Consolidated Financial Statements and Report of Independent Certified Public Accountants

Habitat for Humanity International, Inc.

June 30, 2025 and 2024

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Governing Board
Habitat for Humanity International, Inc.:

Opinion

We have audited the consolidated financial statements of Habitat for Humanity International, Inc. (a nonprofit organization) and its subsidiaries (collectively "Habitat"), 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Habitat as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS 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 US GAAS, 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'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'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.

Grant Thornton LLP

New York, New York
November 18, 2025

Habitat for Humanity International, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,
(In thousands)

	2025	2024
Assets		
Cash and cash equivalents	$ 58,199	$ 44,788
Restricted cash GGRF	138,288	-
Restricted cash all other	106,588	72,797
Investments at fair value	246,642	249,688
Investments in unconsolidated partnerships	7,553	10,379
Receivables:		
Contributions and grants, net	73,002	78,759
Affiliate notes, net	54,630	47,871
Due from affiliates, net	13,599	6,678
Loans to microfinance institutions, net	3,902	26,162
Institutional loans and mortgages receivable, net	3,646	4,843
Other, net	7,138	9,650
Total receivables	155,917	173,963
Inventories, net	5,150	5,010
Prepaids and other assets	8,237	5,075
Operating lease right of use assets	9,856	11,210
Land, buildings, and equipment - net of accumulated depreciation and amortization	6,829	7,325
Total assets	$ 743,259	$ 580,235
Liabilities and net assets		
Accounts payable and accrued expenses	$ 34,188	$ 30,879
Program advance GGRF	138,288	-
Program advances all other	16,123	15,181
Finance lease liabilities	143	424
Operating lease liabilities	9,856	11,210
Due to affiliates	2,833	2,378
Notes payable, net of unamortized debt issuance costs	38,022	29,322
Charitable gift annuities	5,900	5,770
Investor notes payable	51,310	43,481
Total liabilities	296,663	138,645
Net assets:		
Without donor restrictions:		
Controlling interests	240,705	226,608
Noncontrolling interests	8,508	8,270
	249,213	234,878
With donor restrictions	197,383	206,712
Total net assets	446,596	441,590
Total liabilities and net assets	$ 743,259	$ 580,235

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

Habitat for Humanity International, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

(In thousands)

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support, and gains						
Contributions	$ 133,263	$ 106,120	$ 239,383	$ 130,789	$ 103,788	$ 234,577
Donated product, services and advertising	43,037	8,755	51,792	39,790	11,943	51,733
Government grants	23,780	-	23,780	28,253	-	28,253
Other income, net	68,150	-	68,150	47,531	-	47,531
Total revenues, support, and gains	268,230	114,875	383,105	246,363	115,731	362,094
Net assets released from restrictions	123,583	(123,583)	-	125,581	(125,581)	-
Total revenues, support, and gains	391,813	(8,708)	383,105	371,944	(9,850)	362,094
Expenses						
Program services:						
U.S. affiliates	184,691	-	184,691	162,073	-	162,073
International affiliates	75,514	-	75,514	84,816	-	84,816
Public awareness and education	24,292	-	24,292	25,855	-	25,855
Total program services	284,497	-	284,497	272,744	-	272,744
Supporting services:						
Fundraising	65,603	-	65,603	67,870	-	67,870
Management and general	27,378	-	27,378	24,625	-	24,625
Total supporting services	92,981	-	92,981	92,495	-	92,495
Total expenses	377,478	-	377,478	365,239	-	365,239
Loss (recoveries) on contributions receivable	-	621	621	-	(894)	(894)
Total expenses and loss (recoveries) on contributions receivable	377,478	621	378,099	365,239	(894)	364,345
Change in net assets	14,335	(9,329)	5,006	6,705	(8,956)	(2,251)
Net assets at beginning of year	234,878	206,712	441,590	228,173	215,668	443,841
Nets assets at end of year	$ 249,213	$ 197,383	$ 446,596	$ 234,878	$ 206,712	$ 441,590

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

Habitat for Humanity International, Inc.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

(In thousands)

For the Year Ended June 30, 2025:	U.S. Affiliates	International Affiliates	Public Awareness and Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Program and house building transfers	$ 88,472	$ 31,435	$ 3,068	$ 122,975	$ -	$ -	$ -	$ 122,975
Donated products and advertising distributed	32,286	214	1,915	34,415	-	-	-	34,415
Salaries and benefits	41,475	28,132	12,539	82,146	20,547	17,673	38,220	120,366
Professional services	8,978	5,877	3,476	18,331	38,890	3,983	42,873	61,204
Travel	2,010	2,562	897	5,469	763	668	1,431	6,900
Interest, service charges, and taxes	1,656	422	402	2,480	1,009	290	1,299	3,779
Office expenses	7,213	3,997	1,460	12,670	3,552	3,080	6,632	19,302
Depreciation and amortization	658	738	155	1,551	362	331	693	2,244
Other	1,943	2,137	380	4,460	480	1,353	1,833	6,293
Total	$ 184,691	$ 75,514	$ 24,292	$ 284,497	$ 65,603	$ 27,378	$ 92,981	$ 377,478

For the Year Ended June 30, 2024:	U.S. Affiliates	International Affiliates	Public Awareness and Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Program and house building transfers	$ 69,425	$ 38,842	$ 2,131	$ 110,398	$ -	$ -	$ -	$ 110,398
Donated products and advertising distributed	34,130	341	2,115	36,586	-	-	-	36,586
Salaries and benefits	39,457	28,279	11,528	79,264	22,468	16,282	38,750	118,014
Professional services	8,049	5,745	3,041	16,835	39,009	4,080	43,089	59,924
Travel	1,622	2,464	680	4,766	720	588	1,308	6,074
Interest, service charges, and taxes	820	613	634	2,067	945	298	1,243	3,310
Office expenses	5,214	3,616	1,728	10,558	3,910	2,675	6,585	17,143
Depreciation and amortization	714	805	168	1,687	386	321	707	2,394
Other	2,642	4,111	3,830	10,583	432	381	813	11,396
Total	$ 162,073	$ 84,816	$ 25,855	$ 272,744	$ 67,870	$ 24,625	$ 92,495	$ 365,239

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

Habitat for Humanity International, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Year ended June 30,
(in thousands)

		2025		2024
Operating activities				
Change in net assets	$	5,006	$	(2,251)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		2,244		2,394
Loss (gain) on disposal of land, buildings, and equipment		20		(267)
Recoveries on contributions receivable		(621)		(894)
(Recoveries) losses on loans to microfinance institutions		(55)		2,201
Provision for loan losses		33		1,262
Net realized and unrealized gains on investments		(5,960)		(10,008)
Support from the public restricted for long-term investments		(509)		(65)
Net realized and unrealized gain on derivative instrument		(173)		(496)
Unrealized gain from foreign exchange fluctuations		(7)		(26)
Changes in operating assets and liabilities:				
Decrease in receivables		10,979		1,682
(Increase) decrease in inventories		(139)		1,033
Increase in prepaids and other assets		(2,964)		(347)
Increase in accounts payable and accrued expenses		3,308		1,604
Increase (decrease) in program advances		139,230		(2,624)
Net cash provided by (used in) operating activities		150,392		(6,802)
Investing activities				
Purchases of investments		(316,820)		(196,121)
Proceeds from sales and maturities of investments		328,652		221,143
Loans to microfinance institutions		(550)		-
Repayments from microfinance institutions		23,038		19,645
Loans to affiliates		(61,235)		(48,768)
Repayments from affiliates		46,629		25,154
Purchases of equipment and vehicles		(2,032)		(1,907)
Proceeds from sale of land, buildings, and equipment		75		431
Net cash provided by investing activities		17,757		19,577
Financing activities				
Principal repayments on finance lease obligations		(281)		(442)
Increase in due to affiliates		599		1,497
Payments on due to affiliates		(144)		(981)
Support from the public restricted for long-term investments		509		65
Increase in annuity obligations		427		399
Payments of annuity obligations		(298)		(283)
Proceeds from issuance of notes payable		33,267		11,000
Payments on notes payable		(16,738)		(17,111)
Net cash provided by (used in) financing activities		17,341		(5,856)
Increase in cash, cash equivalents, and restricted cash		185,490		6,929
Cash, cash equivalents, and restricted cash, beginning of year		117,585		110,656
Cash, cash equivalents, and restricted cash, end of year	$	303,075	$	117,585
Cash and cash equivalents	$	58,199	$	44,788
Restricted cash GGRF		138,288		-
Restricted cash all others		106,588		72,797
Cash, cash equivalents, and restricted cash, end of year	$	303,075	$	117,585
Supplemental disclosures				
Interest paid	$	2,313	$	1,857

