

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**June 30, 2025 and 2024**

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5
Consolidated Statements of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	8

## **INDEPENDENT AUDITOR'S REPORT**

**The Board of Directors of  
Habitat for Humanity of Greater Sacramento, Inc.**

### **Opinion**

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

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Greater Sacramento, 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 Consolidated Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

*Roger Beebout*

Carmichael, California  
February 11, 2026

**HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,456,132	\$ 7,088,130
Restricted cash and cash equivalents	119,008	56,549
Investments	2,539,042	2,223,677
Grants receivable	123,660	635,000
Neighborhood revitalization receivable, net	1,095,681	1,358,065
Prepaid expenses and deposits	156,701	100,919
Inventories	512,154	423,419
Current portion of mortgages receivable, net	539,987	448,906
Current portion of pledged mortgages receivable, net	308,894	319,142
Current portion of construction in progress	4,480,773	1,774,848
Total current assets	16,332,032	14,428,655
Non-current assets		
Mortgages receivable, net of current portion	6,335,018	5,849,546
Pledged mortgages receivable, net of current portion	2,871,249	2,865,724
Cal-Home mortgages receivable	3,273,530	3,052,952
Land, buildings, and equipment, net of accumulated depreciation	570,383	387,721
Construction in progress, net of current portion	943,497	184,750
Operating lease right-of-use-assets	1,353,594	1,822,483
Total non-current assets	15,347,271	14,163,176
<b>TOTAL ASSETS</b>	<b>\$ 31,679,303</b>	<b>\$ 28,591,831</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 690,036	\$ 521,670
Current portion of secured financing	213,039	236,118
Current portion of notes payable	38,449	40,382
Total current liabilities	941,524	798,170
Non-current liabilities		
Deferred revenue	777,000	709,000
Secured financing, net of current portion	4,354,649	4,510,641
Notes payable, net of current portion	329,503	363,633
Operating lease liability	1,410,239	1,865,233
Total non-current liabilities	6,871,391	7,448,507
<b>TOTAL LIABILITIES</b>	<b>7,812,915</b>	<b>8,246,677</b>
<b>NET ASSETS</b>		
Without donor restrictions	12,637,395	12,201,632
With donor restrictions	11,228,993	8,143,522
<b>TOTAL NET ASSETS</b>	<b>23,866,388</b>	<b>20,345,154</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 31,679,303</b>	<b>\$ 28,591,831</b>

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

**HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	June 30, 2025			June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Homes transferred	\$ 3,322,090	\$ 1,111,016	\$ 4,433,106	\$ 7,895,038	\$ 845,000	\$ 8,740,038
Contributions	3,230,721	3,925,996	7,156,717	1,387,674	2,073,543	3,461,217
ReStore sales	1,228,494	-	1,228,494	1,331,633	-	1,331,633
Amortization of mortgage discounts	859,864	-	859,864	1,256,082	-	1,256,082
Neighborhood revitalization	232,844	-	232,844	1,131,235	-	1,131,235
Grants	307,522	-	307,522	972,870	-	972,870
Gain of sale of donated property	23,660	-	23,660	208,587	-	208,587
Contributions of nonfinancial assets	1,615,420	-	1,615,420	240,239	-	240,239
Interest income	259,588	-	259,588	235,832	-	235,832
Investment return	346,168	-	346,168	210,487	-	210,487
Special events	169,753	53,000	222,753	304,779	45,000	349,779
Other revenue	26,007	-	26,007	10,059	-	10,059
Donated securities	-	-	-	2,083	-	2,083
<i>Net assets released from restrictions</i>	2,004,541	(2,004,541)	-	2,295,943	(2,295,943)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>13,626,672</b>	<b>3,085,471</b>	<b>16,712,143</b>	<b>17,482,541</b>	<b>667,600</b>	<b>18,150,141</b>
<b>EXPENSES</b>						
Program services	10,242,982	-	10,242,982	14,425,745	-	14,425,745
Management and administrative	1,569,900	-	1,569,900	1,119,446	-	1,119,446
Fundraising	1,378,027	-	1,378,027	1,061,734	-	1,061,734
<b>TOTAL EXPENSES</b>	<b>13,190,909</b>	<b>-</b>	<b>13,190,909</b>	<b>16,606,925</b>	<b>-</b>	<b>16,606,925</b>
<b>CHANGE IN NET ASSETS</b>	<b>435,763</b>	<b>3,085,471</b>	<b>3,521,234</b>	<b>875,616</b>	<b>667,600</b>	<b>1,543,216</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>12,201,632</b>	<b>8,143,522</b>	<b>20,345,154</b>	<b>11,326,016</b>	<b>7,475,922</b>	<b>18,801,938</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 12,637,395</b>	<b>\$ 11,228,993</b>	<b>\$ 23,866,388</b>	<b>\$ 12,201,632</b>	<b>\$ 8,143,522</b>	<b>\$ 20,345,154</b>

