement (“agreement”) allowing for maximum borrowings of \$600,000. The agreement bears interest at the lender’s Prime Interest Rate. The agreement matured on May 1, 2025, after which it was not renewed. The collateral for the agreement is substantially all the assets of the Organization. There were no outstanding borrowings under this agreement at June 30, 2025 .

Habitat for Humanity of the NC Sandhills, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

9. LONG-TERM DEBT

At June 30, 2025 and 2024, long-term debt consisted of the following:

	<u>2025</u>	<u>2024</u>
Note payable to a housing agency, payable in monthly installments of approximatey \$17,000 interest free, final payment varies. Note is secured by mortgage receivables	3,779,290	\$ 3,446,906
Note payable to investment company, interest only payments at 2.95%. Note is due the earlier of the IRA owner's death or September, 2031. Note secured by a life insurance policy that matures May, 2060	100,000	100,000
Note payable to the Habitat of Humanity National office, payable in monthly installments of \$135, including interest at 0.00%, final payment amount due is \$155 in July, 2027	70,500	70,500
Note payable to mortgage company, quarterly payments of interest only at 4%. Note is due June 2026 and may be extended by one year. Note is secured by real and personal property	<u>500,000</u>	<u>500,000</u>
Total debt	4,449,790	4,117,406
Less current portion	(708,116)	(205,620)
Total net long term debt	<u>\$ 3,741,674</u>	<u>\$ 3,911,786</u>

Maturities of long-term debt are as follows:

Fiscal year ended June 30,:

2026	\$ 708,116
2027	208,116
2028	208,116
2029	206,496
2030	206,496
Thereafter	<u>2,912,450</u>
	<u>\$ 4,449,790</u>

10. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Organization to concentrations of credit risk consist principally of accounts in financial institutions. Accounts at these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2025 and 2024, the Organization's deposits exceeded FDIC limits by \$499,011 and \$838,497 respectively.

11. RESTRICTED NET ASSETS

Donor restricted assets as of June 30, 2025 and 2024 were \$136,961 and \$110,643, respectively. The principle amount is to be invested as defined in in the “endowment agreement” with the spendable earnings to be used to advance the Organization’s services to the resident of Moore and surrounding counties and/or for staff educations purposes.

12. COMMITMENTS

Retirement plan

The Organization has a 403(b)-retirement plan that covers all qualified employees, starting at date of hire, who customarily work 20 or more hours per week, in their first year of service, and after one year of service this requirement no longer will apply. Employees may defer a specified amount per pay period, up to the maximum amount allowed by law, including catch-up contributions for those employees 50 years of age or greater. While the Organization’s match is discretionary, the Board has elected to match up to 3% of an employee’s gross salary. The Organization’s matching contributions were \$11,603 and \$13,750 for the years ended June 30, 2025 and 2024, respectively.

Habitat for Humanity International

Local Habitat for Humanity chapters are required to make a fixed payment, annually, to Habitat for Humanity International and may elect to make additional donations. The fixed payment of \$7,500, along with the elective amount paid for the years ended June 30, 2025 and 2024 were \$78,000 and \$84,000, respectively.

13. IN-KIND CONTRIBUTIONS

A substantial number of unpaid volunteers have made significant contributions of their time to develop the various programs of the Organization. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

The Organization received donated services and materials, meeting the recognition criteria, during the years ended June 30, 2025 and 2024, valued at \$141,782 and \$59,736, respectively. The fair value, determined on the date of donation, of these items have been included in the financial statements as in-kind income and expense.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report which is the date the financials were available to be issued.