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

NOTE 1 - ORGANIZATION AND PURPOSE

Habitat for Humanity is a movement of people in your local area and around the world, working together to build more prosperous and vibrant communities by making sure everyone has a safe, affordable place to call home. Since our founding in 1976 as a Christian organization, together we have helped more than 62 million people globally build their futures on their own terms through access to decent housing. We've done that by working alongside people of all walks of life to build, repair and finance their homes, by innovating new ways of building and financing, and by advocating for policies that make constructing and accessing housing easier for everyone. Together, we build homes, communities and hope. To learn more, visit habitat.org.

Habitat is comprised of the organization's headquarters based in Georgia, U.S.A.; its area and regional offices worldwide; and the national organizations that are registered as branches of Habitat.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements as of and for the years ended June 30, 2025 and 2024, include the activities of:

1. Habitat's area and regional offices.

2. Eleven national organizations that are registered as part of Habitat for Humanity International, Inc.

3. Habitat Capital, HMS Loan Fund 1, LLC., Habitat for Humanity-Middle East, and US Property Acquisition Fund, LLC (PAF), which are wholly-owned subsidiaries.

4. MicroBuild I, LLC (MicroBuild) and Habitat MicroBuild India Housing Finance Company Private Limited (MicroBuild India), in which Habitat effectively has control and an economic interest.

All material intercompany accounts and transactions have been eliminated in preparing the accompanying consolidated financial statements.

Cash, Cash Equivalents, and Restricted Cash

Habitat considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents, with the exception of cash held for reinvestment which is included in investments. Habitat maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Habitat has not experienced any losses in such accounts. Included in cash and cash equivalents is restricted cash of $244,876,000 and $72,797,000 as of June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, $34,327,000 and $26,309,000, respectively, was held in banks outside of the United States, and these amounts are not covered by insurance.

Investments

Realized and unrealized gains and losses on marketable securities are determined by using specific identification. Investment income and net increase (decrease) on investments of donor-restricted endowments are reported as follows:

1. As increases in net assets with donor restrictions if the terms of the gift or relevant state law require that they be added back to the principal of the contributions with donor restrictions held in perpetuity.

2. As decreases in net assets with donor restrictions when there are losses that reduce the fair value of the assets of endowment funds below the required level and as increases in net assets with donor restrictions when there are gains that restore the fair value of the assets of endowment funds to the required level.

3. As increases (decreases) in net assets with donor restrictions, in all other cases.

Investments in Unconsolidated Partnerships

Habitat owns limited partnership interests in four CAG National Funds. The ownerships are 55%, 42%, 46% and 57%, respectively. The companies were created to acquire vacant homes through the Department of Housing and Urban Development's Federal Housing Administration Office of Asset Sales. Because Habitat does not have control of these partnerships, Habitat's interest is accounted for under the equity method of accounting.

Contributions Receivable

Contributions receivable that are expected to be collected within one year after June 30, 2025 are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at their fair value based on the present value of their estimated future cash flows and are discounted at the rate applicable to the year in which the contribution was made. The discount rates used reflect the assumptions about market risks that are not otherwise considered in the cash flows.

Habitat does not recognize conditional promises to give as receivables. Habitat recognizes a receivable only to the extent a condition (barrier) has been satisfied. As of June 30, 2025 and 2024, conditional promises to give amounted to $10,757,000 and $5,419,000, respectively, and are not recorded in the accompanying consolidated financial statements.

Investor Notes Payable

Investor notes payable are special obligations of Habitat secured solely by affiliate general obligation promissory notes (affiliate notes receivable), which are, in turn, secured by mortgages or real estate assets held by the affiliates. The notes are payable over three to 10 years. The proceeds received from investor notes payable were disbursed to those affiliates that signed affiliate notes receivable with Habitat. Affiliate notes receivable are collectible over one to 10 years and are secured by mortgages or real estate assets held by those affiliates. The investor notes payable and affiliate notes receivable have interest rates ranging as follows:

	2025	2024
Investor notes payable	0.0% to 4.5%	0.0% to 4.5%
Affiliate notes receivable	0.0% to 6.0%	0.0% to 5.5%

For issuances prior to June 30, 2015, Habitat required that each of its affiliates post a cash reserve equal to one quarter of the annual debt service to safeguard against potential nonpayment by the affiliate. The reserve funds are invested in money market funds or certificates of deposit and are recorded as cash and cash equivalents and investments in the consolidated statement of financial position.

The real estate securing these mortgages is concentrated in the states of Washington (13%), California (13%), North Carolina (12%), Virginia (9%), Texas (9%) and Colorado (9%). The remaining balance is secured by real estate in cities located throughout the United States, with no state comprising more than 7% of the balance.

Due From/to Affiliates

Due from affiliates consists primarily of non-interest-bearing, unsecured, demand notes from Habitat affiliates in the U.S. The measurement of expected credit losses under the Current Expected Credit Losses (CECL) methodology is applicable to financial assets measured at amortized cost, including due from affiliates. Past loan performance and historical experience are used to inform the forecast. The current economic climate and other conditions are used to support reasonable projections of how future conditions might impact losses. A majority of these loans originated with affiliates that are participating in the Self-help Homeownership Opportunity Program (SHOP) grant. Habitat treats 25% of the grant disbursements as a loan to affiliates that must be paid back to Habitat without interest. The Department of Housing and Urban Development (HUD) has determined that the proceeds from the loans to affiliates must be disbursed as an additional SHOP grant. Amounts loaned and collected under SHOP loans are reflected as a liability (due to affiliates) until these proceeds are appropriately redistributed or until the appropriate financial closeout report is submitted to HUD. During the year ended June 30, 2025, a financial close out entry was recorded to release funds from HUD's restriction after the grant term expiration date for the SHOP program year 2019, allowing $913,000 of this balance to be recognized as other income, net in the 2025 consolidated statement of activities. During the year ended June 30, 2024, a financial close out entry was recorded to release funds from HUD's restriction after the grant term expiration date for the SHOP program year 2018, allowing $939,000 of this balance to be recognized as other income, net in the 2024 consolidated statement of activities.

Other amounts due from affiliates consist of advances made to participating beneficiaries for European Union (EU) grants. The advances for EU grants are held as a receivable until the beneficiary provides satisfactory reporting of the program expenditures incurred, at which point the program transfer and related revenue is recognized.

Allowance for Credit Losses - Loans

The allowance for credit losses is a valuation account that is deducted from, or added to, the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the loan balance is no longer collectable. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provided the basis for the estimation of expected credit loss. Habitat has evaluated and determined minimal risk of nonpayment on affiliate loans. Management may exercise discretion to make adjustments based on various qualitative factors.

Loans to Microfinance Institutions

Loans to microfinance institutions are recorded in the consolidated statement of financial position at their unpaid principal amounts. Interest income is accrued based on the outstanding principal amount and contractual terms of each individual loan. Interest is collected quarterly. Once a loan becomes six months delinquent in paying its obligations, interest is no longer accrued on that obligation until such time as the delinquency is cleared.