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

HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	June 30, 2025				June 30, 2024			
	Program Services	Management and Administrative	Fund-raising	Total	Program Services	Management and Administrative	Fund-raising	Total
Salaries	\$ 1,052,442	\$ 681,959	\$ 717,013	\$ 2,451,414	\$ 1,085,821	\$ 431,435	\$ 510,646	\$ 2,027,901
Payroll taxes and employee benefits	427,082	183,763	146,679	757,524	406,278	120,496	103,626	630,400
Total salaries and related costs	1,479,524	865,722	863,692	3,208,938	1,492,099	551,930	614,272	2,658,301
Mortgage discount given	2,619,210	-	-	2,619,210	4,067,512	-	-	4,067,512
Cost of homes sold	3,020,257	-	-	3,020,257	6,078,130	-	-	6,078,130
Home preservation	1,289,158	10,489	58,690	1,358,337	1,178,833	1,745	5,783	1,186,361
Forgiven mortgages	658,721	-	-	658,721	601,773	-	-	601,773
Rent and occupancy	438,752	58,243	43,593	540,588	442,388	43,681	42,284	528,353
Equipment, small tools and supplies	156,909	89,314	52,182	298,405	157,162	63,565	44,394	265,120
Miscellaneous	148,749	19,199	71,515	239,464	17,599	15,534	6,299	39,432
Special events	-	-	197,552	197,552	-	-	217,285	217,285
Affiliation fees	140,330	34,866	175	175,372	25,000	13,911	385	39,297
Bank fees and loan interest	49,445	111,903	-	161,348	50,130	79,003	4,025	133,159
Professional services	3,893	124,800	5,180	133,872	77,842	148,001	54,185	280,028
Utilities and phone	45,932	67,601	5,680	119,214	43,692	11,473	5,714	60,879
Repairs and maintenance	71,325	34,782	7,847	113,955	46,995	34,537	5,199	86,731
Depreciation	-	111,807	-	111,807	-	70,117	-	70,117
Insurance	52,133	14,365	15,657	82,154	43,912	11,386	14,637	69,936
Marketing	5,153	4,132	42,067	51,353	31,059	2,039	33,064	66,162
Tithes to Habitat International	36,000	-	-	36,000	39,000	-	-	39,000
Travel and training	14,363	12,300	5,063	31,726	17,607	12,545	9,851	40,003
Printing	13,127	7,171	3,074	23,371	15,013	8,586	4,356	27,955
Postage and freight	-	-	6,060	6,060	-	49,339	-	49,339
Board travel and meetings	-	3,205	-	3,205	-	2,056	-	2,056
	<u>\$ 10,242,982</u>	<u>\$ 1,569,900</u>	<u>\$ 1,378,027</u>	<u>\$ 13,190,909</u>	<u>\$ 14,425,745</u>	<u>\$ 1,119,446</u>	<u>\$ 1,061,734</u>	<u>\$ 16,606,925</u>

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

**HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,521,234	\$ 1,543,216
<i>Adjustments to reconcile the change in net assets to net cash used in operating activities:</i>		
Depreciation	107,609	65,919
Amortization of loan fees	1,732	1,732
Amortization of secured financing costs	2,466	2,467
Provision for bad debt expense	43,726	58,220
Sale of homes recognized through issuance of mortgage notes	(4,376,515)	(7,042,328)
Amortization of mortgage loan discount	(879,586)	(1,178,999)
Discount on secured financing	52,203	(886,694)
Mortgage discount given	1,654,348	3,349,661
Write-off of forgiveness	289,388	123,685
Cal-Home mortgage discount given	984,585	732,720
Cal-Home mortgage reuse	-	383,850
Donated securities	-	(2,083)
Gain/loss on sale of property	59,479	983,633
Loss (gains) on investments	(315,365)	(23,511)
<i>Change in operating assets and liabilities</i>		
Grant receivable	511,340	(330,390)
Neighborhood revitalization receivable	262,384	(644,497)
Prepaid expenses and deposits	(55,782)	(19,205)
Inventories	(88,735)	(229,640)
Construction in progress	(3,464,672)	1,909,002
Homes awaiting transfer	-	112,952
Operating lease assets and liabilities	13,895	29,144
Accounts payable and accrued expenses	177,197	(44,484)
Impound accounts held	(8,831)	(6,710)
Deferred revenues	68,000	318,000
	<u>(1,439,900)</u>	<u>(794,340)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments received on mortgage notes receivable	1,024,358	448,905
Payments received on pledged mortgage notes receivable	413,690	319,142
Payments received on Cal-Home mortgages receivable	53,598	82,737
Proceeds from sale of investment	-	277,648
Sale of fixed assets	244,125	-
Purchase of investment	-	(2,269,956)
Leasehold improvements and equipment	(593,875)	(241,354)
	<u>1,141,896</u>	<u>(1,382,878)</u>
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>		

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

**HABITAT FOR HUMANITY OF GREATER SACRAMENTO, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from secured financing	-	2,894,793
Proceeds on grants payable	-	40,640
Payments on secured financing	(233,740)	(152,963)
Principal payments on mortgage securitization loan payable	(37,795)	(42,698)
<b>NET PROVIDED BY (CASH USED) IN FINANCING ACTIVITIES</b>	<b>(271,535)</b>	<b>2,739,772</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>(569,539)</b>	<b>562,554</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b>7,144,679</b>	<b>6,582,125</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<b>\$ 6,575,140</b>	<b>\$ 7,144,679</b>
<b><u>SUPPLEMENTAL INFORMATION:</u></b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 99,471	\$ 98,905

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

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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**NOTE A - ORGANIZATION**

Habitat for Humanity of Greater Sacramento, Inc., formerly Sacramento Habitat for Humanity, Inc., (“Habitat”) (a nonprofit corporation) was incorporated on September 11, 1985. Habitat is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a non-denominational, Christian, nonprofit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with resources such as information, training and publications, Habitat is primarily and directly responsible for its own operations which are located in Sacramento and Yolo counties. Habitat receives the majority of its funding through grants and cash and noncash contributions.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** The consolidated financial statements of Habitat have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require Habitat to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Habitat’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Habitat or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Consolidation:** The accompanying consolidated financial statements reflect the consolidation of Habitat and its wholly-owned single member limited liability company, SHFH Funding Company, LLC.

**Measure of Operations:** The Statements of Activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Habitat’s ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Cash and Cash Equivalents:** Habitat considers all highly liquid investments available for current use with a maturity of three months or less at the time of purchase to be cash equivalents.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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**NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Land, Buildings, and Equipment:** Land, buildings, and equipment are recorded at acquisition cost or at estimated fair market value as of date of donation, and are stated net of accumulated depreciation. Depreciation expense is provided on a straight-line basis over the estimated useful life of the respective asset, ranging from three to twenty-five years. Land is not depreciated. Maintenance and repairs are charged to expense as incurred. Renewals and betterments over \$500, which extend useful lives of assets, are capitalized.

**Construction in Progress:** The costs associated with the construction of a home, including direct labor, are recognized as construction in progress (CIP). Total payroll costs capitalized during the years ended June 30, 2025 and 2024 amounted to \$434,921 and \$372,627 respectively. Upon completion of a home, the home's CIP balance is reclassified to the Homes Awaiting Transfer account until such time as title transfers to the homeowners. Management reviews CIP for impairment, based primarily on the expected sales price of each home, whenever circumstances arise which could impact Habitat's ability to recover its costs. Management believes that no such impairments have occurred at June 30, 2025 and 2024.

**Fair Value:** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between marketplace participants. Various valuation approaches can be used to determine fair value, each requiring different valuation inputs. The following hierarchy classifies the inputs used to determine fair value into three levels:

- *Level 1* – quoted prices in active markets for identical assets or liabilities
- *Level 2* – inputs, other than quoted prices, observable by a marketplace participant either directly or indirectly; and
- *Level 3* – unobservable inputs significant to the fair value measurement.

Habitat utilizes the active market approach (level 1) to measure fair value for its monetary assets, with the exception of pledges and mortgages receivable and land value included in construction in progress, which are valued using the income approach (level 3). The carrying value of Habitat's nonmonetary assets and liabilities approximates fair value.

**Contributions and Grants:** Contributions and grants are recognized when cash, securities, or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some contributions and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Assets received with donor-imposed conditions are reported as "Refundable Advances" in the Statement of Financial Position until the conditions have been substantially met.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued**

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 restriction and reported in the Statement of Activities as net assets released from restrictions.

Contributions of non-financial assets: A substantial number of volunteers have made significant contributions of their time to Habitat’s program and supporting services. The value of most of this donated time is not reflected in these consolidated financial statements since it is not susceptible to objective measurement, valuation, or does not require a specialized skill. Donated architectural and other professional services associated with construction are recognized if estimated values are received.

Contributions of nonfinancial assets were comprised of the following during the years ended June 30:

**FY2025:**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
Construction material	\$ 60,908	\$ -	\$ 60,908
Property	1,535,600	-	1,535,600
Services	16,956	-	16,956
Miscellaneous	1,956	-	1,956
	\$ 1,615,420	\$ -	\$ 1,615,420

**FY2024:**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
Construction material	\$ 31,088	\$ -	\$ 31,088
Property	116,975	-	116,975
Services	69,014	-	69,014
Miscellaneous	23,162	-	23,162
	\$ 240,239	\$ -	\$ 240,239

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Revenue Recognition:** Revenue is measured based on the amount of consideration specified in a contract with a customer. Revenue is recognized when earned and as our performance obligations under the terms of the contract are satisfied, which generally occurs when the services are provided.

*Homes Transferred* – Homes transferred are recognized as income at the time the homes are sold. Once all qualifying requirements are met, homes are transferred to the buyer at appraised value, unless grantor restrictions require different sales prices. The resulting non-interest-bearing mortgages are discounted based upon annual market rates for affordable housing as determined annually by Habitat for Humanity International and amortized over the term of the mortgages.