Derivative Instruments

MicroBuild, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The market risks managed by MicroBuild through the derivative instruments are foreign currency exchange rate risk and interest rate risk related to loans that are made in currencies other than the U.S. Dollar. The derivative instrument is carried at fair value in the consolidated statement of financial position and the related change in fair value is reflected in the consolidated statements of activities.

Inventories

Inventories represent building materials and materials to be used in construction of Habitat houses or sold in Habitat affiliate ReStores. Donated product inventory is recorded at the fair value on the date of receipt, and such items are expensed as program services expense when used or shipped to U.S. affiliates, based upon the specific identification method. Purchased inventory is recorded at the lower of cost or market determined by the specific identification method. Inventory is recorded net of any allowance for obsolescence on the consolidated statement of financial position. For the years ended June 30, 2025 and 2024, a loss for obsolescence of $670,000 and $812,000, respectively, is included in the donated products and advertising distributed in the accompanying consolidated statements of functional expenses.

Land, Buildings, Finance Leases, and Equipment

Land, buildings, finance leases, and equipment over $5,000 are recorded at acquisition cost for purchased items and fair value for contributed items, including costs necessary to get the asset ready for its intended use. Additionally, certain application development costs incurred to develop internal-use software are capitalized and amortized over the expected useful life of the software application. These costs are included in prepaids and other assets until they are placed in service. Depreciation and amortization of assets are provided on a straight-line basis over the estimated useful lives of the respective assets, as follows:

	Years
Buildings and leasehold improvements	20-30 years
Furniture and equipment	5-10 years
Computer hardware and software	3 years
Vehicles	3-5 years

Charitable Gift Annuities

Habitat has a gift annuity program whereby it enters into irrevocable contracts with certain donors. Habitat agrees to make payments to donors at prescribed intervals over the life of the donor. The assets received are recorded at fair value, and the related liability is recorded as an annuity obligation. For the years ended June 30, 2025 and 2024, annuity obligations are recorded at the present value of expected future payments based on the 2012 Individual Annuity Reserving Table and the prevailing interest rate. Habitat maintains charitable gift annuities in a separate portfolio, and the assets are invested in accordance with applicable state laws. Total cash and investments held in the gift annuity portfolio totaled $9,376,000 and $8,770,000 as of June 30, 2025 and 2024, respectively.

Habitat is required to hold reserves related to its gift annuity program based on the laws in certain states in which the gifts are solicited. Such reserves totaled $7,463,000 and $7,299,000 as of June 30, 2025 and 2024, respectively, and are included in investments at fair value on the accompanying consolidated statements of financial position.

Program Advances

Program advances relate to cash received directly from government and nongovernmental agencies, not yet expended on the program to which such funds relate. These amounts will be recognized as revenue as appropriate expenses are incurred. Habitat has recorded program advances from a single government agency of $138,288,000 and $3,848,000 as of June 30, 2025 and 2024, respectively. Additionally, Habitat has recorded a program advance from a single nongovernmental agency of $2,100,000 and $1,199,000 as of June 30, 2025 and 2024, respectively.

Net Assets

Habitat's revenues and gains are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence of donor-imposed restrictions. These classifications are defined as follows:

> Net assets with donor restrictions are subject to donor-imposed restrictions. The restrictions can contain donor-imposed restrictions that permit Habitat to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of Habitat. Net assets with donor restrictions also contain the principal amount of gifts that are required by donors to be held permanently.
>
> Net assets without donor restrictions do not contain donor restrictions or the donor-imposed restrictions have expired.

Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by Habitat. Gifts of cash and other assets are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or are restricted as to time.

Certain grants and contracts from foundations and governmental entities are included in deferred revenue due to stipulations within the agreements that contain the right of return of funds and barriers that make these contributions conditional. These funds are recognized as eligible costs are incurred, that is, as the barriers to which entitlement depends are satisfied.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions with donor restrictions that are both received and satisfied within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Government Grants

Habitat receives funding from several federal financial assistance programs that supplement its traditional funding sources. Grant revenue on cost-reimbursement grants is recognized after the program expenditures have been incurred. As such, Habitat recognizes revenue and records a receivable for the reimbursement amount from the respective granting agency. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB's) Uniform Guidance (2 CFR 200), as well as review by grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, Habitat's management believes costs ultimately disallowed, if any, would not materially affect the consolidated financial statements.

Donated Product and Contributed Services

Contributed nonfinancial assets recognized within the consolidated statement of activities included the following for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Donated product for use in construction	$ 15,122	$ 16,079
Cars for Home Contributions	19,760	15,940
Donated product for sale in ReStores	13,656	15,818
Media communication and production services	1,915	2,115
Contributed services requiring specialized skills	1,115	1,374
Other donated contributions	224	407
Total contributed services, merchandise, and other in-kind contributions at fair value	$ 51,792	$ 51,733

Habitat recognized contributed nonfinancial assets within revenues, support, and gains in the consolidated statement of activities, consisting of contributed construction materials, vehicles, donated product to sell in ReStores, and services, including public service advertisements. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions, other than time restrictions for pledges, and vehicles donated under the Cars for Homes program that were restricted to the affiliate in the geographic area of the donor of the vehicle. It is Habitat’s policy to sell all contributed vehicles immediately upon receipt at auction.

Habitat values the donated product for use in construction at the estimated fair value, which is based upon the manufacturer’s suggested retail price for the product. Cars for Homes contributions are valued at the sales price received for the cars when they are sold at auction. Donated product for sale in ReStores is valued at 30% of the manufacturer’s suggested retail price for the product.

Habitat produces and distributes public service television and radio announcements that focus attention on the programs Habitat provides. These Public Service Announcements (PSAs) are distributed to television stations and radio stations nationwide that then deliver the announcements to assist Habitat in its mission, free of charge. Habitat has contracted with independent outside agencies to track the date and time that each PSA displays and to estimate the fair value of the announcement based on the date, time, and market. Donated product revenue related to contributed PSAs and associated expense in the amount of $1,915,000 and $2,115,000 has been recognized in the consolidated statements of activities for the years ended June 30, 2025 and 2024, respectively.

Additionally, a substantial number of volunteers have made significant contributions of their time in furtherance of Habitat’s program and supporting services. The value of this contributed time is not reflected in the consolidated financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, when provided by individuals possessing those skills and otherwise would have needed to be purchased if not provided by donation, are recognized as revenue and expense. Such amounts, which are included in the accompanying consolidated statements of activities, totaled $1,115,000 and $1,374,000 for the years ended June 30, 2025 and 2024, respectively.

Program Services

Program services expenses include direct transfers to affiliates and partners of cash and donated product, as well as payments to other vendors made on behalf of affiliates. For cash contributions, program services expenses are recorded when a promise to give is made by Habitat and received by the recipient organization. For donated product contributions, program services expenses are recorded upon delivery of the donated product to the affiliate by Habitat or the donor.

Methods Used for Allocation of Expenses

The consolidated statements of functional expenses present expenses by both function and natural classification. Expenses directly attributable to a specific functional area of Habitat are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas have been allocated across program and other supporting services based on estimates of time and effort spent by staff. Depreciation and amortization are allocated using an allocation developed based on a review of the assets in service compared to the functions they support.

Estimates in the Financial Statements

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

Income Taxes

Habitat is organized as a nonprofit corporation under the laws of the State of Georgia and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding Georgia provisions. Donors of cash and/or property are entitled to the maximum charitable contribution deduction allowed by law.

Habitat follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no material uncertain tax positions for Habitat for the years ended June 30, 2025 and 2024.

Fair Value Measurements

Habitat reports financial instruments at fair value in accordance with Financial Accounting Standards Board (FASB) ASC 820, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity, and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methods used by Habitat as compared to the prior year.

Certificates of deposit are recorded based on their carrying value, which approximates fair value.

Common stock and mutual funds are principally valued at the regular trading session closing price on the exchange or market in which such funds are principally traded, using the market approach.

Equity (stock) funds listed or traded on any national market or exchange are valued at the last sales price as of the close of the principal securities exchange on which such securities are traded.

Fixed income (bond) funds, other than money market instruments, are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality, and type).

Auction rate securities are valued using a market comparable and/or discounted cash flow valuation approach.

Forward foreign exchange contracts consist of contracts that are valued primarily based on the spot currency exchange rate and the interest rate differential.

Cross-currency interest rate swaps consist of contracts that are valued primarily based on the spot currency exchange rate and discount curves based on local government treasury bill and bond auctions. Cross-currency interest rate swaps consist of both Level 2 and Level 3 inputs, based on the availability of the market data for the underlying currencies.

Annuity obligations are recorded at fair value based on Level 3 inputs and other relevant market data based on the present value of the estimated future cash outflows. For the years ended June 30, 2025 and 2024, the assumptions used in the valuation of the annuity liability include mortality in accordance with the 2012 Individual Annuity Reserving Table and a discount rate of 6% for all annuities, compounded annually, net of expenses. These rates are commensurate with the risks associated with the ultimate payment of the obligation. For the years ended June 30, 2025 and 2024, Habitat recorded losses from the remeasurement of the gift annuity obligation to fair value of $218,000 and $145,000, respectively, included as part of other income, net in the accompanying consolidated statements of activities.

Fair Value of Financial Instruments

Habitat's financial instruments consist of cash and cash equivalents, investments, receivables, accounts payable and accrued expenses, finance lease obligations, notes payable, annuity obligations, and investor notes payable. Cash and cash equivalents, receivables, accounts payable and accrued expenses, finance lease liabilities, notes payable, and investor notes payable are stated at cost, which approximates fair value.

Investments

Certain investments are held in debt securities with contractual maturities. Such investments mature as follows (in thousands):

	2025	2024
Due in less than one year	$ 147,161	$ 154,221
Due in more than five years	20,282	20,454
	$ 167,443	$ 174,675

Investment income and net realized and unrealized gains are included in other income, net, and consist of the following as of June 30, 2025 and 2024 (in thousands):

		2025		2024
Net increase in fair value of investments, including realized and unrealized gains	$	5,960	$	10,008
Interest and dividends		1,028		1,286
Total investment gains	$	6,988	$	11,294

NOTE 3 - FAIR VALUE MEASUREMENTS

In accordance with ASC 820, Habitat records cash and cash equivalents and marketable securities at fair value. As of June 30, 2025 and 2024, investments in marketable securities include auction rate securities, which are classified within Level 3 due to a lack of a liquid market for such securities. Management determined the value of these securities based on information regarding the quality of the security and the quality of the collateral, among other factors.

In accordance with the fair value hierarchy described above, the following tables present the fair value of Habitat's financial assets and liabilities that are required to be measured at fair value, on a recurring basis, as of June 30, 2025 and 2024 (in thousands):

		Fair Value at June 30, 2025		Quoted Market Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Investments:								
Certificates of deposit and other short-term investments	$	147,161	$	147,161	$	-	$	-
Common stock and mutual funds		79,199		76,799		2		2,398
Auction rate securities		20,282		-		-		20,282
Total investments	$	246,642	$	223,960	$	2	$	22,680
Derivative instruments:								
Forward foreign exchange contracts	$	-	$	-	$	-	$	-
Cross-currency interest rate swaps		158		-		(136)		294
Total derivative instruments	$	158	$	-	$	(136)	$	294
Liabilities:								
Charitable gift annuities	$	(5,900)	$	-	$	-	$	(5,900)

	Fair Value at June 30, 2024	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Certificates of deposit and other short-term investments	$ 154,221	$ 154,221	$ -	$ -
Common stock and mutual funds	75,013	72,613	2	2,398
Auction rate securities	20,454	-	-	20,454
Total investments	$ 249,688	$ 226,834	$ 2	$ 22,852
Derivative instruments:				
Forward foreign exchange contracts	$ 13	$ -	$ 13	$ -
Cross-currency interest rate swaps	171	-	(132)	303
Total derivative instruments	$ 184	$ -	$ (119)	$ 303
Liabilities:				
Charitable gift annuities	$ (5,770)	$ -	$ -	$ (5,770)

Derivative instruments are included in loans to microfinance institutions, net, on the accompanying consolidated statements of financial position.

The following table provides a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) as defined in ASC 820 for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Balance at July 1	$ 22,852	$ 22,961
Redemptions	(150)	(9)
Net unrealized (loss) gains	(22)	(100)
Balance at June 30	$ 22,680	$ 22,852

The following table provides a reconciliation of the beginning and ending balances for derivative instruments measured at fair value using significant unobservable inputs (Level 3) as defined in ASC 820 for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Balance at July 1	$ 303	$ (60)
Net unrealized and realized gains	260	411
Settlements	(269)	(48)
Balance at June 30	$ 294	$ 303

The following table provides a reconciliation of the beginning and ending balances for liabilities measured at fair value using significant unobservable inputs (Level 3) as defined in ASC 820 for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Balance at July 1	$ (5,770)	$ (5,654)
Additions to liabilities	(359)	(347)
Payments to annuitants	297	283
Terminations of liabilities	150	93
Net unrealized losses	(218)	(145)
Balance at June 30	$ (5,900)	$ (5,770)

Marketable securities measured at fair value using Level 3 inputs consist of auction rate securities and equity investments in various enterprises related to the mission of Habitat.

Auction rate securities require the use of Level 3 inputs to determine their value due to the lack of market activity and liquidity. Additionally, should Habitat have to sell the underlying securities prior to their maturity date or in a secondary market, the price received upon sale will be subject to prevailing market conditions. The underlying assets of the auction rate securities are collateralized primarily by the underlying assets of certain AAA, AA, and A-rated securities. Management assessed the value of the auction rate securities as of June 30, 2025 and 2024, using market comparables and/or discounted cash flow valuation approach. Under the market comparables approach, indications of fair value from the secondary market are used to estimate the discount from par value based on trading activity for similar securities. The discounted cash flow approach utilizes a discounted cash flow model in which the expected future cash flows of the Student Loan Auction Rate Securities are discounted back to the measurement date using a yield that compensates for illiquidity. Both valuation methods described above take into consideration the risk and uncertainty associated with the pricing, given limited market activity and information. Management assessed the value of these securities as of June 30, 2025 and 2024, using a range of supportable market rates based upon an agreement with a reputable broker or purchaser to buy back these securities at the values stated.

NOTE 4 - INVESTMENTS IN UNCONSOLIDATED PARTNERSHIPS

Habitat owns limited partnership interests in four CAG National Funds. The ownerships are 55%, 42%, 46% and 57%, respectively. The companies were created to acquire vacant homes through the Department of Housing and Urban Development’s Federal Housing Administration Office of Asset Sales. Because Habitat does not have control of these partnerships, Habitat’s interest is accounted for under the equity method of accounting. There were no new investments in CAG for the year ended 2025. Habitat invested an additional $3,192,000 for the year ended 2024 and recognized (loss) earnings of $(656,000) and $302,000 for the years ended June 30, 2025 and 2024, respectively. Total amount of distributions for the year ended June 30, 2025 are $2,170,000. The (loss) earnings are reflected in other income, net in the accompanying consolidated statements of activities.

NOTE 5 - CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, net, as of June 30 consist of the following (in thousands):

	2025	2024
Contributions	$ 89,928	$ 98,221
Government grants	1,134	861
	91,062	99,082
Less unamortized discount	(12,055)	(13,968)
	79,007	85,114
Less allowance for uncollectibles	(6,005)	(6,355)
	$ 73,002	$ 78,759

Discount rates ranged from 1.5% to 4.9% for the year ended June 30, 2025, and from 0.7% to 4.9% for the year ended June 30, 2024.