*ReStore Sales* – ReStore sales are recognized as income at the time the goods are sold.

*Neighborhood Revitalization* – Revenue is recognized over time generally using the cost-to-cost method (e.g., costs incurred to date relative to total estimated costs at completion) to measure progress because it depicts the transfer of value to the customer. Contract costs include all direct materials, labor and subcontractor costs and an allocation of indirect costs related to contract performance.

*Contract Assets and Liabilities* - When billing occurs subsequent to revenue recognition, resulting in unbilled revenue, a contract asset ensues and is presented under the caption “Contract assets” in the Statements of Financial Position. This represents unbilled revenues which arise when revenue has been earned, but the amount will not be billed until a later date. When advances or deposits from customers are received, resulting in deferred revenue, a contract liability ensues and is presented under the caption “Contract liabilities” in the Statements of Financial Position. This represents deferred revenue when Habitat has billed a customer in excess of revenue recognized to date or when payments are received in advance.

**Expense Allocation:** The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll, taxes and benefits	Job duties; time and effort
Rent and occupancy	Square footage
Utilities and phone	Square footage

**Income Taxes:** Habitat has received an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat International by the Internal Revenue Service. Habitat is also exempt from taxation by the State of California under Section 23701d of the Revenue and Taxation Code.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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**NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued**

Estimates in the Consolidated Financial Statements: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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 could differ from those estimates.

Uncertainty in Income taxes: Habitat is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is, therefore, subject to federal and state taxes only on nonexempt income earned. SHFH Funding Company, LLC is a California single member limited liability company and, for federal income tax purposes, it is considered a disregarded entity. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Habitat to report information regarding its exposure to various tax positions taken. Habitat has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that Habitat has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to Habitat are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the change in net assets.

Leases: Habitat determines if an arrangement with a lessor is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and as lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Habitat does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

New accounting pronouncements: The adoption of new accounting guidance is not expected to have a material impact on Habitat's consolidated financial statements.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**NOTE C - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following at June 30:

	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 6,456,132	\$ 7,088,130
Cash restricted for:		
SHFH Funding Company, LLC	4,492	6,250
Impound account	114,516	50,299
Total restricted cash	119,008	56,549
 Total cash, cash equivalents, and restricted cash	 \$ 6,575,140	 \$ 7,144,679

**NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The following is a description of the valuation methodologies used for investments measured at fair value.

*Common stock and money market funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are appropriate and consistent within the industry, the use of different methodologies or assumption to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The following table summarizes the investments at June 30, 2025 based on the inputs used to value them:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 852,726	\$ -	\$ -	\$ 852,726
Bonds	\$ 1,435,029	\$ -	\$ -	\$ 1,435,029
Common Stock	\$ 251,287	\$ -	\$ -	\$ 251,287
 Total investments	 \$ 2,539,042	 \$ -	 \$ -	 \$ 2,539,042

The following table summarizes the investments at June 30, 2024 based on the inputs used to value them:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,300,554	\$ -	\$ -	\$ 1,300,554
Bonds	\$ 762,086	\$ -	\$ -	\$ 762,086
Common Stock	\$ 161,037	\$ -	\$ -	\$ 161,037
 Total investments	 \$ 2,223,677	 \$ -	 \$ -	 \$ 2,223,677

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**NOTE E - DONATED INVENTORIES/ReSTORE AND DONATED CONSTRUCTION COSTS**

Habitat operates a “ReStore” which sells donated building materials. The fair value of the donated ReStore inventory is not ultimately determined until such time as the inventory is actually sold. ReStore sales in 2025 and 2024 amounted to \$1,228,494 and \$1,331,633, respectively. Management uses historical records and experience to estimate the value of donated ReStore inventory on hand. Construction materials donated for use in homes under construction and donated professional services are recognized at estimated fair value at time of donation.

Inventory consists of the following at June 30:

	<u>2025</u>		<u>2024</u>
ReStore inventory	\$ 439,645	\$	387,241
Construction inventory	<u>72,509</u>		<u>36,178</u>
Total	\$ <u>512,154</u>	\$	<u>423,419</u>

**NOTE F - MORTGAGES RECEIVABLE**

Habitat provides non-interest-bearing mortgage loans, payable in monthly installments, to qualified low-income individuals in the greater Sacramento area. All loans are secured by real property with fair values estimated to exceed mortgage balances. Because interest is not charged, Habitat discounts each note using applicable market interest rates for the year of origination. These rates are determined by Habitat for Humanity International at the end of each fiscal year based upon low-income housing credits published by the Federal Government. Discount rates for mortgages held range from 7.23% to 8.48%.

New mortgages issued during the years ended June 30, 2025 and 2024 were discounted at 8.02% and 7.85%, respectively.

Mortgages are issued based upon the value of the home and the buyer’s qualifications. These may include a “silent second” mortgage or a forgiveness portion, which represents the difference between total construction costs and the sales price of the property. Sales price is determined by appraisal unless grantors impose other restrictions.

The silent second mortgages or forgiveness portions are forgiven at a rate of 5% of the original amount at the end of each anniversary date if all first mortgage payments have been received timely during the prior year. This is used as an incentive for the buyer to remain in the home for a specified period of time and to keep current on mortgage payments. Habitat usually charges 5% interest or \$20 per month, whichever is greater, on past due payments. Forgiveness written off totaled \$658,721 and \$601,773 during 2025 and 2024, respectively.

During the year ended June 30, 2025, discounts recorded for first and second mortgages granted during the year amounted to \$1,634,625 and accretion of discounts amounted to \$653,079. During the year ended June 30, 2024, discounts recorded for first and second mortgages granted during the year amounted to \$3,284,677 and accretion of discounts amounted to \$513,460.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**NOTE F - MORTGAGES RECEIVABLE – Continued**

During the year ended June 30, 2023, Habitat on-boarded 23 mortgage loans. It acquired these mortgages from Habitat for Humanity of San Joaquin County, Inc., due to the affiliate ceasing its operations in the year ended June 30, 2023. The mortgages acquired were discounted at a rate of 7.49% and are secured by real property with fair values estimated to exceed mortgage balances.

All mortgages are secured by the property and management has estimated an allowance for bad debts based upon overall collection issues. Receivables are designated as uncollectible at management’s discretion after all collection efforts have failed. Mortgages receivables consist of the following at June 30:

	<b>2025</b>	<b>2024</b>
First mortgages (including homeowner receivables)	\$ 10,010,150	\$ 8,173,480
Less: unamortized discount	(5,493,276)	(4,178,112)
Less: allowance for uncollectible amounts	(188,412)	(144,686)
	<u>4,328,462</u>	<u>3,850,682</u>
 Second mortgages receivable	 4,594,250	 4,439,976
Less: unamortized discount	(2,047,707)	(1,992,206)
	<u>2,546,543</u>	<u>2,447,770</u>
	 <u>\$ 6,875,005</u>	 <u>\$ 6,298,452</u>

Cal-Home Mortgage Assistance Program: During the fiscal year ended June 30, 2006, Habitat began use of the State of California, Department of Housing and Community Development, Cal-Home Mortgage Assistance Program. This program provides qualified first-time homebuyers with mortgage assistance funding. The notes are non-interest bearing, require no monthly payments and are due-in-full thirty years from the date of the note. The Cal-Home notes require immediate repayment under certain circumstances, and, if a home is subsequently sold, funds from the payoff are restricted for future first-time qualified homebuyers (Cal-Home ReUse funds).

At June 30, 2025 and 2024, Habitat had \$7,902,303 and \$6,903,926 of Cal-Home mortgage receivables, respectively. At June 30, 2025 and 2024, \$7,730 and \$18,608 is available for Cal-Home ReUse loans, respectively. Cal-Home mortgages receivable consist of the following at June 30:

	<b>2025</b>	<b>2024</b>
Cal-Home mortgage receivable	\$ 7,902,303	\$ 6,903,926
Less: unamortized discount	(4,628,773)	(3,850,974)
	<u>\$ 3,273,530</u>	<u>\$ 3,052,952</u>

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**NOTE F - MORTGAGES RECEIVABLE – Continued**

Habitat discounts the Cal-Home mortgage notes to present value based on an estimated expected repayment term of 20 years. The discount rates range from 7.23% to 8.48% as of June 30, 2025 and 2024. During the year ended June 30, 2025, discounts recorded for Cal-Home mortgages granted during the year amounted to \$984,585 and accretion of discounts amounted to \$206,785. During the year ended June 30, 2024, discounts recorded for Cal-Home mortgages granted during the year amounted to \$782,835 and accretion of discounts amounted to \$742,622.

**NOTE G - LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment consist of the following at June 30:

	<b>2025</b>		<b>2024</b>
Land	\$ -		\$ 101,535
Office and special event equipment	212,853		198,916
Tenant improvements	553,454		178,481
Vehicles	77,363		106,534
Construction equipment	46,204		29,141
	889,874		614,607
Accumulated depreciation	(319,491)		(226,886)
	\$ 570,383		\$ 387,721

**NOTE H – NOTE PAYABLE**

Notes payable consist of the following at June 30:

	<b>2025</b>		<b>2024</b>
Note payable to Banner Bank (formerly Premier West Bank), dated April 17, 2012, total amount of credit granted \$979,029, principal and interest payments of \$4,274 are due monthly. Note matures on November 15, 2039.	\$ 330,454		\$ 362,295
Various notes payable to Habitat for Humanity International, Inc. for site improvement costs on approved properties receiving SHOP (HUD's Self-Help Homeownership Opportunity Program) funding. Non-interest-bearing notes due in monthly principal payments ranging from \$78 to \$537. Notes mature from January 2026 to January 2027.	58,139		64,092
Total principal balance	388,593		426,387
Less unamortized loan fees	(20,641)		(22,372)
Notes payable including current portion of \$38,449 and \$40,382	\$ 367,952		\$ 404,015