These receivables are due as follows as of June 30 (in thousands):

	2025	2024
Due in less than one year	$ 24,708	$ 23,467
Due in one to five years	48,294	55,292
	$ 73,002	$ 78,759

Contributions receivable includes donated product amounts of $11,091,000 and $14,374,000 as of June 30, 2025 and 2024, respectively.

Net contributions receivable includes one donor in 2025 and 2024 whose individual net outstanding contributions receivable are greater than 10% of the total net outstanding contributions receivable. As of June 30, 2025 and 2024, the net contributions receivable associated with these gifts totaled $51,262,000 and $54,755,000, respectively.

NOTE 6 - AFFILIATE NOTES, NET

Future principal payments on affiliate notes are as follows as of June 30 (in thousands):

Year Ended June 30,	2025
2026	$ 19,259
2027	13,261
2028	17,405
2029	3,495
2030	2,962
Thereafter	18
	56,400
Provision for credit loses	(1,770)
Total	$ 54,630

NOTE 7 - LOANS TO MICROFINANCE INSTITUTIONS

Loans to microfinance institutions as of June 30, 2025, consist of interest-bearing loans, with interest rates ranging from 3.30% to 11.76% with maturities ranging from one to three years.

Future principal payments are as follows as of June 30 (in thousands):

	2025	2024
2026	$ 2,986	$ 21,658
2027	757	7,127
2028	278	-
	4,021	28,785
Add value of derivative instruments	158	183
Less unrealized loss for currency exchange fluctuations	(193)	(318)
Less allowance for loan losses	(84)	(2,488)
	$ 3,902	$ 26,162

MicroBuild makes loans to microfinance institutions that are working in developing foreign markets and may be subject to increased risks due to political and regulatory environments, and overall market and economic factors in those countries. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economies. At June 30, 2025 and 2024, all of MicroBuild's loans to microfinance institutions are with eighteen and twenty-four microfinance institutions in fourteen and sixteen countries, respectively. As of June 30, 2025 and 2024, loans to microfinance institutions in India comprised 100% and 13%, respectively, of the total outstanding portfolio.

In the event that a microfinance institution is unable to repay its loan according to its original schedule, MicroBuild pursues collection and workout plans including interest only payments, reduced payments and/or moratorium on payments, depending on the individual microfinance institution's circumstances. It is MicroBuild's preference not to provide any concession which reduces the loan's yield; however, there are some situations that warrant discontinuing interest payments for a certain period of time. Generally, MicroBuild discontinues interest accrual for all loans on which collection of interest is not reasonably expected (i.e., once the obligor becomes six months delinquent in paying its interest payments). Interest income on nonaccrual loans is recognized on a cash basis. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. At June 30, 2025, MicroBuild did not have any loans greater than 180 days outstanding. At June 30, 2024, MicroBuild had loans totaling approximately $1,800,000 greater than 180 days outstanding and fully reserved at June 30,2024.

Activity in the allowance for loan losses on loans to microfinance institutions is as follows for the years ended June 30 (in thousands):

	2025	2024
Balance at beginning of year	$ 2,488	$ 4,143
Allowance for loan losses	84	1
Write-offs	(2,455)	-
Recovery of previous loan provision	(33)	(1,656)
Balance at end of year	$ 84	$ 2,488

Under ASC Topic 310-10, *Accounting by Creditors for Impairment of a Loan*, a loan is considered impaired when, based on current information, it is probable that an entity will not receive all amounts due in accordance with the contractual terms of the underlying loan agreement. The fair value of the loan is then compared with the recorded investment in the loan to determine whether or not a specific reserve is necessary.

The percentage of portfolio analysis for the impaired loans as of June 30, 2025 and 2024 is as follows (in thousands):

	June 30, 2025	Percent of Portfolio	June 30, 2024	Percent of Portfolio
Investment in impaired loans	$ -	0%	$ 2,706	10%
Allowance for loan losses on impaired loans	-	0%	2,480	9%
Remaining potential exposure, as of June 30	-	0%	227	1%

MicroBuild makes loans in foreign currencies, subject to various limitations, to accommodate clients who do not have access to U.S. currency. The portfolio includes loans made in several foreign currencies as listed below with the U.S. Dollar ($) equivalent as of June 30, 2025 and 2024 as follows (in thousands):

Currency	2025	2024
U.S. Dollar	$ -	$ 11,415
Euro	-	9,515
Indian Rupee	4,116	6,504
Peruvian New Sol	-	1,000
Tunisian Dinar	-	351
	$ 4,116	$ 28,785

NOTE 8 - DUE FROM AFFILIATES, NET

Due from affiliates, net are categorized as follows as of June 30 (in thousands):

	2025	2024
SHOP grant	$ 4,611	$ 4,540
Habitat 2.0 - Affiliate Collaborative Operating Model	6,819	-
Advances for EU grants	1,752	957
Note receivable from national organization	986	986
Other	683	892
	14,851	7,375
Less allowance for uncollectibles	(1,252)	(697)
	$ 13,599	$ 6,678

Certain amounts included in the allowance for credit losses may be forgiven in the future and treated as program transfers to affiliates.

NOTE 9 - INSTITUTIONAL LOANS AND MORTGAGES RECEIVABLE, NET

Future payments on institutional loans and mortgages receivable, net are as follows for June 30 (in thousands):

Year Ended June 30,		2025
2026	$	2,558
2027		952
2028		506
2029		230
2030		223
		4,469
Less loan discounts		(579)
Allowance for credit losses		(244)
Total	$	3,646

NOTE 10 - AVAILABILITY OF FINANCIAL ASSETS

Habitat's financial assets available within one year of the statement of financial position date for general expenditure are as follows (in thousands):

		2025		2024
Cash and cash equivalents	$	58,199	$	44,788
Investments		246,642		249,688
Contribution receivables		24,708		23,467
Total financial assets available within one year		329,549		317,943
Less:				
Board-designated for operating reserve unavailable to management without Board approval		(75,499)		(71,820)
Management designation of unrestricted donation		(6,736)		(10,365)
Net assets with donor purpose restrictions		(91,480)		(95,288)
Program advances		(16,123)		(15,181)
Investments with maturities greater than one year		(20,282)		(20,454)
	$	119,429	$	104,835

Habitat structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, Habitat maintains a line of credit with a maturity date of February 1, 2027, in the aggregate amount of $10,000,000, which was available to be drawn upon, but was not drawn upon during the year. Further, Habitat maintains an operating reserve included as part of cash and cash equivalents on the accompanying consolidated statements of financial position.

NOTE 11 - LAND, BUILDINGS, AND EQUIPMENT, NET

Land, buildings, and equipment, net, as of June 30 consist of the following (in thousands):

	2025	2024
Land	$ 221	$ 221
Buildings and leasehold improvements	11,251	11,282
Computer hardware and software	12,933	12,105
Computer hardware and software under finance leases	1,133	2,202
Furniture and equipment, other	4,645	5,010
Vehicles	1,741	2,233
	31,924	33,053
Less accumulated depreciation and amortization	(25,095)	(25,728)
	$ 6,829	$ 7,325

Other supplemental disclosures related to land, buildings, and equipment are as follows for the years ended June 30 (in thousands):

	2025	2024
Depreciation	$ 1,975	$ 1,942
Amortization on assets under finance leases	269	452
Accumulated amortization on finance leases	908	1,781

NOTE 12 - NOTES PAYABLE, NET

Notes payable, net, as of June 30 consist of the following (in thousands):