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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**NOTE H - DEBT - Continued**

*Banner Bank*

During the year ended June 30, 2012, Habitat entered into a securitization agreement to borrow against fifteen of its mortgage notes receivable. In order to facilitate the securitization, Habitat created a single member limited liability company, SHFH Funding Company, LLC (the LLC) which has been consolidated in the accompanying financial statements. Habitat sold the fifteen mortgages to the LLC and subsequently, the LLC entered into a note purchase agreement with Banner Bank (“BB”). Under the agreement, Banner Bank purchased the rights to payments of the fifteen mortgage notes at an annual discount rate of 2.8% resulting in an aggregate amount of \$979,029. The fifteen mortgages are serviced by the LLC and payments are remitted to BB. In connection with the securitization, Habitat incurred loan fees of \$43,300 which are being amortized using the straight-line method over the life of the loan. Loan fees, net of accumulated amortization, of \$20,641 and \$22,372 as of June 30, 2025 and 2024, respectively, are netted against the note payable balance in the accompanying statements of financial position.

Line of Credit

Habitat has a line of credit available with a bank for up to \$250,000 whereby outstanding balances bear interest at 9.25%. As of June 30, 2025, no balance was outstanding on the line of credit.

**NOTE I - SECURED FINANCING AND MORTGAGE LOAN SALES**

On June 17, 2021 and July 23, 2020, Habitat entered into a mortgage loan purchase and sale agreements with East West Bank. The loans were sold for \$1,160,592 and 977,280, at an annual discount rate of 2.25% and 2.00%. As part of the agreements the 13 mortgages were sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value. Habitat has a right of first refusal to repurchase the property if sold by the homeowner. Habitat is responsible for servicing these loans. As of June 30, 2025 and 2024, 13 mortgage loans were outstanding, the loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

On July 23, 2013, Habitat entered into a loan origination agreement with River City Bank. Loans are sold at an annual discount rate of 2.8%. As part of the agreement the mortgages are sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value. Habitat has a right of first refusal to repurchase the property if sold by the homeowner. Habitat is responsible for servicing these loans. As of June 30, 2025 and 2024, 11 mortgage loans were outstanding, the loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

On July 23, 2013, Habitat entered into a loan origination agreement with Safe Credit Union. Loans are sold at an annual discount rate of 2.8%. As part of the agreement the mortgages are sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value. Habitat has a right of first refusal to repurchase the property if sold by the homeowner. Habitat is responsible for servicing these loans.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**NOTE 1 - SECURED FINANCING AND MORTGAGE LOAN SALES - Continued**

As of June 30, 2025 and 2024, seven mortgage loans were outstanding. Because payments on the loans are or have been delinquent, management believes the loans are collectible and do not require a loss provision.

During the year ended June 30, 2011, Habitat sold seven mortgages to the California Housing Finance Agency (Cal-HFA). The mortgages were sold on a recourse basis, which obligates Habitat to either buy back mortgages that become delinquent or replace these mortgages with new mortgages of equal value.

Cal-HFA is responsible for servicing these loans. In addition to receiving the mortgage principal payments, Cal-HFA also receives impound payments for property taxes and insurance, and in turn is responsible for making property tax and insurance payments on behalf of the homeowners. Full disclosure was made to the homeowners prior to the sale of their mortgage notes to Cal-HFA, and permission was provided to Habitat to receive information from Cal-HFA on their performance. The seven mortgage loans continue to perform and management believes none of the loans will require a replacement loan due to delinquency.

Secured financing balances as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
East West Bank	\$ 4,648,259	\$ 4,834,609
River City Bank	764,911	792,904
Safe Credit Union	509,969	529,367
Total secured financing balance	<u>5,923,139</u>	<u>6,156,880</u>
Less: unamortized financing discounts and fees	<u>(1,355,451)</u>	<u>(1,410,121)</u>
Total secured financing balance, including current portion of \$213,039 and \$236,118	<u>\$ 4,567,688</u>	<u>\$ 4,746,759</u>

The underlying pledged mortgages receivable balance as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
East West Bank	\$ 4,455,698	\$ 4,644,370
River City Bank	970,824	1,072,640
Safe Credit Union	639,391	698,506
Banner Bank	329,701	373,941
Total pledged mortgages receivable	<u>6,395,614</u>	<u>6,789,457</u>
Less: unamortized discount	<u>(3,215,472)</u>	<u>(3,604,591)</u>
Total pledged mortgages receivable, including current portion of \$308,894 and \$319,142	<u>\$ 3,180,143</u>	<u>\$ 3,184,866</u>

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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**NOTE I - SECURED FINANCING AND MORTGAGE LOAN SALES – Continued**

The future remaining contractual maturity of the pledged mortgages receivable are as follows at June 30, 2025:

<u>Year Ending June 30</u>		
2026	\$	319,142
2027		319,142
2028		319,142
2029		319,142
2030		319,142
Thereafter		<u>4,799,904</u>
Total	\$	<u>6,395,614</u>

**NOTE J - LEASE COMMITMENTS**

Habitat leases its office space and warehouse space under a long term non-cancellable operating lease agreement, which originally commenced on September 13, 2011. The lease was amended on March 1, 2023 and expires February 29, 2028. The weighted-average discount rate is based on the discount rate implicit in the lease. Habitat has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Lease right-of-use assets and liabilities are recognized in the consolidated financial statements based on the present value of future minimum lease payments over the expected lease term on the lease commencement date. The expected lease term includes options to extend or terminate the lease when it is reasonably certain Habitat will exercise such options. The risk-free discount rate applied to calculate lease liabilities as of June 30, 2023, was 4.27%. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease terms.

Total right-of-use assets and lease liabilities at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Lease asset:		
Operating right-of-use assets	<u>\$1,353,594</u>	<u>\$ 1,822,483</u>
Lease liability:		
Operating lease liability	<u>\$ 1,410,239</u>	<u>\$ 1,865,233</u>

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**NOTE J - LEASE COMMITMENTS - Continued**

The future minimum lease payments under non-cancelable operating lease are listed below as of June 30, 2025:

2026	\$	539,682
2027		555,873
2028		395,377
2029		-
2030		-
Total lease payments		1,490,932
Less: present value discount		(80,693)
Total lease obligations	\$	1,410,239

Habitat has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

**NOTE K - CONTINGENCIES**

Habitat receives grants and restricted contributions from various sources for construction costs and other specific projects which are subject to audit by the grantors. While it is possible that an expenditure may be disallowed and required to be refunded to a grantor, management believes the fiscal impact, if any, would be insignificant.

**NOTE L - CONCENTRATION OF RISK**

Financial Instruments: Financial instruments that potentially subject Habitat to concentrations of credit risk consist principally of cash and cash equivalents. Habitat manages the deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Habitat to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Habitat has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members, governmental agencies, and foundations supportive of Habitat's mission. Investments are made by diversified investment managers whose performance is monitored by Habitat. Although the fair values of investments are subject to fluctuation on a year-to-year basis, Habitat believes that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**NOTE L - CONCENTRATION OF RISK – Continued**

**Mortgages Receivable:** In accordance with its exempt purpose, Habitat extends credit to low-income individuals in Sacramento and Yolo counties. The individuals must qualify based upon both monetary and time commitment criteria. All mortgages are secured by underlying real estate, which the homeowner is required to maintain as part of the purchase agreement. Therefore, risk of loss to Habitat would occur if the market value of the secured property decreases to an amount that is less than the underlying mortgage, less the allowance for bad debts on these consolidated financial statements.

**NOTE M - RELATED PARTIES**

Habitat is an affiliate of Habitat for Humanity International, Inc. (“HFHI”). While the organizations share a common mission, HFHI does not own or control Habitat. Therefore, Habitat’s operations are not consolidated in the financial statements of HFHI. However, Habitat is an independent corporation which has subordinate status under HFHI’s Section 501(c)(3) exemption. As an affiliate, Habitat receives grant monies from HFHI. HFHI receives funds from grantors and allocates such funds to affiliates based on competitive applications. One of the most competitive of these is the SHOP grant program. The notes payable due to HFHI under these SHOP grants amounted to \$4,056 and \$40,640 at June 30, 2025 and 2024, respectively. Habitat donates funds to HFHI, these funds are used to construct homes in economically depressed areas around the world. During the years ended June 30, 2025 and 2024, the amount contributed was \$36,000 and \$39,000 respectively.

**NOTE N - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<b>2025</b>	<b>2024</b>
<b>Subject to the Passage of Time or Expenditure for Specified Purpose:</b>		
Cal-Home mortgage assistance	\$ 7,842,303	\$ 6,783,925
Low-income housing construction	2,687,168	901,968
Rock-the-block	291,244	99,217
General NRI	191,312	81,363
Veterans NRI	51,358	51,358
District 2 NRI	15,000	18,253
West Sacramento NRI	13,749	13,749
Rancho Cordova NRI	83,859	85,636
Gala	53,000	45,000
City of Sacramento	-	63,053
<b>Total Net Assets Subject to the Passage of Time or Expenditure for Specified Purpose</b>	<b>\$ 11,228,993</b>	<b>\$ 8,143,522</b>

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**NOTE N - NET ASSETS WITH DONOR RESTRICTIONS – Continued**

Net assets released from restrictions includes the portion of construction in progress costs received from donors for specific homes when the home is sold and other net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions during the years ended June 30 are as follows:

	<b>2025</b>	<b>2024</b>
<b>Purpose Restrictions Accomplished:</b>		
Low-income housing construction	\$ 763,767	\$ 1,206,295
SMUD NRI	206,053	130,155
Rock-the-block	345,171	431,314
Rancho Cordova NRI	151,776	66,535
General NRI	373,830	37,614
City of Sacramento	63,053	-
Cal-Home mortgage assistance	52,638	251,925
Veterans NRI	-	-
Gala	45,000	172,105
Aging-in-place	-	-
District 2 NRI	3,253	-
Total restrictions released	\$ 2,004,541	\$ 2,295,943

**NOTE O - BOARD DESIGNATED NET ASSETS**

Habitat's board of directors has designated certain net assets without donor restrictions for the purpose of holding reserves for cash flow purposes at June 30:

	<b>2025</b>	<b>2024</b>
Capacity building	\$ -	\$ 3,481,075
Mortgage sale	-	842,700
Future project funding	224,000	114,830
Interest credit and fees	-	66,719
Paid time off liability	130,000	34,286
Warranty liability	15,000	-
Global Village fund	12,918	12,918
	\$ 381,918	\$ 4,552,528

**HABITAT FOR HUMANITY OF  
GREATER SACRAMENTO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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**NOTE P - AVAILABILITY AND LIQUIDITY**

The following represents Habitat's financial assets at June 30, 2025 and 2024:

Financial assets at year-end:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,456,132	\$ 7,088,130
Investments	2,539,042	2,223,677
Grant receivable	123,660	635,000
Mortgages receivable	6,875,005	6,298,452
Neighborhood revitalization receivable, net	<u>1,095,681</u>	<u>1,358,065</u>
Total financial assets	<u>17,089,520</u>	<u>17,603,324</u>
Less amounts not available to be used within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	3,386,690	1,359,596
Board designated net assets	381,918	4,552,528
Deferred revenues	<u>777,000</u>	<u>709,000</u>
	<u>4,545,608</u>	<u>6,621,124</u>
Financial assets available to meet general expenditures within one year	\$ <u>12,543,912</u>	\$ <u>10,982,200</u>

Habitat's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, the Board will redesignate the reserves to meet current expenditures, and replenish the reserves when funds are available.

**NOTE Q - SUBSEQUENT EVENTS**

In preparing the consolidated financial statements, Habitat has evaluated subsequent events and transactions that occurred after the balance sheet date through February 11, 2026, the date that the financial statements were available to be issued.

# CERTIFICATE *of* SIGNATURE

REF. NUMBER  
FROKX-HFKPM-ZAYBR-JTCWS

DOCUMENT COMPLETED BY ALL PARTIES ON  
17 FEB 2026 20:19:41  
UTC

## SIGNER

**ROGER BEEBOUT**

EMAIL  
ROGER.BEEBOUT@BWOCPA.COM

## TIMESTAMP

SENT  
17 FEB 2026 20:11:22

VIEWED  
17 FEB 2026 20:19:26

SIGNED  
17 FEB 2026 20:19:41

## SIGNATURE



IP ADDRESS  
107.213.51.242

LOCATION  
FAIR OAKS, UNITED STATES

## RECIPIENT VERIFICATION

EMAIL VERIFIED  
17 FEB 2026 20:19:26



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**To the Board of Directors and Audit Committee of  
Habitat for Humanity of Greater Sacramento, Inc.**

We have audited the consolidated financial statements (financial statements) of Habitat for Humanity of Greater Sacramento, Inc. (“Habitat”) for the year ended June 30, 2025, and have issued our report thereon February 11, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Habitat are described in Note B to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by Habitat during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: allocations of functional expenses, discount on contributions receivable, and depreciation expense. We evaluated the key factors and assumptions used to develop the estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no difficulties in dealing with management in performing and completing our audit.



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### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements attached in Schedule 1, were detected as a result of audit procedures and corrected by management. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter February 11, 2026.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Habitat's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Habitat's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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This information is intended solely for the use of the Board of Directors and Audit Committee of Habitat for Humanity of Greater Sacramento, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

*Roger Beebout*

Carmichael, California  
February 11, 2026

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CARMICHAEL, CA 95608**

# CERTIFICATE *of* SIGNATURE

REF. NUMBER  
FROKX-HFKPM-ZAYBR-JTCWS

DOCUMENT COMPLETED BY ALL PARTIES ON  
17 FEB 2026 20:19:41  
UTC

## SIGNER

**ROGER BEEBOUT**

EMAIL  
ROGER.BEEBOUT@BWOCPA.COM

## TIMESTAMP

SENT  
17 FEB 2026 20:11:22

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17 FEB 2026 20:19:26

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## SIGNATURE



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LOCATION  
FAIR OAKS, UNITED STATES

## RECIPIENT VERIFICATION

EMAIL VERIFIED  
17 FEB 2026 20:19:26





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**To the Board of Directors, Audit Committee and Management of  
Habitat for Humanity of Greater Sacramento Inc.**

In planning and performing our audit of the consolidated financial statements (financial statements) of Habitat for Humanity of Greater Sacramento, Inc. (“Habitat”) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Habitat’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat’s internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of Habitat’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Habitat for Humanity of Greater Sacramento, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Roger Beebout*

Carmichael, California  
February 11, 2026

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