	2025	2024
Notes payable to U.S. International Development Finance Corporation (DFC) (formerly OPIC) secured by letters of credit, payable in quarterly installments of interest only at rates ranging from 3.84% per annum, with the principal sum due in full no later than October 25, 2025	$ 9,000	$ 24,500
Non-interest-bearing performance based note payable	4,900	4,900
Notes payable by US Property Acquisition Fund to a collected group of Class A, Class B, and national banking association lenders for the purpose of making loans to HFHI, not to cumulatively exceed $72,500,000 in total with varying terms and interest rates. Lenders, conditions and terms are as follows:		
The Annie E Casey Foundation (Class B) - quarterly interest payments at the per annum rate of 2.00%, principle sum due not later than January 27, 2035.	1,000	-
Laura and John Arnold Foundation (Class A) - quarterly interest payments at the per annum rate of 5.00%, principle sum due not later than January 27, 2032.	1,000	-
Laura and John Arnold Foundation (Class B) - quarterly interest payments at the per annum rate of 2.00%, principle sum due not later than January 27, 2035.	2,333	-
JP Morgan Chase Bank (Class A) - quarterly interest payments at the per annum rate of 6.01%, principle sum due not later than January 27, 2032.	10,000	-
Enterprise Community Loan Fund (Class A) - quarterly interest payments at the per annum rate of 3.00%, principle sum due not later than January 27, 2032.	1,000	-
Impact Assets/ Mrs Greystone (Class B) - quarterly interest payments at the per annum rate of 2.00%, principle sum due not later than January 27, 2032.	5,500	-
Wells Fargo Bank (Class A) - quarterly interest payments at the per annum rate of 5.00%, principle sum due not later than January 27, 2032.	3,334	-
	38,067	29,400
Less unamortized debt issuance costs	(45)	(78)
Notes payable, net of unamortized debt issuance costs	$ 38,022	$ 29,322

Interest expense during the years ended June 30, 2025 and 2024, totaled $1,347,000 and $1,073,100, respectively.

Future principal payments are as follows (in thousands):

		Amount
2026	$	9,000
2027		-
2028		-
2029		1,000
2030		1,000
Thereafter		27,067
	$	38,067

On June 22, 2012, MicroBuild, a limited liability company in which Habitat has a controlling interest, entered into a $45,000,000 limited liability loan agreement with the U.S. International Development Finance Corporation (DFC - formerly OPIC), an agency of the United States. MicroBuild's three equity investors are required to match the remaining $5,000,000 for this $50,000,000 project. Additionally, Habitat is required to provide $5,000,000 in guarantor letters of credit. These funds are then lent to microfinance institutions in various countries around the world. As of June 30, 2019, all of these commitments had been met by the three equity members, and the full amount had been drawn down from DFC.

Additionally, on May 18, 2016, MicroBuild entered into a second $45,000,000 loan agreement with DFC. One new investor was added during the year ended June 30, 2016. MicroBuild's equity members have committed to contribute the remaining $5,000,000 for the second $50,000,000 project. MetLife's ownership in MicroBuild increased as capital was added during the life of the second agreement. Through June 30, 2025, $45,000,000 has been drawn against this second loan agreement and additional $5,000,000 of additional capital has been contributed by Habitat and MetLife. Additionally, Habitat must provide $5,000,000 in guarantor letters of credit for the full loan agreement. As of June 30, 2021, all of these commitments had been met by the equity members, and the full amount had been drawn down from DFC.

MicroBuild is subject to certain covenants defined in the loan agreements with DFC, which include maintaining a specified ratio of the total of historical write-offs and the outstanding principal and interest accrued for nonperforming loans to the total assets of the fund. MicroBuild was in compliance with the covenants at June 30, 2025.

US Property Acquisition Fund LLC is subject to certain covenants, as defined in the credit agreement with lenders, which include ratios related to portfolio composition, loan delinquency, and leveraged capital. US Property Acquisition Fund LLC was in compliance with the covenants at June 30, 2025

NOTE 13 - INVESTOR NOTES PAYABLE

Future principal payments on investor notes payable for the years ending June 30 are as follows (in thousands):

		2025
2026	$	3,773
2027		414
2028		1,435
2029		7,832
2030		16,356
Thereafter		21,500
	$	51,310

Interest expense during the years ended June 30, 2025 and 2024, totaled $980,000 and $775,000, respectively.

Investor notes payable require Habitat to monitor the compliance by each affiliate participating in this program with the terms and conditions of the agreement.

NOTE 14 - ENDOWMENT NET ASSET CLASSIFICATION

Habitat's endowment increased by $4,557,000 during fiscal 2025, for a total of $70,437,000. Habitat's endowment consists of 33 individual funds established by donors to provide annual funding for a variety of purposes.

Interpretation of Relevant Law - The Habitat Board of Directors has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2008 as requiring the assets of an endowment fund be donor-restricted until appropriated for spending, unless otherwise specifically stated in the gift instrument.

The Board believes its interpretation is consistent with its established board-approved investment and spending policy. In accordance with the investment policy and UPMIFA, all restricted endowment assets are invested on a pooled basis until appropriated for spending.

As a result of this interpretation, for accounting and financial reporting purposes, Habitat classifies the historic dollar value of assets received as its donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable donor gift instruments as net assets with donor restrictions.

In fiscal year 2023, the International Board of Directors approved and designated $20,000,000 as a quasi-endowment. The earnings on these funds are to function as unrestricted support of the general mission of Habitat.

Funds With Deficiencies - From time to time, certain donor-restricted endowment funds may have fair values less than the amount the donor or UPMIFA requires Habitat to retain as a fund of perpetual duration.

Return Objectives and Risk Parameters - Habitat 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 historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds the organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar asset classes while assuming a moderate level of investment risk. The targeted long-term rate of the return on net assets, net of fees, which is approximately 5.5 percentage points greater than the anticipated rate of inflation as measured by the Consumer Price Index. This return objective incorporates expectations of 3 - 5% spending and 1% growth. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Habitat 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). Habitat targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Related to Spending Policy - In accordance with UPMIFA, Habitat considers the following factors in making a determination to appropriate and allocate assets for spending or accumulate assets of an endowment fund:

1. The duration and preservation of the endowment fund
2. The purposes of Habitat and its 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 endowment investments
6. Other resources of Habitat
7. The investment policies of Habitat

Endowment net asset changes for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Endowment net assets, beginning	$ 65,880	$ 58,978
Investment gain (loss), net	6,907	6,994
Endowment cash additions	509	111
Appropriation of endowment assets for expenditure	(2,859)	(203)
	$ 70,437	$ 65,880

Endowment net asset composition by type of fund as of June 30, 2025 and 2024 (in thousands):

	2025		
	Total	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowments	$ 43,972	$ -	$ 43,972
Funds functioning as endowments (board-designated)	26,465	26,465	-
	$ 70,437	$ 26,465	$ 43,972

	2024		
	Total	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowments	$ 40,991	$ -	$ 40,991
Funds functioning as endowments (board-designated)	24,889	24,889	-
	$ 65,880	$ 24,889	$ 40,991

NOTE 15 - NET ASSETS

Net assets with donor restrictions consist of the following as of June 30 (in thousands):

	2025	**2024**
Geographically restricted	$ 17,411	$ 19,248
Programmatic restrictions for mission related projects	74,069	76,040
Time restricted (collections of pledges)	71,868	77,898
Endowment investment in perpetuity, the earnings thereon restricted to mission related projects	34,035	33,526
	$ 197,383	$ 206,712

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time for the years ended June 30, are as follows (in thousands):

	2025	**2024**
Release of net assets:		
Geographically restricted	$ 18,780	$ 25,572
Programmatic restrictions for mission-related projects	85,232	81,250
Time restrictions (collections of pledges)	19,571	18,759
	$ 123,583	$ 125,581

Net assets without donor restrictions consist of the following as of June 30 (in thousands):

	2025	2024
Undesignated controlling interests	$ 132,005	$ 119,534
Noncontrolling interests	8,508	8,270
Board-designated for operating reserve unavailable to management without Board approval	75,499	71,820
Quasi-endowment authorized by the board of directors	26,465	24,889
Management designation of unrestricted donation	6,736	10,365
	$ 249,213	$ 234,878

NOTE 16 - REVENUE FROM GOVERNMENT GRANTS AND SUBCONTRACTS

Federal awards received and expended for the years ended June 30 consist of the following (in thousands):

	2025	2024
CDFI Institutions	$ 5,078	$ 8,210
Capacity Build	5,689	6,930
SHOP	4,514	6,602
AmeriCorps/Vista	5,181	4,557
Veterans Housing Rehabilitation and Modification Program	1,444	1,173
USAID	301	297
Other	1,573	484
Government grants per the consolidated statements of activities	23,780	28,253
Increase (Decrease) in ERP 22 due to other eligible cost will charged to the grant in FY25	22	(22)
Decrease in ADH due to international match funds used to support IFRC(USAID) grant	-	(44)
Total expenditures of federal awards	$ 23,802	$ 28,187

NOTE 17 - EMPLOYEE BENEFITS

Full-time Habitat employees who elect to participate are provided health and death benefits through the Habitat for Humanity International Welfare Benefit Plan (the Plan). The Plan requires contributions by participants. Expenses incurred by Habitat in connection with the Plan, which is partially self-insured, totaled $9,675,000 and $11,423,000 for the years ended June 30, 2025 and 2024, respectively.

Habitat provides through the Habitat for Humanity Retirement Plan (the Retirement Plan), a defined contribution retirement plan to eligible plan participants. There are three components to the plan: (1) participant contributions, (2) a Habitat match equal to 100% of the first 6% of wages contributed by participants, and (3) a discretionary annual contribution by Habitat to each eligible participant’s account. Participants are fully vested in Habitat’s contributions after three years of service. Habitat’s contributions to the Retirement Plan totaled $3,640,000 and $3,596,000 for the years ended June 30, 2025 and 2024, respectively.

NOTE 18 - LEASES

Habitat assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Habitat uses the rate implicit in the lease whenever that rate is readily determinable. Otherwise, the risk-free rate (such as government treasury bills) is used. Habitat has elected not to recognize right-of-use (“ROU”) assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of June 30 (in thousands):

	2025	2024
Finance Leases		
Property and equipment	$ 1,133	$ 2,202
Accumulated depreciation	(981)	(1,781)
Property and equipment, net	$ 152	$ 421

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30 (in thousands):

	2025	2024
Operating lease cost:	$ 2,566	$ 2,498
Finance Lease Costs		
Amortization of lease assets	269	452
Interest on lease liabilities	27	33
Total finance lease costs	$ 296	$ 485

The following summarizes cash flow information related to leases for the year ended June 30 (in thousands):

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flow from operating leases	$ 2,566	$ 2,498
Operating cash flow from finance leases	27	33
Financing cash flow from finance leases	269	452

Future minimum lease payments for lease ROU assets as of June 30, 2025 are as follows (in thousands):

	Operating	Finance
2026	$ 2,269	$ 142
2027	2,397	9
2028	2,425	9
2029	2,342	10
2030	1,032	-
Thereafter	29	-
Total lease payments	10,494	170
Less: interest	(638)	(27)
Present value of lease liabiliaties	$ 9,856	$ 143

The following table represents the weighted-average remaining lease term and discount rate as of June 30, 2025:

	2025	2024
Operating leases:		
Weighted average remaining lease terms (years)	3.88	4.75
Weighted average discount rate	2.02%	2.06%
Finance leases:		
Weighted average remaining lease terms (years)	1.37	1.92
Weighted average discount rate	2.34%	1.62%

The components of lease cost for operating leases are as follows (in thousands) as of June 30, 2025:

	2025	2024
Operating lease cost	$ 2,458	$ 2,395
Short term lease costs	108	103
Total	$ 2,566	$ 2,498

The lease costs are reflected in the Consolidated Statement of Functional Expenses in Office Expenses and have been functionally allocated based on the use of the office space.

NOTE 19 - CONTINGENCIES

Habitat is a defendant with respect to various claims that have occurred in the normal course of its business. Management and legal counsel believe the ultimate resolution of these claims will not have a material impact on Habitat's consolidated financial statements.

In August 2024, the Environmental Protection Agency (EPA) awarded Power Forward Communities $2 billion in funding under the Greenhouse Gas Reduction Fund (GGRF) established by the Inflation Reduction Act. Habitat for Humanity International and its subsidiary Habitat Capital received GGRF funding from Power Forward totaling $81,744,000 and $54,495,000 respectively. Subsequently, interest earned on the accounts has totaled $1,215,000 and $834,000, respectively. In March 2025, Habitat was notified the grant program had been suspended by the EPA and the availability of the funds restricted. As a result, Habitat withdrew from the Power Forward consortium and formally requested the funds be returned to the grantor. At June 30, 2025, the funds remained in accounts held by Habitat. As such, the awards and interest earned totaling $138,288,000 are reflected in the consolidated statement of financial position as restricted cash and program advances as of June 30, 2025.

NOTE 20 - AFFILIATE PROGRAMS

International and U.S. national organizations and affiliates are independent, not-for-profit groups that are approved by regional, area, or national offices of Habitat and operate under an affiliation agreement with Habitat. All affiliates are encouraged to be self-supporting in their fundraising efforts; however, Habitat also solicits contributions, both cash and donated product, on behalf of its affiliates. Habitat retains variance power with respect to these contributions. Habitat has transferred cash and donated assets totaling $152,407,000 and $142,739,000 in 2025 and 2024, respectively, to international and U.S. national organizations and affiliates.

Some affiliates in developing countries, where severely limited resources constrain local fundraising, receive the majority of their funding from Habitat. All U.S. affiliates are expected to contribute a portion of their unrestricted cash contributions to support Habitat's work outside their own country. These contributions totaled $14,520,000 and $17,114,000 in 2025 and 2024, respectively.

Habitat agreed to guarantee a $590,000 mortgage note made on February 1, 1999, for Uptown Habitat for Humanity, Inc. (Uptown). The obligation is payable to the Illinois Housing Development Authority (IHDA), a body created by and existing pursuant to the Illinois Development Act and is due and payable on August 1, 2028. The note is secured by mortgages that were assigned by Uptown to IHDA, pursuant to a prior loan agreement between Uptown and IHDA.

Habitat offers a program to U.S. affiliates to guarantee certain bond issuances in the event of default by an affiliate. The total amount guaranteed by Habitat under the program at June 30, 2025 and 2024 was $2,934,000 and $3,150,000, respectively.

NOTE 21 - RELATED-PARTY TRANSACTIONS

For the years ended June 30, 2025 and 2024, Habitat recorded $9,007,000 and $8,892,000 in contributions, respectively, and $14,890,000 and $12,425,000 in pledge payments, respectively, from members of Habitat's International Board of Directors (IBOD) and Habitat's Officers or from companies that they or their families represent. As of June 30, 2025 and 2024, Habitat had $73,322,000 and $75,822,000 of pledges receivable, respectively, from members of Habitat's IBOD or from companies that they or their families represent.

As of June 30, 2024, an officer of Habitat sits on the board of a digital marketing company that Habitat does business with. He has no engagement in any decisions to purchase their services. The total paid to this company in the year ending June 30, 2024 is $1,678,000. The officer no longer sits on the board as of June 30, 2025.

Several members of the IBOD are also on the Board of their respective national organizations. They all serve as volunteers and have no financial interest in the national organization.

NOTE 22 - SUBSIDIARY AND RELATED ENTITIES' STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF ACTIVITIES

On July 15, 2011, MicroBuild was formed. Habitat is a 51% owner of MicroBuild. The purpose of MicroBuild is to make loans to qualified microfinance institutions for the purpose of lending to housing projects in impoverished communities.

On March 25, 2011, MicroBuild India was formed. Habitat is a 74.79% owner of MicroBuild India. The purpose of MicroBuild India is to make loans to qualified microfinance institutions for the purpose of lending to housing projects in impoverished communities.

The statements of financial position of Habitat's subsidiary and related entities before elimination and consolidation entries as of June 30, 2025 are as follows (in thousands):

	MicroBuild	MicroBuild India	Total
Assets			
Cash and cash equivalents	$ 19,555	$ 3,151	$ 22,706
Restricted cash reserves	176	-	176
Loans to microfinance institutions, net	2,567	1,177	3,744
Other receivables and prepaids, net	75	4,064	4,139
Property and equipment, net	-	74	74
Derivative instruments, at fair value	158		158
Total assets	$ 22,531	$ 8,466	$ 30,997
Liabilities and net assets			
Liabilities:			
Accounts payable and accrued expenses	$ 111	$ 293	$ 404
Loans payable	8,955	-	8,955
Total liabilities	9,066	293	9,359
Net assets:			
Retained earnings and members' equity:			
Retained earnings and members' equity	6,924	6,206	13,130
Minority interest	6,541	1,967	8,508
Total retained earnings and members' equity	13,465	8,173	21,638
Total liabilities and net assets	$ 22,531	$ 8,466	$ 30,997

The statements of financial position of Habitat's subsidiary and related entities before elimination and consolidation entries as of June 30, 2024 are as follows (in thousands):

	MicroBuild	MicroBuild India	Total
Assets			
Cash and cash equivalents	$ 11,545	$ 2,282	$ 13,827
Restricted cash reserves	468	-	468
Loans to microfinance institutions, net	25,002	927	25,929
Other receivables and prepaids, net	445	5,262	5,707
Property and equipment, net	-	45	45
Derivative instruments, at fair value	183	-	183
Total assets	$ 37,643	$ 8,516	$ 46,159
Liabilities and net assets			
Liabilities:			
Accounts payable and accrued expenses	$ 268	$ 332	$ 600
Loans payable	24,422	-	24,422
Total liabilities	24,690	332	25,022
Net assets:			
Retained earnings and members' equity:			
Retained earnings and members' equity	6,663	6,204	12,867
Minority interest	6,290	1,980	8,270
Total retained earnings and members' equity	12,953	8,184	21,137
Total liabilities and net assets	$ 37,643	$ 8,516	$ 46,159

The statements of activities (income statements) for Habitat's subsidiary and related entities before elimination and consolidation entries for the year ended June 30, 2025 are as follows (in thousands):

	MicroBuild	MicroBuild India	Total
Operating revenue:			
Interest and other income, net	$ 1,509	$ 797	$ 2,306
Provision for loan loss	24	(101)	(77)
Total operating revenue, net	1,533	696	2,229
Operating expenses:			
Program services:			
Professional fees	43	47	90
Interest expense	740	-	740
Other expenses	407	313	720
Total program services	1,190	360	1,550
Supporting services:			
Fundraising	-	37	37
Management and general	-	259	259
Total supporting services	-	296	296
Total operating expenses	1,190	656	1,846
Net gain (loss) from operations	343	40	383
Non-operating gains and losses:			
Realized loss on Investments	(47)	-	(47)
Unrealized gain on derivative instrument	341	-	341
Unrealized (loss) on foreign exchange fluctuations	(126)	(51)	(177)
Non-operating gain, net	168	(51)	117
Net gain/(loss)	$ 511	$ (11)	$ 500

The statements of activities (income statements) for Habitat's subsidiary and related entities before elimination and consolidation entries for the year ended June 30, 2024 are as follows (in thousands):

	MicroBuild	MicroBuild India	Total
Operating revenue:			
Interest and other income, net	$ 2,153	$ 1,102	$ 3,255
Provision for loan loss	(2,317)	-	(2,317)
Total operating revenue, net	(164)	1,102	938
Operating expenses:			
Program services:			
Professional fees	32	2	34
Interest expense	1,073	-	1,073
Other expenses	1,018	247	1,265
Total program services	2,123	249	2,372
Supporting services:			
Fundraising	-	30	30
Management and general	-	123	123
Total supporting services	-	153	153
Total operating expenses	2,123	402	2,525
Net gain (loss) from operations	(2,287)	700	(1,587)
Non-operating gains and losses:			
Unrealized gain on derivative instrument	730	-	730
Unrealized (loss) on foreign exchange fluctuations	(356)	(541)	(897)
Non-operating (loss), net	374	(541)	(167)
Net gain/(loss)	$ (1,913)	$ 159	$ (1,754)

Interest and other income, net, is included in other income, net, in the accompanying consolidated statements of activities. Professional services are included in professional services - other in the accompanying consolidated statements of functional expenses. Interest expense is included in interest, service charges, and taxes in the accompanying consolidated statements of functional expenses. Program expenses are included in the appropriate natural classification in the accompanying consolidated statements of functional expenses.

NOTE 23 - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30, 2025, the consolidating statement of financial position of Habitat is as follows (in thousands):

June 30, 2025	Habitat for Humanity International, Inc.	Affiliates	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 46,824	$ 11,375	$ -	$ 58,199
Restricted cash GGRF	138,288	-	-	138,288
Restricted cash all other	106,588	-	-	106,588
Investments at fair value	245,046	1,596	-	246,642
Investments in unconsolidated partnerships	7,553	-	-	7,553
Receivables:				
Contributions and grants, net	73,002	-	-	73,002
Affiliate notes, net	54,630	-	-	54,630
Due from affiliates, net	13,599	-	-	13,599
Loans to microfinance institutions, net	2,725	1,177	-	3,902
Institutional loans and mortgages receivable, net	-	3,646		3,646
Other, net	5,039	2,206	(107)	7,138
Total receivables	148,995	7,029	(107)	155,917
Inventories, net	5,121	29	-	5,150
Prepaids and other assets	13,785	174	(5,722)	8,237
Operating lease right-of-use assets	9,856	-	-	9,856
Land, buildings, and equipment, net of accumulated depreciation and amortization	5,927	902	-	6,829
Total assets	$ 727,983	$ 21,105	$ (5,829)	$ 743,259
Liabilities and net assets				
Accounts payable and accrued expenses	$ 32,172	$ 2,016	$ -	$ 34,188
Program advances GGRF	138,288	-	-	138,288
Program advances all other	14,892	1,231	-	16,123
Finance lease obligations	143	-	-	143
Operating lease liabilities	9,856	-	-	9,856
Due to affiliates	2,914	-	(81)	2,833
Notes payable, net	38,022	-	-	38,022
Charitable gift annuities	5,900	-	-	5,900
Investor notes payable	51,310	-	-	51,310
Total liabilities	293,497	3,247	(81)	296,663
Net assets:				
Without donor restrictions:				
Controlling interests	231,564	14,889	(5,748)	240,705
Noncontrolling interests	6,541	1,967	-	8,508
	238,105	16,856	(5,748)	249,213
With donor restrictions	196,381	1,002	-	197,383
Total net assets	434,486	17,858	(5,748)	446,596
Total liabilities and net assets	$ 727,983	$ 21,105	$ (5,829)	$ 743,259

“Affiliates” as used in the footnote presented above includes the following entities: eleven national organizations that are registered as part of Habitat, Habitat for Humanity - Middle East, and MicroBuild India.

NOTE 24 - SUBSEQUENT EVENTS

Habitat has evaluated the need for adjustments and/or disclosure resulting from subsequent events in these consolidated financial statements through November 18, 2025, the date that the consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements.

On July 2025, the remaining loan outstanding due to MicroBuild from Annapurna, a microfinance institution, was paid in full resulting in a zero-balance portfolio. The loan amount is reflected in the Habitat's consolidated financial statements as of 6/30/2025 as Loans to microfinance institutions, net.

On October 14, 2025, MicroBuild paid the final installment due to DFC in the amount of principal $9,000,000 and quarterly interest of $86,400. Additionally in November 2025, a deferred interest payment will be made to DFC as per the second loan agreement dated May 18, 2016 amounting to $728,938. Upon payment of the final installment, MicroBuild commenced the process to dissolve the entity and distribute equity to members using the method defined within the company's operating agreement.

On October 23, 2025, the MicroBuild Board of Directors approved a payment of a one-time performance fee to Triple Jump totaling $26,619.